



# ANNUAL REPORT

## 2015-16

*Technological dynamism with environmental commitment*

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



**Dr C H Krishnamurthi Rao**

7.11.1940 – 19.1.2012

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



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

# **CCAL**

## **CHEMFAB ALKALIS LIMITED**

### **DIRECTORS**

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

Chairman  
Director  
Independent Director  
Independent Director  
Independent Director

### **CHIEF EXECUTIVE OFFICER**

Mr. V.M.Srinivasan

### **CHIEF FINANCIAL OFFICER**

Mr. Nitin. S. Cowlagi

### **COMPANY SECRETARY**

Mr. G. Somasundaram

### **AUDITORS**

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

### **BANKER TO THE COMPANY**

State Bank of India,  
Industrial Finance Branch,  
Anna Salai, Chennai - 600 002

### **REGISTERED OFFICE**

"TEAM House", GST Salai, Vandalur, Chennai - 600 048  
Phone : +91-44-22750323/24, Fax : +91-44-22750860  
Email : [chemfabalkalis@drroaholdings.com](mailto:chemfabalkalis@drroaholdings.com)  
Website: [www.chemfabalkalis.com](http://www.chemfabalkalis.com)  
CIN No : L24297TN1983PLC072409

### **FACTORY**

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

### **SALT DIVISION**

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

### **MARKETING OFFICE**

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

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

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





**Suresh Krishnamurthi Rao**  
Chairman

## CHAIRMAN'S STATEMENT - 2015 - 2016

*Dear Shareowners,*

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

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

### COMPANY'S PERFORMANCE FOR THE YEAR

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

As the famous motivator Dale Carnegie said,

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

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

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

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

### EXPANSION

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

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

#### **PROCESS SAFETY MANAGEMENT**

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

#### **SUSTAINABILITY REPORT**

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

#### **DIVIDEND**

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

#### **ACKNOWLEDGEMENT**

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

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

Thank you all for attending this meeting.

Place : Chennai

Date : 18.05.2016

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

Suresh Krishnamurthi Rao  
Chairman

CHEMFAB ALKALIS LIMITED

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

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**CHEMFAB ALKALIS LIMITED**

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

CIN No:L24297TN1983PLC072409

**NOTICE OF THE ANNUAL GENERAL MEETING**

Notice is hereby given that the 33<sup>rd</sup> Annual General Meeting of the Members of the Company will be held on Thursday, the 21<sup>st</sup> July, 2016 at 10.15 AM at the Registered Office of the Company at 'Team House', GST Salai, Vandalur, Chennai – 600 048 to transact the following business:

**ORDINARY BUSINESS**

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

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

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

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

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

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

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

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

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

**SPECIAL BUSINESS**

5. To consider and if thought fit, to pass with or without modification, the following Resolution as a Special resolution:

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

**RESOLVED FURTHER THAT** the commission be divisible among the Directors in such proportion as the Board of Directors may decide.

**RESOLVED FURTHER THAT** this Resolution be effective for a period of five years from 1<sup>st</sup> April, 2016, and for determining the commission payable for any broken period of a year, the net profits of the Company shall be arrived at on a proportionate basis.”

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

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

By Order of the Board of Directors

Place: Chennai  
Date: 18.05.2016

G. Somasundaram  
Company Secretary



**NOTES:**

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

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

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

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

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

Click on Shareholders.

Now Enter your User ID

For CDSL: 16 digits beneficiary ID,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7. Members are requested to produce the Attendance Slip, sent along with the Annual Report, duly signed as per the specimen signature recorded with the Company for admission to the Meeting.
8. Members, who hold shares in dematerialized form, are requested to bring their Client ID and DP ID Nos. for easier verification of attendance at the Meeting.
9. The Register of Members and the Share Transfer Books of the Company will remain closed from 15.07.2016 to 21.07.2016 (both days inclusive).
10. If and when approved by the Members, the dividend will be paid / warrant will be posted before the expiry of 30 days from the date of AGM.
11. Members holding shares in physical form are requested to intimate immediately, changes, if any, in their registered addresses, Bank Mandate and Status, quoting their Folio Numbers, to the Share Transfer Agents of the Company, M/s Cameo Corporate Services Limited, “Subramanian Building”, No.1, Club House Road, Chennai – 600 002.
12. Members holding shares in physical form, in their own interest, are advised to dematerialize the shares to avail of the benefits of electronic holding/trading.
13. Members are requested to note that any dividend which remains unencashed for a period of seven years will get transferred to Investor Education and Protection Fund in terms of Section 205 C of the Companies Act, 1956 or Section 125 of the Companies Act, 2013.
14. Members who have not encashed their dividend warrants in respect of Dividend declared for the year ended 31st March, 2009 and for any financial year thereafter may contact the Company immediately for revalidation of their dividend warrants.

**EXPLANATORY STATEMENT RELATING TO THE  
SPECIAL BUSINESS PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013**

**Item No. 5:**

The Company is Board-Managed with no Managing Director, Wholetime Director or Manager as defined under The Companies Act, 2013. The Directors are professionals with expertise and experience in the industry/ finance/management and they devote their valuable time to collectively supervise and guide the affairs of the Company. It is appropriate to pay them remuneration by way of a certain percentage of the net profits of the Company as allowed by the Companies Act, 2013, in addition to the normal sitting fees payable for attending meetings of the Board and its Committees.

Accordingly, at the Annual General Meeting held on 23<sup>rd</sup> May 2011, the Members had given their approval in terms of Article 55 (b) of the Memorandum and Articles of Association of the Company for payment of such commission to the Directors for a period of five years from 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2016.

It is proposed to pay such commission to the Directors for a further period of 5 years commencing from 1<sup>st</sup> April, 2016 within the ceiling prescribed under Section 197(1) (ii) (B) of the Companies Act, 2013. The present ceiling is 3% of the net profits of the Company. Such commission will be paid to the individual Directors in such proportion as the Board of Directors may decide. The Directors are deemed to be interested or concerned in the Resolution to the extent of commission to be received by them.

**Item No. 6:**

At the Board Meeting held on the 18<sup>th</sup> May, 2016, after considering the recommendation of the Audit Committee, the Directors have appointed Mr. A. Madhavan, Cost Accountant in practice, as the Cost Auditor of the Company for the year 2016-17 on a remuneration of Rs.80,000/- excluding Service Tax as applicable and Out of Pocket expenses. Pursuant to the provisions of Section 148 of The Companies Act, 2013 read with Rule 14 of The Companies (Audit and Auditors) Rules, 2014, the aforesaid remuneration approved by the Board of Directors is required to be ratified by the Shareholders.

The Ordinary Resolution as in item No.6 of the Notice is proposed for this purpose.

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

By Order of the Board of Directors

Place: Chennai  
Date:18.05.2016

G. Somasundaram  
Company Secretary

## BOARD OF DIRECTORS' REPORT

Your Directors are pleased to present the Annual Report of your Company together with the Audited Statement of Accounts and the Auditors' Report for the Financial Year ended 31<sup>st</sup> March, 2016. The summarized financial results for the Financial Year are as under:

### Financial Summary:

Particulars	For the Year Ended	
	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
	Rs. in lakhs	Rs. in lakhs
Profit Before Finance cost and Depreciation	2,619	2,673
Less: Finance cost	153	71
Profit Before Depreciation	2,466	2,602
Less: Depreciation	1,129	1,015
Profit Before Tax	1,337	1,586
Tax	455	298
Deferred Tax Liability	16	265
Net Profit For the Year	866	1,023
Balance Brought Forward from Previous Year	10,120	9,235
Balance Available For Appropriation	10,986	10,258
Appropriations:		
Transferred to General Reserve	0	0
Interim Dividend Paid	0	0
Proposed Dividend	115	115
Dividend Tax	23	23
Balance Carried to Balance Sheet	10,848	10,120

### State of Company's Affairs:

During the year under review, the Company achieved net revenue from operations of Rs 10,131/- Lakhs, as against Rs 11,039/- Lakhs in the previous year and made Profit Before Tax (PBT) of Rs.1,337/- Lakhs as against Rs 1,586/- Lakhs in the previous year. The PBT was affected due to marginal decline in sales volume and realization during the Financial Year 2015-16, as compared to the previous year, due to market conditions as well as Floods in Tamil Nadu/ Puducherry. Further additional provision towards capital work in progress, accelerated depreciation and exchange fluctuations had an adverse effect on the profitability of the Company. However, improvement in power consumption and reduction in raw material cost had a positive impact on the profitability.

### Directors & Key Managerial Personnel:

The details of Directors and Key Managerial Personnel (KMP) as on 31.03.2016 were as follows:

S. No	Name of Directors	Designation	Date of appointment	Date of resignation
1	Mr. Ganga Ram Nilacanta Iyer	Director	04.07.2009	-
2	Mr. Cittur Sundar Rao Ramesh	Director	16.06.1983	-
3	Mr. Suresh Krishnamurthi Rao	Director	30.09.1996	-
4	Mr. Tyagarajan Ramabadran	Director	23.08.2006	-
5	Mrs. Sujatha Jayarajan	Director	30.03.2015	-

S. No	Name of KMP	Designation	Date of appointment	Date of resignation
1	Mr. Nitin S Cowlagi	CFO	11.04.2014	-
2	Mr. V.M. Srinivasan	CEO	30.03.2015	-
3	Mr. G. Somasundaram	CS	13.05.2015	-

Director, Mr. Suresh Krishnamurthi Rao retires by rotation and being eligible, offers himself for re-appointment. The Directors recommend Mr. Suresh Krishnamurthi Rao for re-appointment.

### Subsidiaries, Joint Ventures or Associate Companies:

Your Company had no Subsidiaries, Joint Ventures or Associates during the year 2015-16.

### Fixed Deposits:

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

### Dividend:

Your Directors recommend payment of Dividend of Rs. 1.25 per share (25%) for the year ended 31<sup>st</sup> March, 2016, absorbing a sum of Rs. 1,14,64,621/- , subject to the approval of the Members at the ensuing Annual General Meeting.

### Code of Conduct for prevention of Insider Trading:

The Company has a policy viz., "Code of Conduct for prevention of Insider Trading" and the same has been posted in its website [www.chemfabalkalis.com](http://www.chemfabalkalis.com).

### Development and Implementation of a Risk Management Policy:

The main objective of Risk Management is risk reduction and mitigation including identification of the risks faced by the business to optimize the risk management strategies. The Company has put in place a well-defined Risk Management framework.

The Company has constituted a Risk Management Committee on its own, though constitution of Risk Management Committee is mandatory only for the top 100 listed Companies as per the Listing Regulations. The Risk Management Committee assists the Board in drawing up, implementing, monitoring and reviewing the Risk Management Plan. The Committee lays down the Risk Assessment and Minimization Procedures and it reviews the Procedures periodically to ensure that the Executive Management controls the risks through properly defined framework.

The composition of the Risk Management Committee as on 31<sup>st</sup> March 2016 was as under:

S. No.	Name of the Member	Category
1	Mr. T. Ramabadran	Chairman, Non executive Independent Director
2	Mr. C.S. Ramesh	Member, Non executive, Non Independent Director
3	Mr. N. Ganga Ram	Member, Non executive, Independent Director
4	Mrs Sujatha Jayarajan	Member, Non executive, Independent Director
5	Mr. V.R. Raguraman	Member, Executive
6	Mr. N .Kalyanasundaram	Member, Executive
7	Mr. V M Srinivasan	Member, Executive

The Company has obtained certification for ISO 14001 and OHSAS 18001 systems to take care of critical operational areas. It also utilizes the services of professional bodies like Central Leather Research Institute (CLRI) / The Energy and Resources Institute (TERI) / National Environmental Engineering Research Institute (NEERI) as also Consultants to continuously analyze and upgrade its operations. This year, the Company has also implemented Process Safety Management (PSM) to further improve our safety parameters.

**Details of significant and material orders passed by the regulators/ courts/ tribunals impacting the going concern status and company's operations in future:**

During the year, there were no instances of significant and material orders passed by the regulators, courts or tribunals on the Company.

**Internal Financial Control:**

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. During the year, the Company got its internal controls over financial reporting and risk management process evaluated by independent Consultants.

Besides, the Company has an Audit Committee, comprising Independent and Non-Executive Directors, which monitors systems, control, financial management and operations of the Company.

The Audit Committee at its meeting held on 18.05.2016 has evaluated the internal financial controls and risk management system accordingly and found them adequate.

**Extract of the Annual Return:**

An extract of the Annual Return as prescribed under sub-section (3) of Section 92 of the Companies Act, 2013 ("Act") is given in **Annexure 1** forming part of this Report.

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

During the Financial Year 2015-2016, the Board met five times as under:

S. No.	Dates of meeting of the Board	Quarter	No of directors on the date of meeting	Total no of directors attended	Remarks
1.	27/04/2015	First	5	4	
2.	30/07/2015	Second	5	5	
3.	29/10/2015	Third	5	4	
4.	29/01/2016	Fourth	5	5	
5.	24/03/2016	Fourth	5	4	

The meetings of the Board were held periodically, with not more than one hundred twenty days intervening between two consecutive meetings of the Board, as prescribed under Section 173(1) of the Companies Act, 2013.

**Directors' Responsibility Statement:**

As required under Section 134 (5) of the Companies Act, 2013, the Board of Directors hereby confirm:-

- (i) That in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the Financial Year and of the profit of the Company for that Financial 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;
- (v) That the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Particulars of contracts or arrangements with related parties:**

The contracts or arrangements entered into with related parties along with justification for entering into such contract or arrangement, referred to in sub-section (1) of section 188 of The Companies Act, 2013 in the prescribed form no. AOC 2 is as per **Annexure 2**.

**Technology absorption, Conservation of energy and Research and development:**

The Company has an in-house Research Development Department, where the main areas of focus are Energy Conservation, Process Upgradation and Environmental Preservation. The Ministry of Science and Technology, Department of Scientific and Industrial Research, Government of India, has recognized the Company's in-house R & D facilities, which is valid upto 31<sup>st</sup> March, 2017. The Company has a sophisticated Quality Assurance (QA) Laboratory

recognized by DuPont, USA for the analysis of Chlor- Alkali brine. The Brine from various Chlor- Alkali Industries in India is being analyzed at CAL-QA Laboratory.

The Company continues to take all possible steps to conserve energy in every area of its operations. Brief details on Conservation of Energy and Technology Absorption are given in **Annexure 3**.

#### **Annual Evaluation made by the Board of its own performance and that of its Committees and Individual Directors**

The Board of Directors at its meeting held on 18.05.2016 has evaluated the performance of the Board, its Committees and the Individual Directors as per the Nomination and Remuneration Policy disclosed in **Annexure 1** to Corporate Governance Report.

#### **Declaration by Independent Directors as required under Section 149(7) of the Companies Act, 2013**

Mr. T. Ramabadrnan, Mr. N. Ganga Ram, and Mrs. Sujatha Jayarajan Independent Directors of the Company have given their statement of declaration under Section 149(7) of the Companies Act, 2013 ('the Act') that they meet the criteria of independence as provided in Section 149 (6) of the Act, and their Declarations have been taken on record.

#### **Statutory Auditors:**

The current Statutory Auditors of the Company, M/s Deloitte Haskins & Sells, Chartered Accountants, were first appointed as Statutory Auditors of the Company for the year 2005-06. Under the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder, which came into effect from 1st April, 2014, they were re-appointed for two consecutive Financial Years, 2015-16 and 2016-17, from the conclusion of the Annual General Meeting held on 30<sup>th</sup> July, 2015 upto the conclusion of the Annual General Meeting to be held in the calendar year 2017, subject to ratification by the Members at the Annual General Meeting to be held in the calendar year, 2016, on the terms of remuneration to be fixed by the Board of Directors. Now, the ratification by the Members at their ensuing Annual General Meeting is required for their re-appointment from the conclusion of the ensuing Annual General Meeting upto the conclusion of Annual General Meeting to be held in the calendar year 2017. The consent of M/s Deloitte Haskins & Sells and their confirmation that the ratification of their appointment, if made, will be in accordance with the prescribed conditions, have been received by the Company. The Directors recommend the ratification of re-appointment of M/s. Deloitte Haskins & Sells as the Statutory Auditors of the Company for the year ending 31<sup>st</sup> March, 2017.

#### **Cost Auditor:**

In conformity with the provisions of the Companies Act, 2013, the Company has appointed Mr. A. Madhavan, Cost Accountant in practice, Chennai, as the Cost Auditor, for the audit of cost accounts for the chemicals manufactured by the Company for the year ending 31<sup>st</sup> March 2017. The remuneration paid to him is being ratified at this Annual General meeting.

#### **Secretarial Audit Report:**

Mr. B. Ravi, Company Secretary, was appointed as Secretarial Auditor of your Company by the Board. The Secretarial Audit Report as required under section 204 of the Act, for the period 2015-16 is attached to the Annual Report.

#### **Particulars of loans, guarantees or investments u/s 186 of the Companies Act, 2013:**

Particulars of investments made by the Company during the Financial Year 2015-16 are given below and they are within the prescribed limits under Section 186 of the Companies Act, 2013:

S. No	Loans, Guarantees & Investments made in	Amount (In Rs)	60% of Paid up capital and Free Reserves	Remarks
1.	Teamec Chlorates Limited	11,46,32,838	81,86,87,846	Inter Corporate Deposit given
2.	Titanium Equipment and Anode Manufacturing Company Limited	95,00,000	81,86,87,846	Guarantees given

#### **Vigil Mechanism:**

The Company has established a vigil mechanism, also called the Whistle Blower Policy, which has been adopted by the Board for Directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. It provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. Confidentiality of Whistle Blower shall be maintained to the greatest extent possible. Details of the vigil mechanism are posted in the Company's website.

#### **Audit Committee:**

The composition of the Audit Committee constituted by the Board in terms of Section 177 of the Companies Act, 2013 and Clause 49 (III) of the erstwhile Listing Agreement entered in to with the Stock Exchanges and in terms of Regulation 18 of The SEBI (LODR) Regulations, 2015 is as under:

S. No	Name of the Member	Category
1	Mr. T. Ramabadrnan	Chairman, Non-Executive Independent Director
2	Mr. C.S. Ramesh	Member, Non-Executive, Non-Independent Director
3	Mr. N. Ganga Ram	Member, Non-Executive, Independent Director
4	Mrs. Sujatha Jayarajan	Member, Non-Executive, Independent Director

The Audit Committee acts in accordance with the terms of reference specified by the Board of Directors in terms of Section 177(4) of the Act and in terms of Regulation 18 of The SEBI (LODR) Regulations, 2015. It also oversees the vigil mechanism and is obliged to take suitable action against the Directors or employees concerned, when necessary.

#### **Nomination and Remuneration Committee:**

In terms of Section 178 of the Companies Act, 2013 and the Rules prescribed thereunder, your Company is mandatorily required to constitute a Nomination and Remuneration Committee.

Accordingly, the Company has set up a Nomination and Remuneration Committee which has formulated criteria for determining qualifications, positive attributes and independence of a Director and for ensuring that:

- 1) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- 2) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- 3) Remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and initiative pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The Nomination and Remuneration Policy of your Company is set out in Annexure 1 to the Report on Corporate Governance forming part of this Report.

#### **Corporate Social Responsibility (CSR):**

According to Section 135 of the Companies Act, 2013 ("the Act"), a Company having Net Worth of Rs. 500 Crores or more, or Turnover of Rs. 1,000 Crores or more, or Net Profit of Rs. 5 Crores or more during any financial year shall constitute a Corporate Social Responsibility (CSR) Committee of the Board consisting of three or more directors, of which at least one shall be an Independent Director.

As your Company's Net Profit is more than Rs 5 Crores, the Board has constituted Corporate Social Responsibility Committee in accordance with Section 135 of the Act. The Company is committed to operating in a socially responsible manner in terms of protecting the environment and conserving water resources and energy. Details of the CSR Policy drawn up by the Company and of CSR expenditure and initiatives taken during the year 2015-16 are given in **Annexure 4** to this Report.

#### **Remuneration details of Directors and Employees:**

The details of remuneration paid to the Directors and employees of your Company are set out in **Annexure 5**

#### **Employees' Stock Option Scheme:**

The Shareholders of the Company approved the Employees' Stock Option Scheme titled as "CAESOS – 2015 through Postal Ballot on 05<sup>th</sup> March, 2016. CAESOS-2015 is in compliance with The SEBI (Share Based Employee Benefits) Regulations, 2014. The details are available on our website [www.chemfabalkalis.com](http://www.chemfabalkalis.com). The purpose of the Scheme is:

- i) to attract, retain and motivate talented and critical employees.
- ii) to encourage employees to align Individual performance with Company's Objectives; and
- iii) reward employee performance with ownership.

The details of CAESOS – 2015 form part of the Notes to Accounts of the Financial Statements in this Annual Report.

Shares issued under Employee Stock Option Scheme (ESOS) :	Nil
Equity Shares with differential voting rights :	NA
Sweat Equity Shares :	NA
Details of Voting rights not exercised :	NA

#### **Acknowledgement**

The Directors thank all the Shareholders, customers, dealers, suppliers, bankers, financial institutions and all the other business associates for their continued support to the Company and the confidence reposed in its Management. The Directors also thank the Government authorities for their understanding and co-operation. The Directors wish to record their sincere appreciation of the significant contribution made by the employees of the Company at all levels to its profitable and successful operations.

For and on behalf of Board of Directors of

**CHEMFAB ALKALIS LTD**

Place: Chennai  
Date: 18<sup>th</sup> May, 2016

Suresh Krishnamurthi Rao  
Chairman  
DIN No: 00127809

**Annexure 1**

**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31.03.2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

CIN	L24297TN1983PLC072409
Registration Date	16/06/1983
Name of the Company	CHEMFAB ALKALIS LIMITED
Category / Sub-Category of the Company	Company Limited by Shares/ Indian Non-Government Company
Address of the Registered office and contact details	Team House, GST Salai, Vandalur, Chennai - 600 048
Whether listed company Yes / No	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s Cameo Corporate Services Ltd, Subramanian Building, 1 Club House Road, Chennai - 600 002. Phone Nos.044 2846 0390 / 2846 0395 Fax: 044 2846 0129 Email : cameo@cameoindia.com Website : <a href="http://www.cameoonline.net">www.cameoonline.net</a>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacture of Inorganic Chemicals	24117	99%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No.	Name and Address of The Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
	NIL		NIL		

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Share Holding**

	Category of Shareholders	No. of shares held at the beginning of the year - 01.4.2015				No. of shares held at the end of the year - 31.3.2016				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>Promoters</b>									
<b>(1)</b>	<b>Indian</b>									
(a)	Individual/HUF	1426400	-	1426400	15.55	1426400	-	1426400	15.55	-
(b)	Central Govt	-	-	-	-	-	-	-	-	-
(c)	State Govt(s)	-	-	-	-	-	-	-	-	-
(d)	Bodies Corp.	880458	-	880458	9.60	880458	-	880458	9.60	-
(e)	Banks / FI	-	-	-	-	-	-	-	-	-
(f)	Any Other ....	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(1)</b>	<b>2306858</b>	<b>-</b>	<b>2306858</b>	<b>25.15</b>	<b>2306858</b>	<b>-</b>	<b>2306858</b>	<b>25.15</b>	<b>-</b>



<b>(2)</b>	<b>Foreign</b>									
(a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b)	Other - Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corp.	4571468	-	4571468	<b>49.84</b>	4571468	-	4571468	<b>49.84</b>	-
(d)	Banks / FI	-	-	-	-	-	-	-	-	-
(e)	Any Other ....	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(2)</b>	<b>4571468</b>	-	<b>4571468</b>	<b>49.84</b>	<b>4571468</b>	-	<b>4571468</b>	<b>49.84</b>	-
	<b>Total sharehold- ing of Promoter (A)= (A)(1)+(A)(2)</b>	<b>6878326</b>	-	<b>6878326</b>	<b>75.00</b>	<b>6878326</b>	-	<b>6878326</b>	<b>75.00</b>	-
<b>B.</b>	<b>Public Share- holding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual Funds	8200	900	9100	0.10	8200	900	<b>9100</b>	0.10	-
(b)	Banks / FI	400	100	500	0.01	400	100	<b>500</b>	0.01	-
(c)	Central Govt	-	-	-	-	-	-	-	-	-
(d)	State Govt(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	-	-	-	-	-	-	-	-	-
(g)	FII's	-	-	-	-	-	-	-	-	-
(h)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i)	Any Other - Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
	<b>Sub- Total (B)(1)</b>	<b>8600</b>	<b>1000</b>	<b>9600</b>	<b>0.10</b>	<b>8600</b>	<b>1000</b>	<b>9600</b>	<b>0.10</b>	-
<b>2.</b>	<b>Non- Institutions</b>									
(a)	Bodies Corporate	179047	15802	194849	2.12	223659	15802	239461	2.61	0.49
(i)	Indian	-	-	-	-	-	-	-	-	-
(ii)	Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals	-	-	-	-	-	-	-	-	-
i	Individual share- holders holding nominal share capital up to Rs.1 lakh	1512307	215622	1727929	18.84	1441405	206070	1647475	17.96	(0.88)

ii	Individual share-holders holding nominal share capital in excess of Rs.1 lakh	70900	0	70900	0.77	106900	0	106900	1.17	0.40
(c)	Others (specify)	-	-	-	-	-	-	-	-	-
	Trust	200	0	200	0.00	200	0	200	0.00	0.00
	Non-Resident Indians	50214	38122	88336	0.96	42135	35622	77757	0.85	(0.11)
	Hindu Undivided Family	90243	0	90243	0.98	103512	0	103512	1.13	0.15
	Foreign National	0	107000	107000	1.17	0	107000	107000	1.17	0.00
	Clearing Members	4314	0	4314	0.05	1466	0	1466	0.02	(0.03)
	<b>Sub- Total (B)(2)</b>	<b>1907225</b>	<b>376546</b>	<b>2283771</b>	<b>24.90</b>	<b>1919277</b>	<b>0</b>	<b>2283771</b>	<b>24.90</b>	<b>0.00</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>1915825</b>	<b>377546</b>	<b>2293371</b>	<b>25.00</b>	<b>1927877</b>	<b>365494</b>	<b>2293371</b>	<b>25.00</b>	<b>0.00</b>
(C)	<b>Shares held by Custodian for GDRs and ADRs</b>	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>8785791</b>	<b>385906</b>	<b>9171697</b>	<b>100</b>	<b>8794151</b>	<b>377546</b>	<b>9171697</b>	<b>100</b>	<b>0.00</b>

**(ii) Shareholding of Promoters**

Sl. No	Name of The Holder(S)	Shareholding at the beginning of the year (01.4.2015)			Shareholding at the end of the year (31.3.2016)			
		Number of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	Number of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	% Change in share holding during the year
1	Dr Rao Holdings Pte Ltd	4571468	49.84	NIL	4571468	49.84	NIL	NIL
2	Titanium Equipment And Anode Manufacturing Company Limited	880458	9.60	NIL	880458	9.60	NIL	NIL
3	Suresh Krishnamurthi Rao	879804	9.59	NIL	879804	9.59	NIL	NIL
4	Padma K M	546556	5.96	NIL	546556	5.96	NIL	NIL
5	Ramesh C S & Manorama Ramesh	40	0.00	NIL	40	0.00	NIL	NIL
		6878326	75.00	NIL	6878326	75.00	NIL	NIL

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sl.No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	6878326	75.00	6878326	75.00
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No Change	No Change	No Change	No Change
3	At the End of the year	6878326	75.00	6878326	75.00

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl No	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	P L THIRUNAVUKKARASU				
	At the beginning of the year 01-Apr-2015	87400	0.9529	87400	0.9529
	At the end of the Year 31-Mar-2016	87400	0.9529	87400	0.9529
2	SANGEETHA S				
	At the beginning of the year 01-Apr-2015	70900	0.7730	70900	0.7730
	Purchase 10-Apr-2015	4600	0.0501	75500	0.8231
	Purchase 08-May-2015	2500	0.0272	78000	0.8504
	Purchase 15-May-2015	8160	0.0889	86160	0.9394
	Purchase 22-May-2015	4246	0.0462	90406	0.9857
	Purchase 29-May-2015	2634	0.0287	93040	1.0144
	Purchase 05-Jun-2015	2250	0.0245	95290	1.0389
	Purchase 26-Jun-2015	990	0.0107	96280	1.0497
	Purchase 21-Aug-2015	1542	0.0168	97822	1.0665
	Purchase 28-Aug-2015	2328	0.0253	100150	1.0919
	Purchase 16-Oct-2015	2434	0.0265	102584	1.1184
	Purchase 23-Oct-2015	1976	0.0215	104560	1.1400
	Purchase 18-Dec-2015	10	0.0001	104570	1.1401
	Purchase 25-Dec-2015	589	0.0064	105159	1.1465
	Purchase 08-Jan-2016	841	0.0091	106000	1.1557
	Purchase 12-Feb-2016	900	0.0098	106900	1.1655
	At the end of the Year 31-Mar-2016	106900	1.1655	106900	1.1655
3	STAR FINVEST PRIVATE LTD				
	At the beginning of the year 01-Apr-2015	27000	0.2943	27000	0.2943
	Purchase 10-Apr-2015	1211	0.0132	28211	0.3075
	Sale 17-Apr-2015	-6817	0.0743	21394	0.2332
	Sale 24-Apr-2015	-5818	0.0634	15576	0.1698

	Purchase 01-May-2015	3044	0.0331	18620	0.2030
	Sale 15-May-2015	-5000	0.0545	13620	0.1485
	Purchase 29-May-2015	3178	0.0346	16798	0.1831
	Sale 05-Jun-2015	-773	0.0084	16025	0.1747
	Purchase 12-Jun-2015	975	0.0106	17000	0.1853
	Sale 19-Jun-2015	-9308	0.1014	7692	0.0838
	Sale 26-Jun-2015	-7692	0.0838	0	0.0000
	At the end of the Year 31-Mar-2016	0	0.0000	0	0.0000
4	BHAVANA GOVINDBHAI DESAI JT1 : GOVINDBHAI BALDEVBHAI DESAI				
	At the beginning of the year 01-Apr-2015	20000	0.2180	20000	0.2180
	At the end of the Year 31-Mar-2016	20000	0.2180	20000	0.2180
5	NEETA MANOJ RUPAREL				
	At the beginning of the year 01-Apr-2015	19709	0.2148	19709	0.2148
	Sale 10-Apr-2015	-4709	0.0513	15000	0.1635
	Sale 17-Apr-2015	-1000	0.0109	14000	0.1526
	Purchase 17-Jul-2015	1200	0.0130	15200	0.1657
	Purchase 31-Jul-2015	355	0.0038	15555	0.1695
	Sale 07-Aug-2015	-7955	0.0867	7600	0.0828
	Purchase 11-Dec-2015	3150	0.0343	10750	0.1172
	Sale 05-Feb-2016	-2940	0.0320	7810	0.0851
	Sale 11-Mar-2016	-739	0.0080	7071	0.0770
	Sale 18-Mar-2016	-371	0.0040	6700	0.0730
	At the end of the Year 31-Mar-2016	6700	0.0730	6700	0.0730
6	P L THIRUNAVUKKARASU				
	At the beginning of the year 01-Apr-2015	19600	0.2137	19600	0.2137
	At the end of the Year 31-Mar-2016	19600	0.2137	19600	0.2137
7	SCMS INVESTMENT SERVICES PRIVATE LIMITED				
	At the beginning of the year 01-Apr-2015	18251	0.1989	18251	0.1989
	At the end of the Year 31-Mar-2016	18251	0.1989	18251	0.1989
8	LALITHA RAMAN				
	At the beginning of the year 01-Apr-2015	17900	0.1951	17900	0.1951
	At the end of the Year 31-Mar-2016	17900	0.1951	17900	0.1951
9	DARSHANA JIGNESH KOTHARI JT1 : NEETA MANOJ RUPAREL				
	At the beginning of the year 01-Apr-2015	15894	0.1732	15894	0.1732
	Sale 10-Apr-2015	-894	0.0097	15000	0.1635
	Sale 17-Apr-2015	-2000	0.0218	13000	0.1417
	Purchase 31-Jul-2015	1200	0.0130	14200	0.1548
	Sale 07-Aug-2015	-5200	0.0566	9000	0.0981
	Purchase 18-Dec-2015	3000	0.0327	12000	0.1308
	Sale 12-Feb-2016	-1172	0.0127	10828	0.1180
	Sale 26-Feb-2016	-250	0.0027	10578	0.1153

	Sale 11-Mar-2016	-1553	0.0169	9025	0.0984
	Sale 25-Mar-2016	-25	0.0002	9000	0.0981
	Sale 31-Mar-2016	-468	0.0051	8532	0.0930
	At the end of the Year 31-Mar-2016	8532	0.0930	8532	0.0930
10	MEENAL RAJANN MEHTA JT1 : RAJANN GAUTAM MEHTA				
	At the beginning of the year 01-Apr-2015	15000	0.1635	15000	0.1635
	Sale 01-May-2015	-15000	0.1635	0	0.0000
	At the end of the Year 31-Mar-2016	0	0.0000	0	0.0000
11	RAVIRAJ DEVELOPERS LTD				
	At the beginning of the year 01-Apr-2015	10799	0.1177	10799	0.1177
	Purchase 24-Apr-2015	1879	0.0204	12678	0.1382
	Purchase 01-May-2015	5731	0.0624	18409	0.2007
	Purchase 15-May-2015	6389	0.0696	24798	0.2703
	Purchase 29-May-2015	1500	0.0163	26298	0.2867
	Purchase 26-Jun-2015	5384	0.0587	31682	0.3454
	Purchase 03-Jul-2015	3000	0.0327	34682	0.3781
	Sale 10-Jul-2015	-391	0.0042	34291	0.3738
	Purchase 17-Jul-2015	4226	0.0460	38517	0.4199
	Purchase 31-Jul-2015	24228	0.2641	62745	0.6841
	Purchase 18-Sep-2015	1	0.0000	62746	0.6841
	Sale 23-Oct-2015	-350	0.0038	62396	0.6803
	Purchase 30-Oct-2015	5199	0.0566	67595	0.7369
	Purchase 18-Dec-2015	2499	0.0272	70094	0.7642
	Purchase 25-Dec-2015	8407	0.0916	78501	0.8559
	Purchase 31-Dec-2015	8209	0.0895	86710	0.9454
	Purchase 01-Jan-2016	2500	0.0272	89210	0.9726
	At the end of the Year 31-Mar-2016	89210	0.9726	89210	0.9726
12	KASHMIRA MANISH MEHTA JT1 : MANISHKUMAR SUMATILAL MEHTA				
	At the beginning of the year 01-Apr-2015	5500	0.0599	5500	0.0599
	Purchase 22-Jan-2016	28023	0.3055	33523	0.3655
	Sale 05-Feb-2016	-453	0.0049	33070	0.3605
	Sale 12-Feb-2016	-495	0.0053	32575	0.3551
	At the end of the Year 31-Mar-2016	32575	0.3551	32575	0.3551
13	SAUMIL NARENDRA SHAH				
	At the beginning of the year 01-Apr-2015	10000	0.1090	10000	0.1090
	Purchase 07-Aug-2015	7666	0.0835	17666	0.1926
	Purchase 14-Aug-2015	2334	0.0254	20000	0.2180
	At the end of the Year 31-Mar-2016	20000	0.2180	20000	0.2180
14	YOGESH B BHATT				
	At the beginning of the year 01-Apr-2015	0	0.0000	0	0.0000
	Purchase 31-Jul-2015	15000	0.1635	15000	0.1635
	At the end of the Year 31-Mar-2016	15000	0.1635	15000	0.1635

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	MR. SURESH KRISHNAMURTHI RAO				
	At the beginning of the year	879804	9.59	879804	9.59
	Date wise Increase / Decrease in Director's Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No Change	No Change	No Change	No Change
	At the End of the year	879804	9.59	879804	9.59
2	MR. N. GANGA RAM				
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase / Decrease in Director's Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No Change	No Change	No Change	No Change
	At the End of the year	0	0.00	0	0.00
3	MR. T. RAMABADRAN				
	At the beginning of the year	100	0.00	100	0.00
	Date wise Increase / Decrease in Director's Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No Change	No Change	No Change	No Change
	At the End of the year	100	0.00	100	0.00
4	MR. C S RAMESH				
	At the beginning of the year	40	0.00	40	0.00
	Date wise Increase / Decrease in Director's Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No Change	No Change	No Change	No Change
	At the End of the year	40	0.00	40	0.00
5	MRS. SUJATHA JAYARAJAN				
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase / Decrease in Director's Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No Change	No Change	No Change	No Change
	At the End of the year	0	0.00	0	0.00
6	MR. V M SRINIVASAN				
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase / Decrease in KMP's Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No Change	No Change	No Change	No Change
	At the End of the year	0	0.00	0	0.00
7	MR. NITIN S COWLAGI				
	At the beginning of the year	0	0.00	0	0.00

	Date wise Increase / Decrease in KMP's Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No Change	No Change	No Change	No Change
	At the End of the year	0	0.00	0	0.00
8	MR. G. SOMASUNDARAM				
	At the beginning of the year	5	0.00	5	0.00
	Date wise Increase / Decrease in KMP's Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No Change	No Change	No Change	No Change
	At the End of the year	5	0.00	5	0.00

## V. INDEBTEDNESS

### Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
Principal Amount	Rs. 23,81,12,981			Rs. 23,81,12,981
Interest due but not paid				
Interest accrued but not due	Rs. 7,70,092			Rs. 7,70,092
<b>Total (i+ii+iii)</b>	Rs. 23,88,83,073			Rs. 23,88,83,073
<b>Change in Indebtedness during the financial year</b>				
• Addition				
• Reduction	Rs. 6,42,54,426			Rs. 6,42,54,426
<b>Net Change</b>	<b>Rs. 6,42,54,426</b>			<b>Rs. 6,42,54,426</b>
<b>Indebtedness at the end of the financial year</b>				
Principal Amount	Rs. 17,30,02,726			Rs. 17,30,02,726
Interest due but not paid				
Interest accrued but not due	Rs. 16,25,921			Rs. 16,25,921
<b>Total (i+ii+iii)</b>	Rs. 17,46,28,647			Rs. 17,46,28,647

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager: Not Applicable

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	N.A	N.A
2.	Stock Option		
3.	Sweat Equity		
4.	Commission - as % of profit - others, specify...		
5.	Others, please specify		
	Total (A)		
	Ceiling as per the Act		

### B. Remuneration to other Directors:

Sl. no.	Particulars of Remuneration	Name of Directors					Total Amount - Rs. in Lakhs
		Mr Suresh Krishnamurthi Rao	Mr C. S. Ramesh	Mr T.Ramabadran	Mr N.Ganga Ram	Mrs Sujatha Jayarajan	
1	Independent Directors						
	• Fee for attending board / committee meetings	-	-	2.01	2.01	0.98	5.00
	• Commission	-	-	6.00	5.00	-	11.00
	• Others, please specify	-	-	-	-	-	-
	Total (1)	0.00	0.00	8.01	7.01	0.98	16.00
2	Other Non-Executive Directors						
	• Fee for attending board / committee meetings	0.00	1.61	-	-	-	1.61
	• Commission	21.00	5.00	-	-	-	26.00
	• Others, please specify	-	-	-	-	-	-
	Total (2)	21.00	6.61	-	-	-	27.61
	Total (B)=(1+2)	21.00	6.61	8.01	7.01	0.98	43.61
	Total Managerial Remuneration	-	-	-	-	-	*43.61
	Overall Ceiling as per the Act	-	-	-	-	-	40.27



\* Out of the total amount of Rs. 43.61 Lakhs mentioned above, Rs. 37 Lakhs relate to commission for the FY 2014-2015 paid in the FY 2015-2016. The remaining amount of Rs. 6.61 Lakhs relate to sitting fees for the FY 2015-2016.

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTB

Sl. no.	Particulars of Remuneration	Key Managerial Personnel				Amount-Rs in Lakhs
		CEO	Company Secretary	CFO	Total	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	57.89	10.37	21.45		89.71
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.32	0.00	0.32		0.64
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961					
2.	Stock Option *					
3.	Sweat Equity					
4.	Commission - as % of profit - others, specify...					
	Others, please specify					
	<b>Total</b>	58.21	10.37	21.77		90.35

\* During the FY 2015-2016, 1,40,000 stock options were granted to CEO and CFO under Chemfab Alkalies Employees Stock Option Scheme, 2015.

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding	205C of The Companies Act, 1956 compoundable u/s.621A(4)(a) of The Companies Act, 1956	Belated filing of Form INV 5 for the years 2011, 2012 and 2013	Rs.1,20,000	Company Law Board	Nil
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding	205C of The Companies Act, 1956 compoundable u/s.621A(4)(a) of The Companies Act, 1956	Belated filing of Form INV 5 for the years 2011, 2012 and 2013	Rs.950 each on five Directors in default.	Company Law Board	Nil

**C. OTHER OFFICERS IN DEFAULT**

Penalty					
Punishment					
Compounding	205C of The Companies Act, 1956 compoundable u/s.621A(4)(a) of The Companies Act, 1956	Belated filing of Form INV 5 for the years 2011, 2012 and 2013	Rs.950 on One Officer in default.	Company Law Board	Nil

**Annexure 2**  
**AOC 2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)  
Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto:

Details of contracts or arrangements or transactions not at arm's length basis.

**There were no contracts or arrangements or transactions entered in during the year ended 31<sup>st</sup> March 2016, which were not at arm's length basis.**

Details of material contracts or arrangement or transactions at arm's length basis-

No material transactions.

(a) Name(s) of the related party and nature of relationship	(b) Nature of contracts/ arrangements/ transactions	(c) Duration of the contracts / arrangements/ transactions	(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	(e) Date(s) of approval by the Board, if any:	(f) Amount paid as advances, if any:
NIL	NIL	NIL	NIL	NIL	NIL

For and on behalf of Board of Directors of

**CHEMFAB ALKALIS LTD**

Suresh Krishnamurthi Rao

Chairman

DIN No: 00127809

Place: Chennai

Date: 18<sup>th</sup> May, 2016

**Annexure 3**

**(A) Conservation of Energy-**

	Particulars	Details
(i)	The steps taken or impact on conservation of energy;	The benefits of replacement of electrolyzers done in the previous year 2014-15 were reaped in the current year 2015-16 also.
(ii)	The steps taken by the company for utilising alternate sources of energy;	The company continues to use hydrogen gas instead of conventional fuel reducing the carbon footprint.
(iii)	The capital investment on energy conservation equipments;	NIL

**(B) Technology absorption-**

Particulars	Details
(i) The efforts made towards technology absorption;	The company stabilized the operations of BiTAC electrolyser and the new energy efficient Caustic Concentration Plant which were commissioned in 2014-15
(ii) The benefits derived like product improvement, cost reduction, product development or import substitution;	Cost reduction due to lesser consumption of power and fuel
(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- a) the details of technology imported; b) the year of import; c) whether the technology has been fully absorbed; d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;	CEC – BiTAC Electrolysers, Energy efficient Caustic Concentration Unit 2013 Yes

(iv) The expenditure incurred on Research and Development.

**Amount in Rs**

Particulars	2015-16	2014-15
Employee Benefits expense	30,63,047	59,90,887
Professional fees	5,78,367	12,86,300
Consumption of Stores and spares	8,33,489	27,81,932
Travelling expenses	1,73,263	1,26,779
Depreciation	6,01,051	6,03,944
<b>Total</b>	<b>52,49,217</b>	<b>1,07,89,842</b>

**(C) Foreign exchange earnings and Outgo-**

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

Particulars	Amount
Foreign Exchange Earnings	Rs. 55,94,825/-
Foreign Exchange Outgo	Rs. 2,66,36,182/-

For and on behalf of Board of Directors of

**CHEMFAB ALKALIS LIMITED**

Place: Chennai

Suresh Krishnamurthi Rao

Date: 18<sup>th</sup> May 2016

Chairman

**Annexure 4**

**ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT**

1.	A brief outline of the company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	The Company will take up community and socially focused activities, with particular emphasis on the following activities, hereinafter referred to as "CSR activities":  I. Promoting preventive and general health care, sanitation including contribution to the Swach Bharat Kosh set up by the Central Government for the promotion of sanitation and provision of safe drinking water
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	<p>II. Promoting education by providing financial assistance to deserving educational institutions, meritorious students, including special education and employment enhancing vocation skills especially among children, women, elderly and differently abled, promoting livelihood enhancement projects and road safety projects with special emphasis on driver training programmes.</p> <p>III. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care center and such other facilities for senior citizens.</p> <p>IV. Ensuring environmental sustainability, ecological balance, protection of Flora and Fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of the Ganga.</p> <p>V. Protection of National heritage, art and culture, including restoration of building ad sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts.</p> <p>VI. Contribution of funds provided to technology incubators located within academic institutions which are approved by the Central Government;</p> <p>VII. Contributing to rural development projects; and</p> <p>VIII. Such other activities and projects covered in Schedule VII to the Companies Act, 2013 and notifications made by the Ministry from time to time.</p>
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2.	Composition of the CSR Committee as on 31 <sup>st</sup> March 2016	
	Name of the Member	Category
a.	Mr. C S Ramesh	Non Executive Director, Chairman
b.	Mr. T Ramabadran	Non-Executive Independent Director, Member
c.	Mr. N Ganga Ram	Non-Executive Independent Director, Member
d.	Mrs. Sujatha Jayarajan	Non-Executive Independent Director, Member

3. Average net profit of the company for last three financial years u/s 135 of the Companies Act, 2013

Particulars	Amount (in Rs)
Net profit for the year 2012-13	Rs. 33,95,55,721
Net profit for the year 2013-14	Rs. 24,70,29,223
Net profit for the year 2014-15	Rs. 15,75,01,329
Average Net Profit	Rs. 24,80,28,758

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)

2% on the Average Net Profits as stated above shall amount to	Rs. 49,60,575
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5. Details of CSR Expenditure in FY 2015-16

a.	Total amount spent in the Financial Year 2015-16	Rs. 22,99,655
b.	Amount unspent, if any	Rs. 26,60,920

c. Details of the Amounts Spent on CSR Projects during the Financial Year 2015-16							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	CSR project or activity identified	Sector in which the project is covered	Projects or programs  (1) Local area or other  (2) Specify the state and district where projects or programs were undertaken	Amount out-lay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads:  (1)Direct expenditure on projects or programs  (2)Over-heads:	Cumulative expenditure up to the reporting period	Amount spent direct or through implementing agency
1.	Organic Farming Assistance	Schedule VII (iv and x)	Local Area, Puducherry	9,23,475	4,66,168	6,67,670	Satya Special School, Puducherry
2.	Innovative Village Education Program	Schedule VII (ii)	Local Area, Tamil Nadu	5,70,000	59,000	3,09,000	Eureka Child Foundation, TamilNadu
3.	RO Drinking Water Plant	Schedule VII (i)	Local Area, Tamil Nadu	7,14,000	7,14,000	7,14,000	M/s Sushanth Engineering Services, Chennai
4.	Socially and economically backward group	Schedule VII (iii)	Local Area, Puducherry/ Tamil Nadu		1,84,050		Direct
5.	Education and Training	Schedule VII (ii)	Local Area, Puducherry		78,500		Direct
6.	Flood Relief	Schedule VII (i)	Local Area, Puducherry/ Tamil Nadu		7,97,937		Direct
	TOTAL				22,99,655		

6.	In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.	The average Net Profit of the Company during the last three Financial Years amounts to Rs. 2480 Lakhs and 2% of such average Net Profit works out to Rs. 49.61 Lakhs which is the amount of CSR expenditure the Company was required to incur during the Financial Year 2015-16. As against this, the total amount spent by the Company on CSR Projects during FY 2015-16 was Rs. 22.99 Lakhs. The shortfall in CSR expenditure is primarily due to the fact that the Company did not get adequate number of eligible projects. The Company expects to meet the CSR expenditure target in the Financial Year, 2016-17.
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7.	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.	The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.
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Place: Chennai

Date: 18<sup>th</sup> May, 2016

C.S. Ramesh

Chairman, CSR Committee

DIN No: 00019178

Suresh Krishnamurthi Rao

Chairman

DIN No: 00127809

**Annexure 5**

**Remuneration Details of Directors and Employees**

Information as per Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Amount Rs. in Lakhs

(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year

S. No.	Director Name	Remuneration FY 2015-16	Median Remuneration of Employees FY 2015-16	Ratio
1	Mr. Suresh Krishnamurthi Rao	21.00	3.67	5.72
2	Mr. C.S. Ramesh	6.61	3.67	1.80
3	Mr. T. Ramabadrhan	8.01	3.67	2.18
4	Mr. N. Ganga Ram	7.01	3.67	1.91
5	Mrs. Sujatha Jayarajan	0.98	3.67	0.27

(ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.

S.No.	Director Name	Remuneration FY 2015-16	Remuneration FY 2014-15	% Increase
1	Mr. Suresh Krishnamurthi Rao	21.00	25.00	(16%)
2	Mr. C.S. Ramesh	6.61	8.58	(23%)
3	Mr. T. Ramabadrhan	8.01	9.64	(17%)
4	Mr. N. Ganga Ram	7.01	7.36	(5%)
5	Mrs. Sujatha Jayarajan	0.98	NA	NA
6	Chief Executive Officer	70.99	NA	NA
7	Chief Financial Officer	28.22	23.85	18%
8	Company Secretary	13.80	3.91*	N.A.*

\*Note: Previous Company Secretary resigned from the services of the Company on 14.11.2014 and his Remuneration paid up to 14.11.2014 only has been shown here. The present Company Secretary was appointed on 13.05.2015.

(iii) the percentage increase in the median remuneration of employees in the financial year.

Median Remuneration FY 2015-16	Median Remuneration FY 2014-15	% Increase
3.67	3.53	4%

(iv) Number of permanent employees on the rolls of the company – 169.

(v) the explanation on the relationship between average increase in remuneration and company performance.

The company follows performance appraisal methodology where in performances of employees are linked to the key deliverables and key control areas of the company. The increase in remuneration thus suggests better performance of the company in terms of profitability and customer satisfaction, stronger processes and controls, better compliances with various regulations and establishment of better relationship with stakeholders and also factors in inflation.

(vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the company.

Remuneration of KMP FY 2015-16	PAT of the Company FY 2015-16	Remuneration to PAT %
113.01	866.06	13%

(vii) variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year

	FY 2015-16	FY 2014-15	Variation
Market Capitalisation	6837.50	6732.03	105.47
Price Earning Ratio	7.89	6.51	1.38

(viii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

	FY 2015-16	FY 2014-15	% Increase
Employees Salary	1116.12	970.83	15%
Managerial Remuneration	43.61	50.58	(14%)

The company follows performance appraisal methodology where in performances of employees are linked to the key deliverables and key control areas of the company.

(ix) comparison of the each remuneration of the Key Managerial Personnel against the performance of the company.

Particulars	Remuneration of KMP FY 2015-16	PAT of the Company FY 2015-16	Remuneration to PAT %
CEO	70.99	866.06	8
CFO	28.22	866.06	3
CS	13.80	866.06	2

(x) the key parameters for any variable component of remuneration availed by the directors.

The Directors of the company are paid Commission, not exceeding 3% of the net profit of the company which is arrived at as per the relevant provisions of the Companies Act, 2013.

(xi) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;

Remuneration of Highest paid Director	21.00
Remuneration of Employee	70.99
Ratio	3.38

(xii) affirmation that the remuneration is as per the remuneration policy of the company.

It is affirmed that the remuneration is as per the remuneration policy of the Company.

**Information as per Rule 5(2) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Employee Name	Designation & Nature of Employment	Qualification and Experience (in years)	Age	Date of Joining & Previous Employment details	Remuneration (Rs. In lakhs)	Percentage of equity shares held	whether employee is a relative of any director or manager of the company
Mr. V.M.Srinivasan	CEO (Permanent Employee)	B.Sc, MBA Experience – 28 Years	49	30/03/2015 Previous Employment – CEO, Floking Pipes Pvt. Ltd.	70.99	Nil	No

For and on behalf of Board of Directors of

**CHEMFAB ALKALIS LTD**

Suresh Krishnamurthi Rao

Chairman

DIN No: 00127809

Place: Chennai

Date: 18<sup>th</sup> May, 2016

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31.03.2016**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule no.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members of  
CHEMFAB ALKALIS LIMITED  
CIN: L24297TN1983PLC072409  
TEAM HOUSE GST SALAI, VANDALUR  
CHENNAI, TAMIL NADU-600 048

Dear Members,

**Sub: My Report of even date is to be read along with this letter.**

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.,
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Chennai Name of the Company Secretary: Dr.B. Ravi

Date : 12.05.2016 FCS 1810 C.P.No. 3318

To,

The Members of  
CHEMFAB ALKALIS LIMITED  
CIN: L24297TN1983PLC072409  
TEAM HOUSE GST SALAI, VANDALUR  
CHENNAI, TAMIL NADU-600 048

Dear Members,

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by CHEMFAB ALKALIS LIMITED (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of CHEMFAB ALKALIS LIMITED's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2016** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by CHEMFAB ALKALIS LIMITED ("the Company") for the financial year ended on **31<sup>st</sup> March, 2016** according to the provisions of:

- (i) The Companies Act, 1956, the Companies Act 2013 (to the extent Sections and Schedules notified) and the rules made thereunder including Amendment, Circulars, Notifications and Removal of Difficulties Order issued by the Ministry of Corporate Affairs from time to time;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations to the extent applicable;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') as amended:-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (was not applicable to the company during the period under review)

- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (was not applicable to the company during the period under review)
- f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (was not applicable to the company during the period under review)
- g) The Securities and Exchange Board of India (Buyback of Securities), Regulations, 1998 (was not applicable to the company during the period under review)
- h) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(vi) The Industry specific acts, rules and notification applicable to the company are stated in **Annexure –I** of this report

I further report that based on the information received, explanations given, process explained, records maintained and statutory compliance reports submitted to the board on quarterly basis, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable labour laws, rules, regulations and guidelines. The company has confirmed compliance with the labour laws as stated in **Annexure-II** of this report.

I further report that based on the information received, explanations given, process explained, records maintained and Internal audit reports submitted to the Board, the company is regular in making statutory payments and there have been no cases against the company or its officers nor notices issued to them under the following Acts:

- a) Finance Act, 1994 with respect to Service Tax
- b) Central Excise Act, 1944
- c) The Central Sales Tax Act, 1956
- d) Income Tax Act, 1961 with respect to Tax Deducted at Source and Tax collected at Source

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.



I further report that the Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions were taken unanimously.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has:

- a) Moved the Hon'ble Company Law Board, Chennai Bench for compounding an offence relating to contravention of Section 205C(3) of the Companies Act, 1956 for the delays made in filing form 5-INV for the year 2012 and 2013 and the Order of Company Law Board, Chennai Bench dated 13.10.2015 in CA.No.178/621A/CB/2015 and also the order of the Addl. Chief Metropolitan Magistrate (E.O1) FAC dated 03.11.2015 in E.O.C.C.No.164/2015 granting the Deputy Registrar of Companies, Tamil Nadu Chennai the complainant to withdraw the complaint has been received.
- b) Accorded approval for issue of options under its Employees Stock Option Scheme, 2015 to eligible employees in aggregate not exceeding 4,00,000 options convertible to equity shares by way of resolution passed through postal ballot on 05.03.2016.

Place: Chennai      Name of Company Secretary in practice:  
Date: 12.05.2016      Dr. B. RAVI  
FCS No.1810 C P No.: 3318

#### **Annexure- I**

The following are the acts, rules and notifications that are specifically applicable to the Company based on the nature of the business the Company is engaged in:

1. The Water (Prevention And Control Of Pollution) Act, 1974 and rules framed thereunder
2. The Water (Prevention And Control Of Pollution) Cess Act, 1977 and rules framed thereunder
3. The Air (Prevention And Control Of Pollution) Act, 1981 and rules framed thereunder
4. The Environmental (Protection) Act, 1986 and rules framed thereunder
5. Manufacture Storage And Import Of Hazardous Chemical Rules, 1989
6. The Public Liability Insurance Act, 1991 and rules framed thereunder
7. The National Environmental Tribunal Act, 1995
8. Environmental Impact Assessment (Environmental Clearance Rules), 1997-Public Hearing

9. The Atomic Energy Act, 1962
10. Radiation Protection Rules, 1971
11. Prevention And Control Of Pollution (Uniform Consent Procedure) Rules, 1999
12. Hazardous Wastes (Management, Handling And Transboundary) Rules, 2008
13. Batteries (Management and Handling ) Rules, 2000
14. Ozone Depleting Substances (Regulation), Rules 2000
15. The Coastal Zone Regulation Rules, 1991
16. Pondicherry Groundwater (Control and Regulation ) Act, 2002 and rules framed thereunder
17. EIA Notification For Environmental Clearance, 2006
18. The Chemical Accidents (Emergency Planning, Preparedness, and Response) Rules, 1996
19. Noise pollution (Regulation and control ) Rules, 2000
20. e-waste (Management and Handling) Rules, 2011
21. Petroleum Act, 1934 and rules framed thereunder
22. Explosives Act, 1884 and rules framed thereunder
23. Gas Cylinder Rules, 2004
24. Static and Mobile Pressure Vessels (Unfired) Rules, 1981
25. The Electricity Act, 2003 and rules framed thereunder
26. The Standards of Weights And Measures Act, 1976
27. The Boilers Act, 1923

#### **Annexure- II**

The following are the labour laws applicable to the Company:

1. The Factories Act, 1948
2. The Pondicherry Factory Rules, 1950
3. The Industrial Disputes Act, 1947
4. The Industrial Employment (Standing Orders) Act, 1946 and rules framed thereunder
5. The Apprentices Act, 1961
6. The Child Labour (Prohibition and Regulation Act), 1986
7. The Equal Remuneration Act, 1976
8. The Trade Unions Act, 1926
9. The Workmen's compensation Act, 1923
10. The Payment of Bonus Act, 1965
11. The Payment of Gratuity Act, 1972
12. The Payment of Wages Act, 1936
13. The Minimum Wages Act, 1948
14. The Contract Labour (Regulation and Abolition) Act, 1970
15. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
16. The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979
17. The Employees' Provident Fund Act and Miscellaneous Provisions Act, 1952
18. The Employees' State Insurance Act, 1948

**MANAGEMENT DISCUSSION AND ANALYSIS**  
**REPORT**

**CHLOR-ALKALI INDUSTRY STRUCTURE AND DEVELOPMENTS**

Chlor-Alkali is the basic Heavy Chemical Industry, manufacturing Caustic Soda, with Chlorine, Hydrogen, Sodium Hypo Chlorate and Hydro Chloric Acid as by-products. Overall, the Financial Year 2015-16 was a challenging year for the Industry, primarily due to the softer international caustic prices as well as global commodity demand being soft. During the year the global Caustic lye prices averaged between USD 315 – 340 per MT CIF. Imports during the year were significant and increased compared to previous year. Due to lower import prices, the realisation of domestic players was impacted this year as well. Chlorine realisation also was subdued due to supply - demand imbalance. Capacity utilization of the Industry for the year improved but it continues to remain around 80%.

**OPPORTUNITIES AND THREATS**

Commodity prices are broadly expected to stabilise at current levels and no significant improvements are expected in the current year. Of course, depreciation in currency would help the industry.

Rate of capacity build-up in the Industry has become slower. This is helping in improvement in capacity utilisation rates.

On the chlorine utilization front, demand growth continues and the overall balance is expected to be more balanced which could result in improved realisations on Chlorine in the forthcoming year.

The investments and efforts taken by the Company during the Financial Year have resulted in significant savings in its cost of operations. Efforts will continue to be made, to further optimise on costs as well as product mix to improve profitability.

Dependence on the grid power continues to be a risk though the Puducherry power scenario remains reasonably stable. Also, increase in cost of power is a concern in the long run. The company is also working on due approval process to commence power sourcing through “Open access” which would help de-risk our power sources to some extent.

**SEGMENT -WISE OR PRODUCT -WISE PERFORMANCE**

The Company operates in one segment viz, Chlor Alkali. The production and sales volumes in 2015-16 was marginally lower than the previous year.

**OUTLOOK**

With consistent GDP growth in the country, the demand for caustic especially, is expected to grow at a reasonable rate.

**RISKS AND CONCERNS**

There is a delay in granting of the approvals from the competent authorities, for the enhancement of Capacity, resulting in stagnant volumes and consequently the revenues. The Company expects to get the required approvals in due course.

**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 and Independent Directors, to monitor its financial systems, controls, management and operations.

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

This year we have also implemented Process Safety Management(PSM). We are the first company in our industry to implement the same. This will further improve our safety parameters.

**DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

Sales volumes and realization during the Financial Year 2015-16 declined as compared to the previous year due to market conditions as well as Floods in Tamil Nadu/Puducherry. Further additional provision made towards capital work in progress, accelerated depreciation and exchange fluctuations has also had an adverse effect on the profitability of the Company. However, improvement in power consumption and reduction in raw material cost have had a positive impact on the profitability.

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

During the year under review, the Industrial Relations continued to be cordial.

The Company has given direct employment to 169 persons and indirect employment to 121 persons.

**CAUTIONARY STATEMENT**

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

The Company assumes no responsibility in respect of the forward-looking statements herein, which may undergo changes in future for reasons beyond its control.

For and behalf of Board of Directors of  
**CHEMFAB ALKALIS LIMITED**

Place : Chennai  
Date : 18<sup>th</sup> May, 2016

Suresh Krishnamurthi Rao  
Chairman  
DIN No: 00127809

**REPORT ON CORPORATE GOVERNANCE  
FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016**

**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

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

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

**COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

Your Company believes that sound Corporate Governance is critical to enhance and retain investors' trust.

Accordingly, your Company seeks to achieve its goals with integrity and fairness. The Company's philosophy is based on Accountability,

Ethical conduct, Compliance with statutes, Interest of all stakeholders, Transparency and Timely disclosure. The objective is to institutionalize Corporate Governance practices that go beyond adherence to the regulatory framework.

The Company is in full compliance with the requirements under Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 Company's Board consists of five Directors as on date, all of whom are Non-Executive Directors.

The Company is Board-managed and it has no Managing Director, Whole-Time Director or Manager. The day-to-day affairs are managed by Chief Executive Officer (CEO) of the Company.

During the year, Mr. G.Somasundaram was appointed as Company Secretary with effect from 13<sup>th</sup> May 2015.

The composition of the Board as on 31<sup>st</sup> March 2016, the categorization of Directors, the number of Board meetings held during the Financial Year, 2015-16, attendance at the Board meetings and at the last Annual General meeting and the number of Directorships and Memberships/Chairmanships in other public companies held by the Directors as on 31<sup>st</sup> March 2016 are given below:

**A.Information on Board of Directors and Attendance**

S. No	Name of Director	Category of Directorship	No. of Equity Shares held	No. of Board Meeting		No. of Other Directorship *	No. of other Committee		Attendance of last AGM
				Held	Attended		Member	Chairman	
1	Mr. Suresh Krishnamurthi Rao	Non Executive Chairman Promoter	879804	5	5	1	0	0	YES
2	Mr. C. S. Ramesh	Non Executive Non Independent	40	5	4	1	0	0	YES
3	Mr. T. Ramabadrana	Non Executive Independent	100	5	5	1	0	0	YES
4	Mr. N.Ganga Ram	Non Executive Independent	0	5	5	4	4	1	YES
5	Mrs. Sujatha Jayarajan	Non Executive Independent	0	5	3	1	0	0	YES

\* The Directorships held by the Directors as mentioned above do not include Alternate Directorships and Directorships of Foreign Companies and Private Limited Companies.

There is No relationship between the Directors inter-se.

The existing Independent Directors, Mr. T. Ramabadran, Mr. N. Ganga Ram and Mrs. Sujatha Jayarajan were expressly appointed by the Board of Directors at their meeting held on 30<sup>th</sup> March 2015 as Independent Directors under the new Companies Act, 2013 for a term of five consecutive years from 30<sup>th</sup> March 2015, not liable to retire by rotation and the members approved their appointment as such at their Meeting held on 30<sup>th</sup> July, 2015.

Please refer to <http://www.chemfabalkalis.com/pdf-2015/Indpdt-Directors-Famlrzn-Prog.pdf> for familiarization programme imparted to Independent Directors.

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

During the Financial Year 2015-16, five meetings of the Board of Directors were held as under:

S. No.	Date of Meeting
1.	27 <sup>th</sup> April 2015
2.	30 <sup>th</sup> July 2015
3.	29 <sup>th</sup> October 2015
4.	29 <sup>th</sup> January 2016
5.	24 <sup>th</sup> March 2016

**3. AUDIT COMMITTEE**

The Audit Committee of the Board of Directors has been constituted in compliance with the provisions of Section 177 of The Companies Act, 2013 ("the Act") and in terms of Clause 49 of the erstwhile Listing Agreement and as also in compliance with Regulation 18 of SEBI (LODR) Regulations, 2015 which replaced the erstwhile listing Agreement. Out of the total four Members of the Committee, three are Non-Executive Independent Directors and have relevant finance exposure. The Committee is chaired by an Independent Director. The Statutory Auditors, Internal Auditor, Chief Executive Officer, Chief Financial Officer and the Company Secretary attend the meetings of the Audit Committee regularly by invitation.

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

1. To recommend the appointment/removal of Auditors, fixing of audit fees and approval of payments,
2. To review and monitor the Auditor's independence and performance, and effectiveness of audit process, to examine the financial statements and auditor's report thereon, scrutiny of inter-corporate loans and investments,
3. To approve or make any subsequent modification of transactions of the Company with related parties,
4. To value the undertakings or assets of the Company, wherever it is necessary,
5. To evaluate the internal financial controls and risk management systems,
6. To monitor the end use of funds raised through public offers and related matters.

The Audit Committee also abides by the terms of reference as specified under Part C of Schedule II of the SEBI(LODR) Regulations, 2015.

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

Name of the member	Status	Director Category	No. of meeting attended
Mr. T. Ramabadran	Chairman	Non Executive Independent Director	5
Mr. C.S. Ramesh	Member	Non Executive Non Independent Director	4
Mr. N. Ganga Ram	Member	Non Executive Independent Director	5
Mrs. Sujatha Jayarajan	Member	Non Executive Independent Director	3

The Audit Committee met five times during the year under review as indicated below:

S. No.	Date of Meeting
1.	27 <sup>th</sup> April 2015
2.	30 <sup>th</sup> July 2015
3.	29 <sup>th</sup> October 2015
4.	29 <sup>th</sup> January 2016
5.	24 <sup>th</sup> March 2016

The Minutes of the meetings of the Audit Committee meetings are discussed and noted by the Board of Directors.

**4. NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee of the Board of Directors has been constituted in compliance with provisions of Section 178 of the Companies Act, 2013 ("the Act") and in terms of Clause 49 of the erstwhile Listing Agreement and the current Regulation 19 of SEBI (LODR) Regulations, 2015.

The terms of reference of the Committee include:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the Directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;

3. Devising a policy on Board diversity;

4. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

The Nomination and Remuneration Committee also abides by the terms of reference as specified under Part D of Schedule II of the SEBI (LODR) Regulations, 2015.

The Nomination and Remuneration Committee consists of four Members and the attendance of the Members at the meetings of the Committee are as follows:

Name of the Member	Status	Director Category	No. of meeting attended
Mr. T. Ramabadran	Chairman	Non-Executive Independent Director	3
Mr. C.S. Ramesh	Member	Non-Executive Non Independent Director	2
Mr. N. Ganga Ram	Member	Non-Executive Independent Director	3
Mrs. Sujatha Jayarajan	Member	Non-Executive Independent Director	1

During the Financial Year 2015-16, the Committee met three times as follows::

S.No.	Date of Meeting
1.	27 <sup>th</sup> Apr 2015
2.	29 <sup>th</sup> Oct 2015
3.	24 <sup>th</sup> Mar 2016

The Remuneration Policy of your Company is disclosed in **Annexure I** to this Report.

Disclosure on Remuneration:

A	All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc	Nil
B	Details of fixed component and performance linked incentives, along with the performance Criteria	Nil
C	Service contracts, notice period, severance fees.	Nil
D	Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable	Nil

#### **NON-EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURES**

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

(Rs. In Lakhs)

S. No.	Name of the Director	Sitting Fees	Commission	Total
1.	Mr. Suresh Krishnamurthi Rao	0.00	21.00	21.00
2.	Mr. C. S. Ramesh	1.61	5.00	6.61
3.	Mr. T.Ramabadran	2.01	6.00	8.01
4.	Mr. N.Ganga Ram	2.01	5.00	7.01
5.	Mrs. Sujatha Jayarajan	0.98	0.00	0.98
	<b>TOTAL</b>	<b>6.61</b>	<b>37.00</b>	<b>43.61</b>

It may be noted that the commission of Rs. 37 lakhs as above relates to the year 2014-15 actually paid in the year 2015-16.

For the year ended 31st March 2016, it is proposed to pay commission not exceeding 3% of the Net Profits of the Company to the Non Executive Directors, absorbing a sum of Rs. 39 Lakhs.

Performance evaluation Criteria for Independent Directors: Performance of Independent Directors are assessed, based on their Attendance, preparedness and active participation in the discussions at the Meetings, valuable suggestions provided by them for improvement business decisions and Statutory Compliances, visits to the Factory, attending to Seminars and in-house programmes on familiarization etc.,

Criteria of making payments to Non-Executive Directors: Based on the performance and contributions of the Non Executive Directors as per the details provided under Nomination & Remuneration Policy of the Company.

#### **5. STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Board of Directors has constituted a Stakeholders Relationship Committee consisting of the following Non-Executive Directors:

S. No.	Name of the Member	Status	Directors Category	No. of meeting attended
1.	Mr. N. Ganga Ram	Chairman	Non Executive Independent Director	4
2.	Mr. T. Ramabadran	Member	Non Executive Independent Director	4
3.	Mr. C.S. Ramesh	Member	Non Executive Director	3
4.	Mr. Suresh Krishnamurthi Rao	Member	Non Executive Promoter	4
5.	Mrs. Sujatha Jayarajan	Member	Non Executive Independent Director	2

The Committee takes care of the relations with the Stakeholders of the Company. It looks into and redresses the Shareholders' complaints relating to delay in transfer of shares and non-receipt of annual report/dividend warrants, oversees the performance of Registrars & Transfer Agents and recommends measures for overall improvements in the quality of investor services and investor relations.

The Stakeholders Relationship Committee also abides by the terms of reference as specified under Part D of Schedule II of the SEBI(LODR) Regulations, 2015.

As at 31<sup>st</sup> March 2016, there were no Shareholders' complaints pending redressal, as follows:

S.No.	Particulars	No.
1	No of shareholder's complaints received so far	1
2	No of complaints not solved	Nil
3	No of pending complaints	Nil

During the Financial Year 2015-16, the Committee met Four times on

S. No.	Date of Meeting
1.	27 <sup>th</sup> April 2015
2.	30 <sup>th</sup> July 2015
3.	29 <sup>th</sup> October 2015
4.	29 <sup>th</sup> January 2016

Mr. G.Somasundaram, Company Secretary, is the Compliance Officer of the Company.

#### 6. INDEPENDENT DIRECTORS MEETING:

During the year under review, the Independent Directors met on 24.03.2016 interalia, to discuss:

1. Evaluation of the performance of Non Independent Directors and the Board of Directors as a whole;
2. Evaluation of the performance of Chairman of the Company taking in to account, the views of Executive and Non Executive Directors.
3. Evaluation of the quality content and time lines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

#### 7. ANNUAL GENERAL MEETINGS:

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

Year	Location	Date	Time	Number of Special Resolutions passed
2012-13	Registered Office	23.05.2013	10.00 hrs	One
2013-14	Registered Office	10.06.2014	10.30 hrs	---
2014-15	Registered Office	30.07.2015	10.15 hrs	---

ii) During the year 2015-16, the Company passed the following Special Resolutions by Postal Ballot.

1. Approval of Chemfab Alkalys Employees Stock Option Scheme 2015 (CAESOS-2015) and grant of Employees Stock Options to the Employees of the Company thereunder

MANNER OF VOTING	VOTES IN FAVOUR	VOTES AGAINST	VOTES INVALID	ABSTAINED FROM VOTING
E-voting	838	600	0	0
Postal Ballot	6895532	352	7207	730
Total	6896370	952	7207	730
Total %	99.986	0.014	-	-

2. Grant of stock options to the Employees of the Holding / Subsidiary / Associate Company(ies) of the Company under Chemfab Alkalys Employees Stock Option Scheme 2015

MANNER OF VOTING	VOTES IN FAVOUR	VOTES AGAINST	VOTES INVALID	ABSTAINED FROM VOTING
E-voting	838	600	0	0
Postal Ballot	6895029	352	7207	1233
Total	6895867	952	7207	1233
Total %	99.986	0.014	-	-

3. Grant of stock options to the Employees in excess of 1% of issued equity capital under Chemfab Alkalys Employees Stock Option Scheme 2015.

MANNER OF VOTING	VOTES IN FAVOUR	VOTES AGAINST	VOTES INVALID	ABSTAINED FROM VOTING
E-voting	838	600	0	0
Postal Ballot	6894019	1852	7207	743
Total	6894857	2452	7207	743
Total %	99.964	0.036	-	-

Mr. Krishna Sharan Mishra, Practising Company Secretary, partner of M/s. KSM Associates, Chennai was appointed as Scrutinizer to conduct the Postal Ballot exercise.

There is NO Special Resolution proposed to be conducted through Postal Ballot.

#### 8. DISCLOSURES:

- a. Related party transactions during the year have been disclosed as required under Accounting Standard 18. The transactions are not prejudicial to the interests of the Company.  
Please refer to the Weblink <http://www.chemfabalkalis.com/pdf-2015/RPT-Policy-CAL-Revised-26-06-15.pdf> for Related Transaction Policy 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. The Company has established a vigil mechanism, also called the Whistle Blower Policy which is adopted for Directors and

Employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. It provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. No person has been denied access to the Audit Committee till now.

**d. i. 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. ii. Board Disclosures - Risk Management**

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

**d. iii 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](http://www.chemfabalkalis.com)

The Company is Board-managed and there is no Managing/ Whole time Director/Manager. The Board of Directors have authorized the CFO and CEO, to make a declaration on compliance of Code of Conduct by all the Board Members and the senior management personnel.

Declaration on the Code of Conduct given by the CFO and CEO, authorised in this behalf by the Board, is given at the end of this Report.

The Company has adopted the discretionary requirements as per Regulation 27 of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by adopting some of the requirements viz., separate posts of Chairperson and CEO and reporting of Internal Auditor directly to the Audit Committee under part-E of Schedule II.

The Company has not adopted non-mandatory requirements as per the Regulations of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which came into effect from 1<sup>st</sup> December 2015.

**9. CEO/CFO CERTIFICATION**

The Chief Financial Officer (CFO) and Chief Executive Officer (CEO) of the Company have certified to the board on financial and other matters in accordance with Regulation 17(8) read with Part-B of Schedule II of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to CEO/CFO certification for the Financial Year ended 31<sup>st</sup> March 2016.

**10. MEANS OF COMMUNICATION:**

The quarterly/half yearly /yearly financials audited/unaudited results were published by the Company in Newspapers as required. Further, the quarterly results have been also posted on the Company's Website – [www.chemfabalkalis.com](http://www.chemfabalkalis.com)

**11. GENERAL SHAREHOLDERS INFORMATION:**

<b>REGISTERED OFFICE</b>	Team House, GST Salai Vandalur, Chennai – 600 048 Phone: +91-44-22750323/324 Fax: +91-44-22750860 Email : cosecy@draoholdings.com website: <a href="http://www.chemfabalkalis.com">www.chemfabalkalis.com</a>
<b>ANNUAL GENERAL MEETING, DATE OF BOOK CLOSURE &amp; DIVIDEND PAYMENT DATE</b>	The date of AGM has been fixed as Thursday, the 21 <sup>st</sup> July, 2016 and the Book Closure commences on 15.07.2016. The dividend will be paid within a period of 30 days from the date of AGM.
<b>FINANCIAL CALENDAR (TENTATIVE)</b> <b>Covering period from 01<sup>st</sup> Apr 2016 to 31<sup>st</sup> Mar 2017.</b>	<ul style="list-style-type: none"> <li>➤ First Quarter's Results By 30<sup>th</sup> Jul 2016</li> <li>➤ Second Quarter's Results By 30<sup>th</sup> Oct 2016</li> <li>➤ Third Quarter's Results By 30<sup>th</sup> Jan 2017</li> <li>➤ Annual Results By 20<sup>th</sup> May 2017</li> </ul>

**LISTING OF EQUITY SHARES ON THE STOCK EXCHANGES**

<b>STOCK EXCHANGE WHERE SHARES ARE LISTED</b>	<b>SCRIP CODE / Nos</b>
DEMAT ISIN IN NSDL AND CDSL FOR EQUITY SHARES	<b>ISIN INE479E01028</b>
BOMBAY STOCK EXCHANGE LTD. (BSE)*	<b>506894</b>
NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)*	<b>CHEMFALKAL</b>

\* The Company has paid Listing Fees to the Stock Exchanges for 2015-16.

**MARKET PRICE DATA**

The High and Low stock quotations during the Financial Year 2015-16 on BSE and NSE are as under:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
<b>April 2015</b>	88.50	73.15	87.90	72.00
<b>May 2015</b>	81.55	64.00	81.50	66.00
<b>June 2015</b>	75.00	66.10	77.10	65.20
<b>July 2015</b>	103.50	71.55	105.00	71.75
<b>August 2015</b>	96.00	84.20	97.30	84.20
<b>September 2015</b>	104.00	86.25	104.00	86.05
<b>October 2015</b>	103.80	88.00	104.50	85.65
<b>November 2015</b>	105.60	86.45	109.00	86.80
<b>December 2015</b>	105.90	84.40	102.00	87.20
<b>January 2016</b>	106.00	75.00	105.90	78.30
<b>February 2016</b>	85.75	65.75	88.00	65.50
<b>March 2016</b>	81.90	67.10	83.00	67.20

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

A Committee of the Board has authorised the Company Secretary for approval of Share Transfers in the physical form and the same is reported to the Committee at its Meeting held every quarter.

#### a) DISTRIBUTION OF SHAREHOLDINGS

SHAREHOLDINGS OF NOMINAL VALUE		SHAREHOLDERS		SHARE AMOUNT	
Rs.	Rs.	Number	% to TOTAL	Rs.	% to TOTAL
5	5000	4998	93.81	4872605	10.63
5001	10000	181	3.40	1354395	2.95
10001	20000	76	1.43	1089625	2.38
20001	30000	30	0.56	749900	1.63
30001	40000	13	0.24	452790	0.99
40001	50000	9	0.17	394760	0.86
50001	100000	13	0.24	972555	2.12
100001	and above	8	0.15	35971855	78.44
<b>TOTAL</b>		<b>5328</b>	<b>100.00</b>	<b>45858485</b>	<b>100.00</b>

#### (b) SHAREHOLDING PATTERN

CATEGORY	NO.OF HOLDERS	TOTAL SHARES	% to EQUITY
Resident	5021	1857887	20.26
Foreign National	2	107000	1.17
NRI	140	77757	0.85
Corporate Body	147	239461	2.61
Clearing Member	6	1466	0.01
Mutual Funds	4	9100	0.10
Trusts	1	200	0.00
Bank	2	500	0.01
Promoters	5	6878326	74.99
<b>TOTAL</b>	<b>5328</b>	<b>9171697</b>	<b>100.00</b>

#### DETAILS OF UNCLAIMED SHARE CERTIFICATES

In terms of Clause 5A of the Listing Agreement, the Company had sent the reminders vide letters dated 27.01.2011, 05.03.2011 and 30.03.2011 to all the Shareholders whose Share Certificates have been returned undelivered. The Company will transfer the Shares comprised in the Share Certificates, which are still remaining

undelivered into one Folio in the name of Unclaimed Suspense Account (Demat Account). The Company is in the process of opening an Unclaimed Suspense Account and further disclosure will be made in due course.

#### DEMATERIALISATION OF SHARES:

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

As on 31.03.2016, 96.01% have been dematerialised.

#### OUTSTANDING GDR/ADR WARRANTS OR CONVERTIBLE BONDS

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

#### PLANT LOCATION

<b>CHLOR ALKALI PLANT</b>	'Gnanananda Place', Kalapet, Puducherry 605 014
<b>SALT FIELD</b>	Kanthadu Village, Marakanam Post, Villupuram District, Tamil Nadu Mariyur Salai, Sayalkudi, Ramnad District, Tamil Nadu

#### ADDRESS FOR CORRESPONDENCE

The Company Secretary Chemfab Alkalys Limited Team House, GST Salai, Vandalur, Chennai – 600 048	Phone: +91-44-22750323 Fax : +91-44-22750860 Email : cosecy@draaholdings.com website: <a href="http://www.chemfabalkalis.com">www.chemfabalkalis.com</a>
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**For and behalf of the Board of Directors of**

**CHEMFAB ALKALIS LIMITED**

Place : Chennai

Suresh Krishnamurthi Rao

Dated : 18<sup>th</sup> May 2016

Chairman

DIN: 00127809

#### Declaration

As stipulated under Part-D of Schedule V of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior management Personnel have confirmed compliance with the Code of Conduct.

V.M. Srinivasan

Nitin S Cowlagi

Chief Executive Officer

Chief Financial Officer

Place : Chennai

Dated : 18<sup>th</sup> May 2016



## **Annexure 1 to Corporate Governance Report**

### **NOMINATION AND REMUNERATION POLICY**

#### **Introduction:**

This Policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors. Details of the Committee and of the Policy are as under: Objectives of the Committee:

**Objectives of the Committee:** The Committee shall:

1. Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal vide Section 178 of Companies Act, 2013
2. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees vide Section 178 of Companies Act, 2013.

The Committee shall, while formulating the Policy, ensure that-

- a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c. remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals vide Section 178 of Companies Act, 2013
3. Formulation of criteria for evaluation of Independent Directors and the Board;
4. Devising a policy on Board diversity;
5. To undertake process of due diligence to determine the suitability of Directors, based upon qualification, track record, integrity and other fit and proper criteria;
6. To recommend the Director's appointment/continuing to hold appointment as a Director on the Board;
7. To ensure that such persons meet the relevant criteria prescribed under applicable laws;
8. To review the said criteria from time to time;
9. To fix / refix the remuneration of the Executive Directors (Whole-Time Directors) of the Company, if any;
10. The Committee shall approve the remuneration / any change therein of the managerial personnel of the Company when there are no profits / inadequate profits / negative effective capital as per Schedule V to the Companies Act, 2013.
11. The Committee while approving the overall remuneration of the Executive Directors of the Company shall:
  - a. take into account, financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration, employee stock options granted by the Board, etc.
  - b. be in a position to bring about objectivity in determining the remuneration package while striking a balance between the interest of the company and the shareholders.

12. The Committee shall have no authority to delegate its powers and duties.

13. Any other matter delegated by the Board from time to time.

Effective Date: The following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 10th February 2015. This policy shall be operational with immediate effect.

#### **Definitions:**

- **"Board"**:- Board means Board of Directors of the Company.
- **"Director"**:- Director means Director of the Company.
- **"Committee"**:- Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- **"Company"**:- Company means Chemfab Alkalys Limited.
- **"Independent Director"**:- As provided under clause 49 of the Listing Agreement and under the Companies Act, 2013,
- **"Key Managerial Personnel"**:- Key Managerial Personnel (KMP) means-
  - (i) the Chief Executive Officer or the managing director or the manager;
  - (ii) the Company Secretary;
  - (iii) the Whole-Time Director;
  - (iv) the Chief Financial Officer; and
  - (v) such other officer as may be prescribed under the applicable statutory provisions / regulations
- **"Senior Management"**:- The expression "senior management" means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads. Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

**Applicability:-** The Policy is applicable to

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel

#### **Constitution of the Nomination and Remuneration Committee:**

The Board has the power to constitute/ reconstitute the Committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement. At present, the Nomination and Remuneration Committee comprises of following Directors:

1. Mr. T. Ramabadran - Chairman (Independent- Non executive)
2. Mr. C.S. Ramesh - Member (Non Independent- Non executive)
3. Mr. N.Ganga Ram - Member (Independent- Non executive)
4. Mrs. Sujatha Jayarajan - Member (Independent- Non executive)

#### **General Appointment Criteria:**

- i. The Company is required to appoint a MD/Manager/CEO and in their absence a WTD as one of the KMPs. The Company is also required to appoint a Company Secretary and a Chief Financial Officer. The Company may also appoint a Chief Executive Officer who may or may not be a Director.

- ii. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
- iii. The Company shall ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force.
- iv. The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made there under, Listing Agreement or any other enactment for the time being in force.
- v. The appointees in various designations shall be qualified for the post.
- vi. Letters of Appointment - Each Director/KMP/Senior Officials is required to sign the letter of appointment with the Company containing the terms of appointment and the role assigned in the Company.

**Additional Criteria for Appointment of Independent Directors:**

The Committee shall consider qualifications and appointment for Independent Directors as per the provisions of clause 49 of the Listing Agreement and the Companies Act, 2013.

**Term / Tenure:** The Term / Tenure of the Directors shall be governed as per provisions of the Companies Act, 2013 and the Rules made there under as amended from time to time.

**Termination:** The Directors and others may terminate from the Board on their own accord. The notice period for termination of the contract of employment shall be as agreed to between the appointee and the Company.

**Removal:** Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, the Rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

**Criteria for Evaluation of Independent Director and the Board:**

The evaluation/assessment of the Directors, KMPs and the senior officials of the Company is to be conducted on an annual basis and to satisfy the requirements of the Listing Agreement. Following are the Criteria for evaluation of performance of Independent Directors and the Board:

1. **Executive Directors:** The Executive Directors shall be evaluated on the basis of targets / Criteria given to executive Directors by the board from time to time.
2. **Non Executive Director:** The Non Executive Directors shall be evaluated on the basis of the following criteria i.e. whether they:
  - (a) act objectively and constructively while exercising their duties;
  - (b) exercise their responsibilities in a bona fide manner in the interest of the Company;
  - (c) devote sufficient time and attention to their professional

- obligations for informed and balanced decision making;
- (d) do not abuse their position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (e) refrain from any action that would lead to loss of his independence;
- (f) inform the Board immediately when they lose their independence;
- (g) assist the company in implementing the best corporate governance practices;
- (h) strive to attend all meetings of the Board of Directors and the Committees;
- (i) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (j) strive to attend the general meetings of the company;
- (k) keep themselves well informed about the company and the external environment in which it operates;
- (l) do not unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (m) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholders' interest.
- (n) abide by Company's Memorandum and Articles of Association, Company's policies and procedures including code of conduct, insider trading guidelines etc. Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/Non-Independent Directors in a separate meeting of the Independent Directors. The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

**3. KMP's and Senior Officials additional evaluation criteria:**

- (i) leadership & stewardship abilities;
- (ii) contributing to clearly define corporate objectives & plans;
- (iii) communication of expectations & concerns clearly with subordinates;
- (iv) obtain adequate, relevant & timely information from external sources;
- (v) review & approval of achievement of strategic and operational plans, objectives, budgets;
- (vi) regular monitoring of corporate results against projections;
- (vii) identify, monitor & mitigate significant corporate risks;
- (viii) assess policies, structures & procedures and
- (ix) review of corporation's ethical conduct;

**Policy on Board diversity:** The Board of Directors shall have the optimum combination of Directors from the different areas / fields like production, Management, Quality Assurance, Finance, Sales and Marketing, Supply chain, Research and Development , Human Resources etc or as may be considered appropriate. The Board shall have atleast one Board member who has accounting or

related financial management expertise and atleast three members who are financially literate.

**Remuneration:** The Committee will recommend the remuneration to be paid to the Managing Director, Whole-Time Director, KMP and Senior Management Personnel to the Board for their approval. The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the Company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay wherever considered reasonable reflecting short and long-term performance objectives appropriate to the working of the company and its goals. Payment of bonus, contribution to Provident and other Funds, ESI etc. shall be in accordance with the regulations.

**1. Director/ Managing Director** Besides the above criteria, the remuneration/ compensation/ commission etc to be paid to Director/ Managing Director etc shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

**2. Non executive / Independent Directors** The Non- Executive Independent Directors are not entitled to any stock option and may receive remuneration by way of sitting fees, reimbursement of expenses (travel and other related expenses incurred for attending the meetings) for attending meetings of Board or Committee thereof and profit related commission. Provided that the amount of such fees shall be subject to ceiling/ limits as provided under The Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

**3. KMPs / Senior Management Personnel etc** The Remuneration to be paid to KMPs/ Senior Management Personnel shall be based on the experience, qualification and expertise of the related personnel and governed by the limits, if any prescribed under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

**4. Directors and Officers' Insurance** Where any insurance is taken by the Company on behalf of its Directors, KMPs/ Senior Management Personnel etc. for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

**Deviations and Changes to the Policy:** The Board may vary the above policy on need basis in accordance with the applicable laws in force. The Remuneration Committee may review the above policy from time to time to cope with the changed scenario and manpower requirements and suggest suitable changes on its own or at the request of the Board.

## **INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

### **To the Members of Chemfab Alkalys Limited**

- We have examined the compliance of conditions of Corporate Governance by **Chemfab Alkalys Limited** ("the Company"), for the year ended on 31 March 2016, as stipulated in:
  - Clause 49 (excluding clause 49(VII)(E)) of the Listing Agreements of the Company with stock exchange(s) for the period from April 01, 2015 to November 30, 2015.
  - Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchange(s) for the period from April 01, 2015 to September 01, 2015.
  - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from September 02, 2015 to March 31, 2016 and
  - Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from December 01, 2015 to March 31, 2016.
- The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
- In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made 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 Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016.
- We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 008072S)

Chennai, 18 May 2016

**Sriraman Parthasarathy**  
Partner  
Membership No. 206834

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of **CHEMFAB ALKALIS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements

that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 008072S)

Chennai, 18 May 2016

**Sriraman Parthasarathy**  
Partner  
Membership No. 206834

#### **ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

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

#### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **CHEMFAB ALKALIS LIMITED** ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over

financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 008072S)

**Sriraman Parthasarathy**  
Partner  
(Membership No. 206834)

Chennai, 18 May 2016

**ANNEXURE B TO THE INDEPENDENT  
AUDITOR'S REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has granted secured loans to a company covered / entered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
- (a) The revised / applicable terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Company's interest.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated and as per the revised terms, there are no repayments or receipts of principal amounts and interest during the year. Also refer Note 35 to the financial statements.
  - (c) As per the revised terms as approved, there is no overdue amount remaining outstanding as at the year-end.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by

the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (vii) According to the information and explanations given to us, in respect of statutory dues;

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

(c) Details of dues of Sales Tax, Excise Duty and Service Tax which have not been deposited as on 31 March 2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs.)	Amount Unpaid (Rs.)
The Central Sales Tax Act, 1956	Sales Tax	CTO Chengalpet	FY 2003-2004	57,939	57,939
The Finance Act, 1994	Service Tax	Commissioner (Appeals), Chennai	January 2005 to March 2013	58,88,553	49,05,217
The Central Excise Act, 1944	Cenvat on Excise and Service tax availment	Commissioner (Appeals), Chennai	April 2006 to June 2012	81,54,332	49,16,556

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans from financial institutions and government and has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). The term loans have been applied by the Company during the year for the purposes for which they were raised.

(x) 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 by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence, provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 008072S)

**Sriraman Parthasarathy**  
Partner  
(Membership No. 206834)

Chennai, 18 May 2016

**BALANCE SHEET AS AT 31 MARCH 2016**

Particulars	Note No.	As at 31 March 2016 Rs.	As at 31 March 2015 Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share Capital	2	4,58,58,485	4,58,58,485
(b) Reserves and Surplus	3	132,26,93,907	124,98,61,890
<b>(2) Non-Current Liabilities</b>			
(a) Long Term Borrowings	4	2,30,02,726	-
(b) Deferred Tax Liabilities (Net)	5	13,99,30,787	13,83,24,922
(c) Other Long-term Liabilities	6	1,32,52,132	91,90,671
(d) Long-Term Provisions	7	41,17,113	34,97,425
<b>(3) Current Liabilities</b>			
(a) Short Term Borrowings	8	-	23,81,12,981
(b) Trade Payables	9		
(i) total outstanding dues of micro enterprises and small enterprises		3,25,562	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		10,42,00,844	10,06,84,199
(c) Other Current Liabilities	10	19,51,39,594	7,23,93,948
(d) Short-Term Provisions	11	1,40,89,085	1,42,52,823
<b>TOTAL</b>		<b><u>186,26,10,235</u></b>	<b><u>187,21,77,344</u></b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets	12		
(i) Tangible Assets		111,77,66,830	110,91,85,963
(ii) Intangible Assets		76,26,244	75,64,571
(iii) Capital work-in-progress		13,78,89,440	20,74,62,622
(b) Non-current Investments	13	32,148	32,148
(c) Long-term Loans and Advances	14	35,70,35,800	23,83,30,566
(d) Other Non Current Assets	15	73,11,500	1,53,77,327
<b>(2) Current Assets</b>			
(a) Current Investments	16	41,31,105	10,96,05,228
(b) Inventories	17	2,03,96,864	2,56,21,826
(c) Trade Receivables	18	17,12,91,592	10,50,62,268
(d) Cash and Bank Balances	19	1,40,98,846	2,38,34,482
(e) Short-term Loans and Advances	20	1,71,47,166	2,88,91,704
(f) Other Current Assets	21	78,82,700	12,08,639
<b>TOTAL</b>		<b><u>186,26,10,235</u></b>	<b><u>187,21,77,344</u></b>

See accompanying notes forming part of the financial statements

In terms of our report attached

**For Deloitte Haskins & Sells**  
**Chartered Accountants**

**Sriraman Parthasarathy**  
**Partner**

**Place : Chennai**  
**Date : 18 May 2016**

**For and on behalf of Board of Directors**

**C S Ramesh**  
**Director**

**V M Srinivasan**  
**Chief Executive Officer**

**G Somasundaram**  
**Company Secretary**

**Place : Chennai**  
**Date : 18 May 2016**

**Suresh Krishnamurthi Rao**  
**Chairman**

**Nitin S Cowlagi**  
**Chief Financial Officer**



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016**

Particulars	Note No.	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
		<b>Rs.</b>	<b>Rs.</b>
<b>I</b> Revenue from Operations (Gross)	22	113,25,00,332	123,15,01,429
Less : Excise Duty		11,93,73,298	12,75,93,265
Revenue from Operations (Net)		<u>101,31,27,034</u>	<u>110,39,08,164</u>
<b>II</b> Other Income	23	2,99,70,234	4,95,99,456
<b>III Total Revenue ( I+II )</b>		<b><u>104,30,97,268</u></b>	<b><u>115,35,07,620</u></b>
<b>IV Expenses</b>			
Cost of Materials Consumed	24 A	2,35,43,088	5,13,76,971
Purchases of Stock in Trade	24 B	-	51,90,686
Changes in Inventories of Finished Goods and Work in Progress	25	(72,67,074)	(79,048)
Other Direct Manufacturing Expenses	26	47,56,52,173	57,12,21,396
Employee Benefits Expense	27	11,16,12,245	9,70,83,454
Finance Cost	28	1,53,15,300	71,03,349
Depreciation and Amortisation Expenses	12	11,28,90,536	10,15,46,459
Other Expenses	29	17,54,42,579	16,14,44,987
<b>Total Expenses</b>		<b><u>90,71,88,847</u></b>	<b><u>99,48,88,254</u></b>
<b>V Profit before exceptional item and tax ( III - IV )</b>		<b>13,59,08,421</b>	<b>15,86,19,366</b>
<b>VI</b> Exceptional Item (Net)	30	(21,80,782)	-
<b>VII Profit before tax ( V - VI )</b>		<b>13,37,27,639</b>	<b>15,86,19,366</b>
<b>VIII Less: Tax expenses</b>			
- Current Tax	36	4,55,15,341	3,22,23,442
- MAT Credit Entitlement	52	-	(24,37,259)
- Deferred Tax	5	16,05,865	2,65,63,478
<b>IX Profit for the Year (VII - VIII )</b>		<b><u>8,66,06,433</u></b>	<b><u>10,22,69,705</u></b>
<b>X Earnings per Share (of Rs 5/- each)</b>			
Basic	50	9.44	11.15
Diluted		9.44	11.15
See accompanying notes forming part of the financial statements In terms of our report attached			
<b>For Deloitte Haskins &amp; Sells</b> <b>Chartered Accountants</b>	<b>For and on behalf of Board of Directors</b>		
<b>Sriraman Parthasarathy</b> <b>Partner</b>	<b>C S Ramesh</b> <b>Director</b>	<b>Suresh Krishnamurthi Rao</b> <b>Chairman</b>	
	<b>V M Srinivasan</b> <b>Chief Executive Officer</b>	<b>Nitin S Cowlagi</b> <b>Chief Financial Officer</b>	
	<b>G Somasundaram</b> <b>Company Secretary</b>		
<b>Place : Chennai</b> <b>Date : 18 May 2016</b>	<b>Place : Chennai</b> <b>Date : 18 May 2016</b>		

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

Particulars	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
	Rs.	Rs.
<b>A. Cash flow from Operating Activities</b>		
Net Profit Before Tax	13,37,27,639	15,86,19,366
Adjustment for:		
Net loss due to floods - Exceptional Item	21,80,782	-
Depreciation and Amortisation Expenses	11,28,90,536	10,15,46,459
Dividend from Non-current Investments	(1,925)	(2,675)
Dividend from Current Investments	(56,25,877)	(56,09,376)
Expense on employee stock option scheme	24,132	-
Interest from Fixed Deposit	(19,56,253)	(26,55,394)
Interest from Inter Corporate Deposit	(1,77,49,588)	(1,18,26,116)
Interest Expenses	1,28,82,063	24,17,105
Provision for compensated absences	4,55,950	6,90,194
(Profit) / Loss from sale of fixed assets (Net) / Assets discarded	17,82,244	34,32,722
Provision for Capital Work in Progress	2,07,83,000	-
Excess provision reversed - Directors Commission	-	(27,00,000)
Provision for Doubtful Receivables	(3,06,471)	1,63,617
Unrealised Exchange Variation (Net)	(2,48,696)	(28,39,520)
<b>Operating Profit before Working Capital and Other changes</b>	<b>25,88,37,536</b>	<b>24,12,36,382</b>
(Increase) / Decrease in Trade Receivables	(6,59,20,206)	(1,59,55,254)
Decrease / (Increase) in Other Receivables	34,05,350	2,64,22,213
Decrease in Inventories	33,50,382	22,94,188
(Decrease) / Increase in Trade Payables and Other Current and Non-current liabilities	45,30,052	(1,26,91,259)
<b>Changes in Working Capital and Other changes</b>	<b>(5,46,34,422)</b>	<b>69,888</b>
<b>Cash generated from Operations</b>	<b>20,42,03,114</b>	<b>24,13,06,270</b>
Direct Taxes Paid (net)	(4,33,95,824)	(4,10,94,225)
<b>Net cash generated from Operating Activities (A)</b>	<b>16,08,07,290</b>	<b>20,02,12,045</b>
<b>B. Cash flow from Investing Activities</b>		
Capital Expenditure	(10,75,87,330)	(13,74,11,505)
Proceeds from Sale of Fixed Assets	42,93,386	31,80,613
Increase in Bank balances not considered as Cash and cash equivalents	5,94,366	77,24,681
Inter Corporate Deposit	(9,73,38,164)	-
Decrease / (Increase) in Bank balances included in Other Non-Current Assets	80,65,827	(1,53,77,327)
Dividend Received from Non-current Investments	1,925	2,675
Dividend Received from Current Investments	56,25,877	56,09,376
Interest Received on Fixed Deposit	16,63,823	37,44,816
Interest Received on Inter Corporate Deposit	-	26,16,651
<b>Net Cash used in Investing Activities (B)</b>	<b>(18,46,80,290)</b>	<b>(12,99,10,020)</b>
<b>C. Cash flow from Financing Activities</b>		
Dividend Paid / remitted, including Dividend Tax	(1,37,98,548)	(1,34,13,033)
(Repayment of) / Proceeds from Borrowings (net)	(6,68,85,501)	(38,24,223)
Interest paid on Borrowings	(1,02,50,989)	(24,63,325)
<b>Net Cash (used in) / generated from Financing Activities (C)</b>	<b>(9,09,35,038)</b>	<b>(1,97,00,581)</b>
<b>D. Net (Decrease) / Increase in Cash and Cash Equivalents (A) + (B) + (C)</b>	<b>(11,48,08,038)</b>	<b>5,06,01,444</b>
<b>E. Cash and Cash Equivalents (Opening) as on 1st April 2015 / 1st April 2014</b>	<b>12,91,12,196</b>	<b>7,85,10,752</b>
<b>F. Cash and Cash Equivalents (Closing)</b>	<b>1,43,04,158</b>	<b>12,91,12,196</b>
(i) <b>Reconciliation of Cash and cash equivalents</b>		
Cash and Bank balances as per Balance Sheet (Refer Note 19)	1,40,98,846	2,38,34,482
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3		
Cash Flow Statements		
- Deposits under Lien	(24,17,048)	(30,11,414)
- Unpaid Dividend Account	(15,08,745)	(13,16,100)
Cash and Cash Equivalents as per Note 19	1,01,73,053	1,95,06,968
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3		
Cash Flow Statements) (Refer Note 16)	41,31,105	10,96,05,228
<b>Cash and cash equivalents at the end of the Year</b>	<b>1,43,04,158</b>	<b>12,91,12,196</b>
(ii) <b>Disclosure of significant non-cash transaction</b>		
Conversion of Trade and other receivables into Intercompany deposits		
(Refer Note 35)	1,72,94,675	2,70,45,171
See accompanying notes forming part of the financial statements		
In terms of our report attached		
<b>For Deloitte Haskins &amp; Sells</b>	<b>For and on behalf of Board of Directors</b>	<b>Suresh Krishnamurthi Rao</b>
<b>Chartered Accountants</b>	<b>C S Ramesh</b>	<b>Chairman</b>
	<b>Director</b>	
<b>Sriraman Parthasarathy</b>	<b>V M Srinivasan</b>	<b>Nitin S Cowlagi</b>
<b>Partner</b>	<b>Chief Executive Officer</b>	<b>Chief Financial Officer</b>
	<b>G Somasundaram</b>	
	<b>Company Secretary</b>	
<b>Place : Chennai</b>	<b>Place : Chennai</b>	
<b>Date : 18 May 2016</b>	<b>Date : 18 May 2016</b>	

## **1. SIGNIFICANT ACCOUNTING POLICIES**

### **a. BASIS OF ACCOUNTING**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

### **b. USE OF ESTIMATES**

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

### **c. OPERATING CYCLE**

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

### **d. INVENTORIES**

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

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

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

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

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

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

**f. CASH FLOW STATEMENT**

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

**g. FIXED ASSETS AND DEPRECIATION**

**Fixed Assets:**

Fixed Assets are recorded at cost less accumulated depreciation. The company capitalizes all costs relating to acquisition and installation of fixed assets. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

Cost of spares relating to specific item of fixed assets is capitalized. Cost of modifications that enhance the operating performance or extend the useful life of fixed assets are also capitalized, where there is a certainty of deriving future economic benefits from the use of such assets.

Any part or components of fixed assets which are separately identifiable and expected to have a useful life which is different from that of the main assets are capitalized separately, based on the technical assessment of the Management.

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

**Depreciation:**

Depreciable amount for assets is the cost of an asset less its estimated residual value.

Depreciation on tangible and intangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of Continuous Process Plant, in whose case the life of the assets has been assessed as 17.99 years based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

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

**h. IMPAIRMENT OF ASSETS**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

**i. RESEARCH AND DEVELOPMENT**

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

**j. REVENUE RECOGNITION**

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

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

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

Interest income is recognized using time proportion method.

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

Revenues are recognised when collectability of resulting receivables is reasonably assured and is net of estimated allowances for uncertainty.

**k. FOREIGN EXCHANGE TRANSACTIONS AND TRANSLATIONS**

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

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

**l. FORWARD CONTRACTS**

The Company enters into derivative contracts in the nature of forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions in foreign currency.

Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign currency transactions and translations. All other derivative contracts are

marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

The premium or discount arising at the inception of a forward exchange contract (other than for a firm commitment or a highly probable forecast transaction) or similar instrument is amortized as expense or income over the life of the contract.

#### **m. INVESTMENTS**

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current Investments are stated at lower of cost and fair value. Long term investments are stated at cost of acquisition. Provision for diminution is made when such diminution is considered other than temporary in nature. Valuation is determined on the basis of each category of investments.

#### **n. GOVERNMENT GRANTS, SUBSIDIES AND EXPORT INCENTIVES**

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

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

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

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

#### **o. EMPLOYEE BENEFITS**

##### **I. DEFINED CONTRIBUTION PLAN**

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

##### **II. DEFINED BENEFIT PLAN**

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

- b. Accumulated compensated absence: The Company records its Compensated absence liability based on actuarial valuation as at the Balance Sheet date by an independent actuary using the Projected Unit Credit Method.

### **III. OTHER EMPLOYEE BENEFITS**

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

#### **p. EMPLOYEE SHARE BASED PAYMENTS**

The Company has formulated Employee Stock Option Scheme (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Scheme provide for grant of options to employees of the Company to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines, the excess, if any, of the closing market price on the day prior to the grant of the options under ESOS over the exercise price is amortised on a straight-line basis over the vesting period.

#### **q. BORROWING COST**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

#### **r. TAXATION**

- a. Current tax is determined on the profit for the Year in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.
- b. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.
- c. Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses,

deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

- d. Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

#### **s. SEGMENT REPORTING**

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

#### **t. LEASES**

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

##### **Finance leases**

Finance leases, which effectively transfer substantially all the risks and benefits incidental to the ownership of the leased item, are capitalised at the lower of the fair value or present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and the reduction of the lease liability based on the implicit rate of return.

##### **Operating leases**

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

#### **u. EARNINGS PER SHARE**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

**v. 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.

**w. SERVICE TAX INPUT CREDIT**

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

**x. INSURANCE CLAIMS**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

Particulars	As at 31 March 2016	As at 31 March 2015
	Rs	Rs
<b>2. Share Capital</b>		
<b>AUTHORISED</b>		
4,22,00,000 (P.Y 4,22,00,000) Equity Shares of Rs 5/- each	21,10,00,000	21,10,00,000
4,000 (P.Y.4,000) 11% Redeemable Cumulative Preference Shares of Rs 100/-each	4,00,000	4,00,000
	<u><b>21,14,00,000</b></u>	<u><b>21,14,00,000</b></u>
<b>ISSUED SUBSCRIBED AND FULLY PAID-UP</b>		
91,71,697 (P.Y.91,71,697) Equity Shares of Rs.5/- each	4,58,58,485	4,58,58,485
<b>Total</b>	<u><b>4,58,58,485</b></u>	<u><b>4,58,58,485</b></u>

**Notes:**

**(a) Reconciliation of Number of Shares**

Shares outstanding as at 1 April 2015 / 1 April 2014	91,71,697	91,71,697
Shares outstanding as at 31 March 2016 / 31 March 2015	91,71,697	91,71,697

**(b) List of shareholders holding more than 5% of the total number of shares issued by the Company :**

**Name of the shareholder (Class of Shares, % Holding)**

Dr. Rao Holdings Pte Ltd (Equity Shares 49.84% (P.Y 49.84%))	45,71,468	45,71,468
Titanium Equipment and Anode Manufacturing Company Limited (Equity Shares 9.60%, (P.Y 9.60%))	8,80,458	8,80,458
Shrimati K.M. Padma (Equity Shares 5.96%, (PY 5.96%))	5,46,556	5,46,556
Shri Suresh Krishnamurthi Rao (Equity Shares 9.59%, (PY 9.59%))	8,79,804	8,79,804

**(c) Disclosure of Rights**

The Company has issued only one class of equity shares having a par value of Rs.5 per share. Each holder of Equity Share is entitled to one vote per share. The Company declares dividends in Indian rupees. Dividend when proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting, except in the case of interim dividend, if any.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

(d) Also Refer Note 51 with respect to the Employee stock options granted.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

Particulars	As at 31 March 2016	As at 31 March 2015
<b>3. Reserves and Surplus</b>	<b>Rs</b>	<b>Rs</b>
Capital Reserve	40,66,650	40,66,650
Capital Redemption Reserve	6,000	6,000
Share options outstanding account (Refer Note 51)		
Opening balance	-	-
Add: Employee compensation expense for the year	<u>24,132</u>	
Closing balance	24,132	-
General Reserve	23,37,88,211	23,37,88,211
Surplus in Statement of Profit and Loss		
Opening Balance	101,20,01,029	92,74,52,511
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with Nil remaining useful life (Net of deferred tax)	-	(39,22,639)
	<u>101,20,01,029</u>	<u>92,35,29,872</u>
Add: Profit for the year	8,66,06,433	10,22,69,705
	<u>109,86,07,462</u>	<u>102,57,99,577</u>
Less: Appropriations		
- Proposed Final Dividend on Equity shares (Rate per share - C.Y- Rs.1.25/- per share (P.Y Rs. 1.25))	1,14,64,621	1,14,64,621
- Tax on Dividend	23,33,927	23,33,927
Closing Balance	<u><b>108,48,08,914</b></u>	<u><b>101,20,01,029</b></u>
<b>Total</b>	<u><b>132,26,93,907</b></u>	<u><b>124,98,61,890</b></u>
<b>Note:</b>		
(a) The Board of Directors in their meeting held on 18 May 2016 has recommended a final dividend of Rs.1.25/- per equity share.		
<b>4. Long-term Borrowings</b>		
<b>Term Loans</b>		
- From Banks - Secured	2,30,02,726	-
<b>Total</b>	<u><b>2,30,02,726</b></u>	<u><b>-</b></u>
<b>Note:</b>		
(a) During the year, the Company has repaid a part of the outstanding Buyers credit and converted the balance in Buyers credit to a Term Loan at a Interest of 10.95%. Term Loan is secured by first charge over the fixed assets created out of the term loan. Repayment to be made on quarterly basis.		
<b>5. Deferred Tax Liabilities (Net)</b>		
Deferred Tax Liabilities		
On difference between balance of fixed assets as per Books of Account and as per Income Tax Act,1961	16,12,09,415	15,06,85,341
Deferred Tax Assets		
Employee benefits	52,91,838	24,40,381
Others - (Provisions etc.,)	<u>1,59,86,790</u>	<u>99,20,038</u>
<b>Total</b>	<u><b>13,99,30,787</b></u>	<u><b>13,83,24,922</b></u>
<b>6. Other Long term Liabilities</b>		
Trade / security deposits received	59,65,099	54,42,050
Gratuity Payable	<u>72,87,033</u>	<u>37,48,621</u>
<b>Total</b>	<u><b>1,32,52,132</b></u>	<u><b>91,90,671</b></u>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

Particulars	As at 31 March 2016	As at 31 March 2015
<b>7. Long-term Provisions</b>	<b>Rs</b>	<b>Rs</b>
Provision for Employee Benefits		
- Provision for compensated absences	41,17,113	34,97,425
<b>Total</b>	<b><u>41,17,113</u></b>	<b><u>34,97,425</u></b>
<b>8. Short-term Borrowings</b>		
<b>From Banks</b>		
- Secured loan - Buyers Credit (Refer Note 4(a))	-	23,81,12,981
<b>Total</b>	<b><u>-</u></b>	<b><u>23,81,12,981</u></b>
<b>9. Trade Payables</b> (Refer Notes 34 & 38)		
(i) Total Outstanding dues of micro enterprises and small enterprises	3,25,562	-
(ii) Total Outstanding dues of creditors other than micro enterprises and small enterprises	10,42,00,844	10,06,84,199
<b>Total</b>	<b><u>10,45,26,406</u></b>	<b><u>10,06,84,199</u></b>
<b>10. Other Current Liabilities</b>		
Current maturities of long-term debt (Refer Note 4(a))	15,00,00,000	-
Interest Accrued but not due on borrowings	16,25,921	7,70,092
Unpaid Dividends (Refer Note (i) below)	15,08,745	13,16,100
Other payables (Refer Note (ii) below)	4,20,04,928	7,03,07,756
<b>Total</b>	<b><u>19,51,39,594</u></b>	<b><u>7,23,93,948</u></b>
<b>Notes:</b>		
(i) Amounts to be credited to Investor Education and Protection Fund:	-	-
(ii) Other payables pertains to:		
- Statutory liabilities	69,95,198	43,18,636
- Creditors for Capital Goods	2,84,69,726	5,31,52,889
- Advance from Customers	40,40,004	39,58,675
- Gratuity Payable	25,00,000	25,00,000
- Forward Contract Liability (Net)	-	63,77,556
<b>11. Short-term Provisions</b>		
Provision for Employee Benefits		
- Provision for compensated absences	2,90,537	4,54,275
Provision for proposed equity dividend	1,14,64,621	1,14,64,621
Provision for tax on proposed dividend	23,33,927	23,33,927
<b>Total</b>	<b><u>1,40,89,085</u></b>	<b><u>1,42,52,823</u></b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

12. Fixed Assets		Amount in Rupees						
		Gross Block					Net Block	
		As at 01 April 2015	Additions during the year	Deletions during the year	As at 31 March 2016	As at 01 April 2015	For the year (Refer Note 5 below)	Deletions during the year
<b>TANGIBLE ASSETS - Owned and Acquired</b>								
Land (Refer Note 4 below) (Previous year)	13,67,12,922 (12,61,66,960)	-	1,24,78,192 (1,05,45,962)	-	14,91,91,114 (13,67,12,922)	-	-	-
Buildings (Previous year)	9,19,17,066 (9,14,12,326)	-	2,11,86,365 (5,04,740)	-	11,31,03,431 (9,19,17,066)	3,64,98,178 (3,19,52,372)	29,37,411 (24,85,315)	-
Plant and Equipments (Previous year)	1,68,95,55,133 (1,29,09,11,317)	-	8,31,69,083 (49,09,19,169)	11,61,08,650 (9,22,75,353)	1,65,66,15,566 (1,68,95,55,133)	78,27,41,423 (77,44,66,952)	10,48,25,689 (9,29,32,567)	-
Furniture and Fixtures (Previous year)	82,37,212 (81,54,147)	-	7,63,005 (5,45,539)	-	90,00,217 (82,37,212)	55,24,583 (42,21,822)	5,92,248 (10,91,976)	-
Vehicles (Previous year)	32,71,085 (38,70,925)	-	77,19,050 (2,93,349)	10,75,736 (8,93,189)	99,14,399 (32,71,085)	10,36,617 (8,43,059)	8,63,489 (4,60,534)	-
Office Equipments (Previous year)	1,60,61,512 (1,42,35,521)	-	10,08,128 (22,11,106)	1,40,943 (3,85,115)	1,69,28,697 (1,60,61,512)	1,07,68,166 (64,20,778)	21,42,287 (31,53,892)	-
<b>TOTAL</b>	<b>194,57,54,930 (153,47,51,196)</b>	<b>12,63,25,823 (9,30,19,865)</b>	<b>12,63,25,823 (9,30,19,865)</b>	<b>11,73,25,329 (9,40,16,131)</b>	<b>195,47,53,424 (194,57,54,930)</b>	<b>83,65,68,967 (81,79,04,883)</b>	<b>11,13,61,124 (10,01,24,284)</b>	<b>11,09,43,497 (8,74,02,796)</b>
<b>INTANGIBLE ASSETS - OWNED AND ACQUIRED</b>								
Computer Software (Previous year)	90,21,253 (10,50,000)	-	15,91,085 (79,71,253)	-	1,06,12,338 (90,21,253)	14,56,682 (34,507)	15,29,412 (14,22,175)	-
<b>TOTAL</b>	<b>90,21,253 (10,50,000)</b>	<b>15,91,085 (79,71,253)</b>	<b>15,91,085 (79,71,253)</b>	<b>-</b>	<b>1,06,12,338 (90,21,253)</b>	<b>14,56,682 (34,507)</b>	<b>15,29,412 (14,22,175)</b>	<b>-</b>
<b>TOTAL</b>	<b>195,47,76,183 (153,58,01,196)</b>	<b>12,79,14,908 (9,40,16,131)</b>	<b>12,79,14,908 (9,40,16,131)</b>	<b>11,73,25,329 (9,40,16,131)</b>	<b>196,53,65,762 (195,47,76,183)</b>	<b>83,80,25,649 (81,79,39,490)</b>	<b>11,28,90,536 (10,15,46,459)</b>	<b>11,09,43,497 (8,74,02,796)</b>
<b>Previous year</b>	<b>111,77,66,830 (110,91,85,963)</b>	<b>111,77,66,830 (110,91,85,963)</b>	<b>111,77,66,830 (110,91,85,963)</b>	<b>111,77,66,830 (110,91,85,963)</b>	<b>111,77,66,830 (110,91,85,963)</b>	<b>111,77,66,830 (110,91,85,963)</b>	<b>111,77,66,830 (110,91,85,963)</b>	<b>111,77,66,830 (110,91,85,963)</b>
<b>As at 31 March 2015</b>	<b>110,91,85,963 (71,68,46,213)</b>	<b>110,91,85,963 (71,68,46,213)</b>	<b>110,91,85,963 (71,68,46,213)</b>	<b>110,91,85,963 (71,68,46,213)</b>	<b>110,91,85,963 (71,68,46,213)</b>	<b>110,91,85,963 (71,68,46,213)</b>	<b>110,91,85,963 (71,68,46,213)</b>	<b>110,91,85,963 (71,68,46,213)</b>
<b>As at 31 March 2016</b>	<b>110,91,85,963 (71,68,46,213)</b>	<b>110,91,85,963 (71,68,46,213)</b>	<b>110,91,85,963 (71,68,46,213)</b>	<b>110,91,85,963 (71,68,46,213)</b>	<b>110,91,85,963 (71,68,46,213)</b>	<b>110,91,85,963 (71,68,46,213)</b>	<b>110,91,85,963 (71,68,46,213)</b>	<b>110,91,85,963 (71,68,46,213)</b>

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

Particulars	Cost As at 31 March 2016	Cost As at 31 March 2015
Plant and Equipments	8,73,39,449	4,16,91,052
<b>Total</b>	<b>8,73,39,449</b>	<b>4,16,91,052</b>

(2) Depreciation for the year includes Rs. 3,33,78,697 (Previous year Rs. 1,96,61,935) towards accelerated depreciation charged on certain assets, based on technical assessment.

(3) Plant and Equipments include written down value of assets used for Research and Development purposes amounting to Rs. 39,26,219/- as at 31 March 2016 (As at 31 March 2015 Rs. 44,00,684/-).

(4) The Company is in the process of developing 661 acres of salt fields and the production of salt is expected to commence post completion of the development activities.

(5) Adjustments represents the depreciation charged during the previous year pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 01, 2014 and the consequent revision of the estimated useful life of the assets.

(6) Also Refer Note 30 for loss of Equipments due to floods accounted as Exceptional Item.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

Particulars	As at 31 March 2016	As at 31 March 2015
<b>13. Non-Current Investments</b>	<b>Rs</b>	<b>Rs</b>
<b>Non trade, Quoted - At cost - Fully paid-up</b>		
<b>Investment in Equity Instruments of Other entities</b>		
281 (P.Y.281) Equity Shares of Rs.10/- each of Summit Securities Ltd.	20,700	20,700
500 (P.Y.500) Equity Shares of Rs.10/- each of De Nora India Ltd.	6,850	6,850
300 (P.Y.300) Equity Shares of Rs.10/- each of Sree Rayalaseema Alkalies & Allied Chemicals Ltd	1,095	1,095
450 (P.Y.450) Equity Shares of Rs.5/- each of Kanoria Chemicals Ltd.	2,408	2,408
<b>Investment in Preference Shares of Other entities</b>		
300 (P.Y.300) 0.01% Cumulative Preference Shares of Rs.10/- each of Sree Rayalaseema Alkalies & Allied Chemicals Ltd.	1,095	1,095
<b>Total</b>	<b><u>32,148</u></b>	<b><u>32,148</u></b>
Aggregate Cost of quoted Non-Current Investments	32,148	32,148
Aggregate market value of listed and quoted Non-Current Investments	2,71,557	1,53,073
<b>14. Long-Term Loans and Advances</b>		
(Unsecured, Considered good unless otherwise stated)		
Inter Corporate Deposits - Refer Notes 35	26,16,78,010	14,70,45,171
Capital advances	1,17,77,967	79,98,527
Rental Deposit (Refer Note 49)	3,00,00,000	3,00,00,000
Deposits with others	1,35,66,010	1,35,90,797
Advance Income Tax and Tax Deducted at Source [Net of provision for tax Rs. 30,92,55,999] [PY Rs. 26,44,19,717] (Also Refer Note 32)	4,00,13,813	3,96,96,071
<b>Total</b>	<b><u>35,70,35,800</u></b>	<b><u>23,83,30,566</u></b>
<b>15. Other Non-Current Assets</b>		
(Unsecured, Considered good)		
Balances held as margin money (Refer Note below)	73,11,500	1,53,77,327
<b>Total</b>	<b><u>73,11,500</u></b>	<b><u>1,53,77,327</u></b>
<b>Note:</b>		
Represents balances with banks that are restricted from being exchanged or used to settle a liability for more than 12 months from the Balance Sheet date.		

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

Particulars	As at 31 March 2016	As at 31 March 2015
<b>16. Current Investments</b>	<b>Rs</b>	<b>Rs</b>
(Lower of cost and fair value)		
<b>Investments in Mutual Funds (quoted, fully paid-up)</b>		
SBI Premier Liquid Fund - Dividend		
523 units of Rs. 1,000 each (P.Y. 67,682 units of Rs 1,000 each)	5,25,162	6,79,01,568
LIC Nomura Liquid Fund		
3,284 units of Rs. 1,000 each (P.Y. 37,981 units of Rs 1,000 each)	36,05,943	4,17,03,660
<b>Total</b>	<b><u>41,31,105</u></b>	<b><u>10,96,05,228</u></b>
Aggregate amount of Current Investments in Mutual Funds		
- Cost	41,31,105	10,96,05,228
- Net Asset Value	41,31,105	10,96,05,228
Current investments include investments in the nature of "Cash and Cash Equivalents" (as defined in AS 3 Cash Flow Statements) considered as part of Cash and Cash Equivalents in the Cash Flow Statement	41,31,105	10,96,05,228
<b>17. Inventories (at lower of cost and net realisable value)</b>		
Raw Materials	12,54,327	5,59,744
Work in Progress - Caustic Soda Lye	4,10,435	4,67,851
Finished Goods (other than those acquired for trading)	1,11,44,278	1,33,66,083
Fuel	4,06,677	4,09,234
Stores and Spares	67,68,846	1,08,18,914
Goods in Transit		
- Spares	4,12,301	-
<b>Total</b>	<b><u>2,03,96,864</u></b>	<b><u>2,56,21,826</u></b>
<b>18. Trade Receivables</b>		
Trade Receivables outstanding for a period exceeding six months from the date they were due for payment		
- Unsecured, considered good	7,77,988	2,74,000
- Doubtful	1,35,360	7,33,350
	<u>9,13,348</u>	<u>10,07,350</u>
Less: Provision for doubtful trade receivables	<u>(1,35,360)</u>	<u>(7,33,350)</u>
	7,77,988	2,74,000
Other Trade receivables		
- Unsecured, considered good	17,05,13,604	10,47,88,268
<b>Total</b>	<b><u>17,12,91,592</u></b>	<b><u>10,50,62,268</u></b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

Particulars	As at 31 March 2016	As at 31 March 2015
	Rs	Rs
<b>19. Cash and Bank Balances</b>		
<b>Cash and Cash Equivalents (as per AS 3 Cash Flow Statements)</b>		
Cash on hand	36,478	22,275
Balance with Banks - Current Accounts	1,01,36,575	1,94,84,693
<b>Total - Cash and Cash Equivalents (as per AS 3 Cash Flow Statements) (A)</b>	<b><u>1,01,73,053</u></b>	<b><u>1,95,06,968</u></b>
<b>Other Bank Balances</b>		
In Earmarked accounts		
- Margin Money Accounts for bank guarantees and letters of credit	24,17,048	30,11,414
- Unpaid Dividend Accounts	15,08,745	13,16,100
<b>Total - Other Bank Balances (B)</b>	<b><u>39,25,793</u></b>	<b><u>43,27,514</u></b>
<b>Total (A) + (B)</b>	<b><u>1,40,98,846</u></b>	<b><u>2,38,34,482</u></b>
<b>20. Short Term Loans and Advances</b>		
(Unsecured, considered good)		
Deposits		
- Others	27,40,251	30,76,769
Others		
- Advance to employees	3,49,783	2,83,925
- Prepaid expenses	65,00,117	80,83,883
- Balance with Central Excise Authorities	60,57,193	88,84,242
- MAT Credit entitlement (Refer Note 52)	-	24,37,259
- Others	14,99,822	61,25,626
<b>Total</b>	<b><u>1,71,47,166</u></b>	<b><u>2,88,91,704</u></b>
<b>21. Other Current Assets</b>		
(Unsecured, Considered good unless otherwise stated)		
Insurance Claim receivable (Refer Note 30)	61,44,485	-
Interest accrued on		
- Inter Corporate Deposits (Refer Note 49)	4,54,913	-
- Fixed Deposits	12,83,302	9,90,872
- Receivables	-	2,17,767
<b>Total</b>	<b><u>78,82,700</u></b>	<b><u>12,08,639</u></b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

Particulars	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
<b>22. Revenue from Operations</b>	<b>Rs</b>	<b>Rs</b>
<b>Sale of Products</b>		
<u>Manufactured goods (Refer Note (i) below)</u>		
- Caustic Soda Lye	93,09,11,380	98,72,91,359
- Chlorine	2,34,87,934	5,77,95,525
- Others	17,54,91,760	17,58,23,645
<b>Total - Sale of Manufactured goods</b>	<b>112,98,91,074</b>	<b>122,09,10,529</b>
<u>Traded Goods (Refer Note (ii) below)</u>		
- Caustic Soda Lye, Chlorine, etc	-	51,75,925
<b>Total - Sale of Traded goods</b>	<b>-</b>	<b>51,75,925</b>
<b>Other Operating Income</b>		
- Testing Charges (Refer Note (iii) below)	17,55,329	30,87,344
- Scrap sales	8,53,929	23,27,631
<b>Total - Other Operating Income</b>	<b>26,09,258</b>	<b>54,14,975</b>
<b>Total</b>	<b><u>113,25,00,332</u></b>	<b><u>123,15,01,429</u></b>
<b>Note</b>		
<b>(i) Sale of Manufactured good comprises:</b>		
Domestic sales	112,80,49,317	121,68,16,061
Export sales	18,41,757	40,94,468
<b>(ii) Sale of Traded goods comprises:</b>		
Domestic sales	-	5,90,670
Export sales	-	45,85,255
<b>(iii) Testing Charges comprises:</b>		
Domestic	14,56,278	10,33,633
Export	2,99,051	20,53,711
<b>23. Other Income</b>		
Interest Income:		
- Interest from Fixed Deposits	19,56,253	26,55,394
- Interest from Inter Corporate Deposit (Refer Note (ii) below)	1,77,49,588	1,18,26,116
- Interest on Receivables	12,34,176	2,17,767
Dividend income (Refer Note (i) below)	56,27,802	56,12,051
Profit on Sale of fixed assets (Net)	-	11,18,037
Excess provision reversed - Directors Commission	-	27,00,000
Provision for Doubtful Trade Receivables written back	3,06,471	-
Exchange variation(Net)	-	2,04,72,834
Miscellaneous Income	30,95,944	49,97,257
<b>Total</b>	<b><u>2,99,70,234</u></b>	<b><u>4,95,99,456</u></b>
<b>Notes:</b>		
(i) Dividend income includes:		
a. Dividend from Non Current Investments	1,925	2,675
b. Dividend from Current Investments	56,25,877	56,09,376
	<b><u>56,27,802</u></b>	<b><u>56,12,051</u></b>
(ii) Includes an amount of Rs. 11,95,957 pertaining to previous year ended 31 March 2015, recognised during the current year in line with the accounting policy.		

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

Particulars	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
<b>24 A. Cost of Materials Consumed</b>	<b>Rs</b>	<b>Rs</b>
Opening Stock	5,59,744	9,62,533
Add: Purchases	<u>2,42,37,671</u>	<u>5,09,74,182</u>
	2,47,97,415	5,19,36,715
Less: Closing Stock	<u>12,54,327</u>	<u>5,59,744</u>
Cost of Materials consumed	<u><b>2,35,43,088</b></u>	<u><b>5,13,76,971</b></u>
<b>Materials Consumed Comprises of:</b>		
Salt	88,39,587	3,20,79,182
Soda Ash	98,52,293	1,09,86,114
Sulphuric acid	24,35,586	28,65,621
Sodium Sulphite	8,42,726	14,56,467
Barium chloride solution	1,73,742	8,24,290
Others (Refer Note (i) below)	13,99,154	31,65,297
<b>Total</b>	<u><b>2,35,43,088</b></u>	<u><b>5,13,76,971</b></u>
<b>Note:</b>		
(i) Others include raw materials none of which individually accounts for more than 10 % of the total consumption.		
<b>24 B. Purchases of Stock in Trade (Refer Note (i) below)</b>		
- Domestic	-	51,90,686
- Import	-	-
<b>Total</b>	<u><b>-</b></u>	<u><b>51,90,686</b></u>
<b>Note:</b>		
(i) Represents purchase of caustic soda lye, chlorine, etc. for the purposes of trading.		
<b>25. Changes in Inventories of Finished Goods and Work in Progress</b>		
<b>Opening Stock</b>		
Work-in-Progress	4,67,851	4,87,937
Finished goods	<u>1,33,66,083</u>	<u>1,32,66,949</u>
	1,38,33,934	1,37,54,886
<b>Closing Stock</b>		
Work-in-Progress	4,10,435	4,67,851
Finished goods	<u>1,11,44,278</u>	<u>1,33,66,083</u>
	1,15,54,713	1,38,33,934
Less: Loss of Inventory due to floods (Refer Note 30)	(95,46,295)	-
<b>Total</b>	<u><b>(72,67,074)</b></u>	<u><b>(79,048)</b></u>
<b>26. Other Direct Manufacturing Expenses</b>		
Power and Fuel (Refer Note 34)	43,86,12,777	54,39,42,929
Labour Charges	3,70,39,396	2,72,78,467
<b>Total</b>	<u><b>47,56,52,173</b></u>	<u><b>57,12,21,396</b></u>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

Particulars	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
<b>27. Employee Benefits Expense (Refer Note 54)</b>	<b>Rs</b>	<b>Rs</b>
Salaries and Wages	9,30,70,521	7,98,10,362
Contribution to Provident and other Funds (Refer Note 47 I a)	1,28,42,862	1,15,78,172
Expense on employee stock option scheme (Refer Note 51)	24,132	-
Staff Welfare Expenses	56,74,730	56,94,920
<b>Total</b>	<b><u>11,16,12,245</u></b>	<b><u>9,70,83,454</u></b>
<b>28. Finance Cost</b>		
Interest on Borrowings	1,28,82,063	24,17,105
Bank Charges	24,33,237	46,86,244
<b>Total</b>	<b><u>1,53,15,300</u></b>	<b><u>71,03,349</u></b>
<b>29. Other Expenses (Refer Note 54)</b>		
Consumption of Stores and spares	2,40,24,749	2,83,11,513
Rent - Vehicle	-	-
- Others	27,26,534	16,36,833
Repairs and Maintenance - Machinery	2,07,73,850	2,25,90,646
- Buildings	44,85,582	67,34,471
Insurance	40,58,006	45,10,312
Rates and Taxes	13,35,912	26,35,710
Travelling Expenses	82,48,098	70,00,742
Auditor's Remuneration (net of service tax input credit)		
- Statutory Audit	12,50,000	9,50,000
- Limited Review	4,50,000	4,50,000
- Other Services	-	3,50,000
- Expenses	80,998	82,169
Commission to Directors	39,00,000	37,00,000
Sitting fees	6,60,915	7,58,430
Expenditure on Corporate Social Responsibility (Refer Note 39)	22,99,655	13,68,765
Premium on Forward Contract (Refer Note 53(b))	86,24,513	73,92,206
Legal and Professional Fees	1,46,58,597	1,11,50,755
Advertisement	4,92,524	5,79,927
Exchange variation (Net)	1,00,51,235	-
Provision for Doubtful Trade Receivables	-	1,63,617
Bad debts written off	2,91,519	-
Less: Release of provision	<u>(2,91,519)</u>	<u>-</u>
	-	-
Loss on Sale of Assets (Net) / Assets discarded	17,82,244	45,50,759
Provision / Impairment towards Capital Work in Progress	2,07,83,000	-
Miscellaneous Expenses (Refer Note (i) and (ii) below)	4,47,56,167	5,65,28,132
<b>Total</b>	<b><u>17,54,42,579</u></b>	<b><u>16,14,44,987</u></b>
<b>Note:</b>		
(i) Includes Excise Duty relating to the difference between closing stock and opening stock amounting to Rs. 51,095/- (P.Y Rs. 92,476/- )		
(ii) Includes Donations amounting to Rs. 20,10,000/- (P.Y Rs. 40,10,000/- ).		

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

Particulars				For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
<b>30. Exceptional Items</b>				<b>Rs</b>	<b>Rs</b>
Loss of Inventory due to floods				95,46,295	-
Loss of Equipments due to floods				7,78,972	-
				<u>1,03,25,267</u>	<u>-</u>
Less: Insurance Claims				(81,44,485)	-
Loss on account of floods (Net)				<u><b>21,80,782</b></u>	<u>-</u>
<b>Note:</b>					
(a) Due to unusual heavy rains and floods during the year, Stock of salt of Rs. 95,46,295 was washed out and certain fixed assets in the salt fields of Rs. 7,78,972 were damaged. The Insurance Company had admitted the claims to the extent of Rs. 81,44,485 against such loss and the net loss has been considered as exceptional in nature.					
Particulars				Amount in Rs.	
				As at 31 March 2016	As at 31 March 2015
<b>31. a. Commitments</b>					
(i) Estimated amount of contracts remaining to be executed and not provided for in these accounts (net of advances) in respect of purchase of :					
- Tangible assets				7,21,49,318	9,13,49,384
- Intangible assets				-	-
<b>b. Contingent liabilities in respect of</b>					
(i) Guarantees given by the Company to the Customs department on behalf of Titanium Equipment and Anode Manufacturing Company Limited (Refer Note 49)				95,00,000	1,15,00,000
(ii) Outstanding letters of credit				1,38,92,668	2,23,08,367
(iii) Sales tax, Excise, Service Tax and other 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.				45,11,003	35,31,107
Sl No	Name of the Statute	Nature of Dues	Disputed Amount Rs.	Period (F.Y)	Forum where dispute is pending
1	The Central Sales Tax Act, 1956	Sales Tax	57,939 (57,939)	F.Y 2003-2004	CTO, Chengalpet
2	The Finance Act, 1994	Service Tax	11,78,407 (3,56,627)	January 2005 to March 2013	Commissioner (Appeals), Chennai
3	The Central Excise Act, 1944	Cenvat on Excise and Service tax availment	29,25,471 (31,16,541)	April 2006 to June 2012	Commissioner (Appeals), Chennai
4	Employees' State Insurance Act, 1948	Employees' State Insurance	88,186 -	April 2010 to June 2010	ESI Court, Puducherry
5	Employees' Provident Fund and Miscellaneous Provisions Act, 1952	Provident Fund	2,61,000 -	April 2014 to May 2015	Regional Provident Fund Commissioner, Puducherry

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**Note:**

- i) The amounts shown above represent best possible estimate carried on the basis of the available information. The uncertainties and possible reimbursement are dependent on the outcome of the various case proceedings which have been initiated by the Company or the claimants, as the case may be, and therefore cannot be predicted accurately.
- ii) Figures in bracket indicate previous year figures
- iii) Also Refer Note 32 below.

**32. Income Tax Demands**

During the previous year, the Income Tax Department had appealed before the Income Tax Appellate Tribunal (ITAT) against the Order passed by the Commissioner of Income Tax (Appeals) for the Assessment Year 2010-11 relating to the disallowance of sales commission paid to various commission agents. The Company had filed its cross objections challenging the Department's contentions and it is hopeful of a favorable outcome. The amount involved in this appeal is estimated at Rs. 1,34,53,017. Based on professional advice obtained in the matter, the Company is hopeful of a favorable outcome in the Appeal.

33. The National Green Tribunal, in an appeal filed by a party, granted an *ex parte* stay, restraining the construction activities pertaining to the expansion and operation of the Plant without valid consent order. The Company strongly objected the averments of the complainant and filed its counter for vacating the stay which was granted. Further, the Company's petition seeking directions to the authorities concerned for the grant of Consent to Establish (NOC) for the expansion is also pending before the Hon'ble Forum.
34. Power and fuel for the year ended 31 March 2016 includes charge towards the Fuel and Power Purchase Cost Adjustment (FPPCA) amounting to Rs 85,84,890/- (P.Y - Rs. 94,47,120/-) (net of provision no longer required written back during the year Rs. 2,15,12,205 (P.Y - Rs. 1,53,42,129)). The above includes a provision of Rs. 2,32,84,470/- towards FPPCA determined by the management pending receipt of demand notices. Further, the Company has filed a joint appeal along with certain other applicants against the increase in power tariff fixed by the Electricity Department, Pudhucherry, with effect from 1 April 2013, which is pending disposal.
35. The Company has granted an amount of Rs. 26,16,78,010 (including Rs. 11,46,32,838 given during the year) as Intercompany deposit (ICD) to Teamec Chlorates Limited (TCL), which is outstanding as at 31 March 2016. TCL had difficulties in repaying its debts to the Banks / others and its Networth was eroded as per the audited financial statements for the year ended 31 March 2015. A reference was made to the Board for Industrial and Financial Reconstruction (BIFR) by TCL during the year ended 31 March 2015. Such reference was not accepted by BIFR and subsequently during the year, TCL entered into a One-time settlement (OTS) with its lenders directly and is in the process of settling their dues.

Due to improved business operations, higher cash flows as reported by TCL and based on its request, the Company has restructured the outstanding ICDs as under.

- i. All the amounts provided as ICDs under various tranches are consolidated and are repayable in 3 years and are subject to interest @ 11.5% per annum with effect from 25 March 2016.
- ii. The entire amount of outstanding ICD including the interest receivable thereon is fully guaranteed by TEAM by way of a corporate guarantee.
- iii. The amounts are additionally secured by way of mortgage of land owned by Titanium Equipment and Anode Manufacturing Company Limited (TEAM), to the extent of Rs. 10,00,00,000.
- iv. TCL has also provided an undertaking that a paripassu security on its assets will be created in favour of the Company on discharge of its dues to the banks.

Considering the above developments, the available security in the form of corporate guarantee and mortgage of land provided by TEAM, the entire amount outstanding from TCL is considered as good for recovery.

36. Provision for current tax for the year has been determined based on the total income of the Company for the year ended 31 March 2016 and in accordance with the Income Tax Act, 1961, duly considering the deduction / exemption proposed to be claimed by the Company in the Return of Income. The tax charge for the current year amounting to Rs. 4,55,15,341/- (P.Y Rs. 3,22,23,442/-) includes a net adjustment of Rs. 17,58,200/- (P.Y. Rs. 2,13,817/-) towards prior periods based on the reassessment of tax claims made in the past with respect to various matters considering the developments including completion of tax assessments.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**37.** Cash Credit facilities are secured by exclusive first charge on all current assets of the Company, exclusive first equitable mortgage of factory land and building, second charge on the fixed assets of the Company and pledge of other assets of the Company. The Company has not utilised these Cash Credit facilities during the current period and in the previous year.

**38. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

Particulars	Amount in Rs.	
	As at 31 March 2016	As at 31 March 2015
a) Dues remaining unpaid		
- Principal	3,25,562	-
- Interest	-	-
b) (i) Amounts paid to suppliers beyond the appointed day	8,12,060	12,04,656
(ii) Interest paid in terms of Sec.16 of the Act	-	-
c) Interest due and payable for the period of delay in payments made beyond the appointed day during the year	-	-
d) Interest accrued and remaining unpaid		
e) Interest due and payable even in the succeeding years until actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

**39.** During the year, the Company incurred an aggregate amount of Rs. 22,99,655 towards corporate social responsibility in compliance of Section 135 of the Companies Act 2013 read with relevant schedule and rules made thereunder. The details of the CSR spend are given below: -

Gross amount required to be spent by the Company during the year (Rs.) 49,60,575

Amount spent by the Company during the year on:

Particulars	Paid in Cash / Cheque	Amount Paid	Yet to be paid	Total
i) Construction / Acquisition of any asset	Cheque	7,14,000	-	7,14,000
ii) On purposes other than (i) above	Cash	84,050	-	84,050
	Cheque	15,01,605	-	15,01,605
<b>Total</b>		<b>22,99,655</b>	<b>-</b>	<b>22,99,655</b>

**40. Disclosure as per Regulation 53(f) of the SEBI ( Listing Obligations And Disclosure Requirements) Regulations, 2015**

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

**Amount in Rs.**

Name of the party	Relationship	Amount outstanding as at 31 March, 2016	Maximum balance outstanding during the year
Teamec Chlorates Limited	Companies in which directors are interested	26,16,78,010	26,16,78,010
		(14,70,45,171)	(14,70,45,171)

Figures in the bracket indicate previous year figures. Also Refer Note 35.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**41. Disclosure as per section 186(4) of Companies Act 2013**

Particulars	Name of the Party	Amount as at 31 March, 2016	Purpose	Remarks
Loans given	Teamec Chlorates Limited	26,16,78,010	Refer Note 35 & 49	
Investments made	Not applicable			
Guarantees given	Titanium Equipment and Anode Manufacturing Company Limited	95,00,000	Surety Bond given to Customs department	Refer Note 31 (b) (i)
Securities Given	Not applicable			

**42. Value of Raw materials and Stores and Spares consumed**

Amount in Rs.

Particulars	2015-16		2014-15	
	Value	%	Value	%
<b>Raw Materials</b>				
Imported	-	-	-	-
Indigenous	2,35,43,088	100	5,13,76,971	100
<b>Total</b>	<b>2,35,43,088</b>	<b>100</b>	<b>5,13,76,971</b>	<b>100</b>
<b>Stores and Spares</b>				
Imported	14,38,058	6	33,20,557	12
Indigenous	2,25,86,691	94	2,49,90,956	88
<b>Total</b>	<b>2,40,24,749</b>	<b>100</b>	<b>2,83,11,513</b>	<b>100</b>

Amount in Rs

	Particulars	2015-16	2014-15
<b>43. Value of Imports on CIF basis</b>			
	Stores and Spares	13,22,254	26,60,870
	Capital goods (including items in Capital Work in Progress)	4,66,699	1,64,52,719
	<b>Total</b>	<b><u>17,88,953</u></b>	<b><u>1,91,13,589</u></b>
<b>44. Expenditure in Foreign Currency (Gross of withholding of tax where applicable)</b>			
	Travelling expenses	86,317	48,800
	Subscription / Membership Fee	6,71,432	1,23,315
	<b>Total</b>	<b><u>7,57,749</u></b>	<b><u>1,72,115</u></b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

		Amount in Rs	
	Particulars	2015-16	2014-15
<b>45.</b>	<b>Dividend Remitted in Foreign Currency (on payment basis)</b>		
	Number of Non- Resident Shareholders	2	2
	Number of Shares held	46,58,868	46,58,868
	Amount remitted	58,23,585	58,23,585
	Financial Year to which relates	2014-15	2013-14
	Nature of dividend	Final	Final
<b>46.</b>	<b>Earnings in Foreign Exchange</b>		
	Export of goods calculated on FOB basis	18,41,757	86,79,723
	Testing Charges	2,99,051	20,53,711
	Freight Collected	29,93,849	57,26,526
	<b>Total</b>	<b><u>51,34,657</u></b>	<b><u>1,64,59,960</u></b>

**47. Employee benefit plans**

**I Defined contribution plans**

- a. The Company makes Provident Fund, Superannuation Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 65,66,902 (Year ended 31 March, 2015 Rs. 54,93,334) for Provident Fund contributions, Rs. 15,43,061 (Year ended 31 March, 2015 Rs. 13,58,936) for Superannuation Fund contributions, Rs. 2,94,183 (Year ended 31 March, 2015 Rs. 2,39,034) for Employee State Insurance Scheme contributions and Rs 6,87,680 (Year ended 31 March, 2015 Rs 2,69,201) for Employee Deposit Linked Insurance Scheme in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

**Defined benefit plans**

- b. The Company offers the following employee benefit schemes to its employees:
- i. Gratuity (included as part of (Contribution to Provident and other Funds) in Note 27 Employee benefits expense)  
The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

Particulars	Year ended 31 March, 2016	Year ended 31 March, 2015
	Amount in Rs	Amount in Rs
<b>Components of employer's expense</b>		
Current service cost	74,05,285	41,69,331
Interest cost	20,65,436	18,60,722
Expected return on plan assets (including interest adjustments)	(39,09,419)	(35,32,519)
Actuarial losses/(gains)	(17,50,255)	17,95,779
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b><u>38,11,047</u></b>	<b><u>42,93,313</u></b>
<b>Actual contribution and benefit payments for the year</b>		
Actual benefit payments	90,803	20,82,866
Actual contributions	2,82,641	10,00,000
<b>Net asset / (liability) recognised in the Balance Sheet</b>		
Present value of defined benefit obligation	(3,40,38,594)	(2,67,80,408)
Fair value of plan assets	2,42,61,567	2,05,31,787
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b><u>(97,77,027)</u></b>	<b><u>(62,48,621)</u></b>
Current portion of the liability included under Note 10	25,00,000	25,00,000
Non-Current portion of the liability included under Note 6	72,87,033	37,48,621
<b>Change in defined benefit obligations (DBO) during the year</b>		
Present value of DBO at beginning of the year	2,67,80,408	2,28,28,666
Current service cost	74,05,285	41,69,331
Interest cost	20,65,436	18,60,722
Actuarial losses / (gains)	(21,21,732)	4,555
Benefits paid	(90,803)	(20,82,866)
<b>Present value of DBO at the end of the year</b>	<b><u>3,40,38,594</u></b>	<b><u>2,67,80,408</u></b>
<b>Change in fair value of assets during the year</b>		
Plan assets at beginning of the year	2,05,31,787	1,98,73,358
Acquisition adjustment	19,87,156	17,41,295
Expected return on plan assets	19,22,263	17,91,224
Actual company contributions	2,82,641	10,00,000
Actuarial gain / (loss)	(3,71,477)	(17,91,224)
Benefits paid	(90,803)	(20,82,866)
<b>Plan assets at the end of the year</b>	<b><u>2,42,61,567</u></b>	<b><u>2,05,31,787</u></b>
Actual return on plan assets	19,87,156	17,41,295
<b>Actuarial assumptions</b>		
Discount rate	7.80%	7.80%
Expected return on plan assets	8.50%	8.50%
Salary escalation	8.00%	8.00%
Attrition	3.00%	3.00%
Mortality tables	India Assured Life (2006-08)	India Assured Life (2006-08)
Estimate of amount of contribution in the immediate next year	25,00,000	25,00,000

**Notes:**

- The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors
- Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated life of the obligation

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

<b>c.</b>	<b>Experience adjustments</b>					
	<b>Gratuity</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>
	Present value of DBO	3,40,38,594	2,67,80,408	2,28,28,666	2,10,28,925	1,90,83,739
	Fair value of plan assets	2,42,61,567	2,05,31,787	1,98,73,358	1,78,23,907	1,49,76,737
	Experience gain / (loss) adjustments on plan liabilities	21,21,732	(4,555)	21,87,113	35,22,663	15,04,558
	Experience gain / (loss) adjustments on plan assets	17,50,255	(17,95,779)	5,20,182	(14,50,320)	(11,39,975)

**d.** The plan assets comprise insurer managed funds for which details of portfolio are not available.

**II. Long Term Compensated absences**

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

<b>Particulars</b>	<b>Year ended 31 March, 2016</b>	<b>Year ended 31 March, 2015</b>
Discount rate	7.80%	7.80%
Expected return on plan assets	8.50%	8.50%
Salary escalation	8.00%	8.00%
Attrition	3.00%	3.00%

**48. Segment Information**

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

**a) Primary segment:**

The primary reporting of the Company has been made on the basis of business segments. The Company has a single business segment, namely, Chlor Alkali and Related Products / Services, as per Accounting Standard – 17 “Segment Reporting”. Accordingly, the amounts appearing in these financial statements relate to primary business segment.

**b) Information on geographic segments:**

<b>Geographical Segment</b>	<b>Revenues for the year ended 31 March 2016</b>	<b>Segment assets as at 31 March 2016</b>	<b>Capital expenditure incurred during the year ended 31 Mar 2016</b>
	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
India	101,09,86,226	186,16,57,659	7,91,24,727
	(109,31,74,730)	(187,07,88,645)	(12,51,89,906)
Others	21,40,808	9,52,576	-
	(1,07,33,434)	(13,88,699)	-

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

2) Also Refer Note 1(s)

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**49. Related party disclosures**

a) List of Related parties and description of relationship

- |   |   |
|---|---|
| (i) Individuals exercising Significant influence  | Mr. Suresh Krishnamurthi Rao - Chairman   |
| (ii) Relatives of above   | Mrs. K.M. Padma (Mother of Mr. Suresh Krishnamurthi Rao)<br>Mrs. Meenakshi Ratnam (Wife of Mr. Suresh Krishnamurthi Rao)                          |
| (iii) Entities in which persons listed in (i) and (ii) above exercise significant influence | CHKR Foundation<br>Dr Rao Holdings Pte Ltd<br>Titanium Equipment and Anode Manufacturing Company Limited (TEAM)<br>Teamec Chlorates Limited (TCL) |
| (iv) Key Management Personnel (KMP)   | Mr. V.M. Srinivasan - Chief Executive Officer<br>Mr. Nitin S Cowlagi - Chief Financial Officer  |

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

b) Transactions with related parties :

(Amount in Rs.)

Nature of Transactions	Individuals exercising Significant influence and their relatives	Entities in which persons listed in (a)(i) and (ii) above exercise significant influence			KMP
		Dr Rao Holdings Pte Ltd	TEAM	TCL	
<b><u>1. Transactions during the year</u></b>					
<b><u>a) Income</u></b>					
Sale of Products	-	-	1,99,769	-	-
	-	-	(1,11,626)	(17,16,317)	-
Interest on Inter Corporate Deposit (Refer Note 23(ii))	-	-	-	1,67,02,291	-
	-	-	-	(1,11,70,412)	-
Penal Interest on Inter Corporate Deposit (Refer Note 23(ii))	-	-	-	10,47,297	-
	-	-	-	(6,55,704)	-
<b><u>b) Expenditure</u></b>					
Purchase of Materials	-	-	30,50,298	-	-
	-	-	(1,06,11,400)	(2,50,531)	-
Annual Maintenance Charges	-	-	68,43,600	-	-
	-	-	(67,41,600)	-	-
Royalty Expenses	-	-	10,85,587	-	-
	-	-	(5,05,673)	-	-
Lease Rent	-	-	68,361	-	-
	-	-	(67,416)	-	-
Commission (paid out of the provision made during the previous year)					
- Mr. Suresh Krishnamurthi Rao	21,00,000	-	-	-	-
	(25,00,000)	-	-	-	-
Salaries and Perquisites					
- Mr. V.M. Srinivasan	-	-	-	-	70,99,192
	-	-	-	-	-
- Mr. Nitin S Cowlagi	-	-	-	-	28,22,333
	-	-	-	-	(23,85,459)

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

(Amount in Rs.)					
Nature of Transactions	Individuals exercising Significant influence and their relatives	Entities in which persons listed in (a)(i) and (ii) above exercise significant influence			KMP
		Dr Rao Holdings Pte Ltd	TEAM	TCL	
<b>c) Others</b>					
Sale of Fixed Assets	-	-	4,27,956	-	-
	-	-	(3,38,818)	(2,08,910)	-
Purchase of Fixed Assets	-	-	3,70,524	-	-
	-	-	(2,93,349)	-	-
Inter Corporate Deposit (Refer Note 35)	-	-	-	11,46,32,838	-
	-	-	-	(2,70,45,171)	-
Guarantee given to Customs (Refer Note 31 (b) (i))	-	-	95,00,000	-	-
	-	-	(1,15,00,000)	-	-
Guarantees expired during the year	-	-	1,15,00,000	-	-
	-	-	(80,00,000)	-	-
Guarantees received during the year (Refer Note 35)	-	-	28,00,00,000	-	-
	-	-	-	-	-
Final Dividend paid		57,14,335	11,00,573	-	-
		(57,14,335)	(11,00,573)	-	-
- Mr. Suresh Krishnamurthi Rao	10,99,755	-	-	-	-
	(10,99,755)	-	-	-	-
- Mrs. K.M. Padma	6,83,195	-	-	-	-
	(6,83,195)	-	-	-	-
<b><u>II. Balances Outstanding at the end of the year</u></b>					
Payables	-	-	36,82,138	-	-
	-	-	(53,10,652)	-	-
Interest accrued but not due on Inter Corporate Deposit (Refer Note 21)	-	-	-	4,54,913	-
	-	-	-	-	-
Rental Deposit	-	-	3,00,00,000	-	-
	-	-	(3,00,00,000)	-	-
Inter Corporate Deposit (Refer Note 35)	-	-	-	26,16,78,010	-
	-	-	-	(14,70,45,171)	-
Guarantee given to Customs (Refer Note 31)	-	-	95,00,000	-	-
	-	-	(1,15,00,000)	-	-
Guarantee received (Refer Note 35)	-	-	28,00,00,000	-	-
	-	-	-	-	-

Figures in the bracket indicate previous year figures.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

## 50. Earnings Per Share

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

Particulars	2015-16	2014-15
Face Value Per Share	5	5
Net Profit after Tax	8,66,06,433	10,22,69,705
Weighted average Number of Shares	91,71,697	91,71,697
Add: Effects of ESOP which are dilutive in nature	30	-
Weighted average Number of Shares for Diluted EPS	91,71,727	91,71,697
Basic Earnings per Share	9.44	11.15
Diluted Earnings per Share	9.44	11.15

## 51. Employee Stock Option Scheme

- a) The ESOP scheme titled "CAESOS 2015" [Chemfab Alkalys Employees Stock Option Scheme 2015] was approved by the shareholders through postal ballot on 5th March 2016. 4,00,000/- options are covered under the Scheme for 4,00,000/- equity shares.

The Compensation Committee of the Company, had granted 1,68,000/- options under this Scheme to employees of the Company as of 31 March 2016. The shares covered by such options were 1,68,000/-equity shares.

The vesting period of these options range over a period of 2 to 4 years. The options may be exercised within a period of 12 months from the date of vesting.

- b) Employee stock options details as on the balance sheet date are as follows:

Particulars	During the year ended 31 March, 2016	
	Options (Numbers)	Weighted average exercise price per option (Rs.)
<b><u>"CAESOS 2015"</u></b>		
<b><u>[Chemfab Alkalys Employees Stock Option Scheme 2015]</u></b>		
Option outstanding at the beginning of the year:	-	-
Granted during the year:	168000	52.43
Vested during the year:	-	-
Exercised during the year:	-	-
Lapsed during the year:	-	-
Options outstanding at the end of the year:	168000	52.43
Options available for grant:	232000	-
The weighted average share price at the date of exercise for stock options exercised during the year	-	-
Exercise price for options outstanding at the end of the year	-	52.43

Weighted average remaining contractual life for options outstanding as at 31 March, 2016 - 4 Years  
(As at 31 March, 2015 - Nil).

Note- The ESOP scheme has been implemented only during the current year 2015-16.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

- c) The impact on Earnings per Share if the 'fair value' of the options (on the date of the grant) were considered instead of the 'intrinsic value' is as under:

Particulars	For the year ended 31 March 2016
Profit (as reported)	8,66,06,433
Add / (Less): stock based employee compensation (intrinsic value)	24,132
Add / (Less): stock based compensation expenses determined under fair value method for the grants issued (See note (d) below)	(30,333)
Net Profit (proforma)	8,66,00,232
Basic earnings per share (as reported)	9.44
Basic earnings per share (proforma)	9.44
Diluted earnings per share (as reported)	9.44
Diluted earnings per share (proforma)	9.44

- d) The fair value of options used to compute Proforma net profit and earnings per Equity Share have been estimated on the date of the grant, using Black-Scholes model through an independent external firm of Chartered Accountants. The assumptions used in this model for calculating fair value are as below:

Assumptions	25 % options	25 % options	50 % options
Risk Free Interest Rate	7.44%	7.49%	7.53%
Expected Life	3.5	4	4.5
Expected Annual Volatility of Shares	45%	44%	44%
Expected Dividend Yield	25%	25%	25%

Note- The ESOP scheme has been implemented only during the current year 2015-16.

**52. MAT Credit**

Provision for Income Tax for the current year has been calculated in accordance with the provisions of the Income Tax Act, 1961.

Taking into consideration the future profitability and the taxable position in the subsequent years, the Company had recognized "MAT Credit Entitlement" to the extent of Rs. 24,37,259/- during the previous year ended 31 March 2015 in accordance with the Guidance Note on "Accounting for Credit Available in respect of Minimum Alternate Tax under Income Tax Act, 1961" issued by the Institute of Chartered Accountants of India.

During the current year ended 31 March 2016, the Company is liable to pay income tax under the normal stream. Hence, the Company has utilised the entire MAT credit entitlement towards its current tax liability in accordance with the aforesaid Guidance Note.

**53. Details on derivatives instruments and unhedged foreign currency exposures**

- (a) No forward exchange contracts were open as at 31 March 2016. The forward exchange contracts, wherever taken, are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables outstanding.

Currency	Amount	Buy / Sell	Cross currency
JPY	-	-	-
(Previous year)	(18,30,79,200)	Buy	Rupees
CHF	-	-	-
(Previous year)	(21,96,900)	Buy	Rupees

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

(b) Premium on Forward Contract

(Amount in Rs.)

Particulars	2015-16	2014-15
Charge to the Statement of Profit and Loss in respect of premium on Forward Exchange Contracts	86,24,513	73,92,206
Charge deferred to be recognised in subsequent accounting periods	-	30,60,863

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

Particulars	Currency	As at 31 March 2016		As at 31 March 2015	
		Amount in Foreign Currency	Amount in Rs	Amount in Foreign Currency	Amount in Rs
Capital Creditors	EURO	1,85,000	1,38,92,668	2,32,347	1,57,63,738
	GBP	-	-	5,676	5,26,490
	SEK	-	-	6,14,250	44,63,632
	JPY	-	-	1,71,800	89,783
Interest accrued but not due on Short term borrowings	JPY	-	-	3,43,541	1,79,535
	CHF	-	-	9,109	5,90,557
Trade Receivables	USD	14,360	9,52,576	22,208	13,88,699

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

Particulars	2015-16	2014-15
Employee Benefits expense	30,63,047	59,90,887
Professional fees	5,78,367	12,86,300
Consumption of Stores and spares	8,33,489	27,81,932
Travelling expenses	1,73,263	1,26,779
Depreciation	6,01,051	6,03,944
<b>Total</b>	<b>52,49,217</b>	<b>1,07,89,842</b>

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

**For and on behalf of Board of Directors**

**C S Ramesh**  
Director  
**V M Srinivasan**  
Chief Executive Officer  
**G Somasundaram**  
Company Secretary

**Suresh Krishnamurthi Rao**  
Chairman  
**Nitin S Cowlagi**  
Chief Financial Officer

Place : Chennai  
Date : 18 May 2016

## Flood Relief to Villagers



**BLOOD DONATION CAMP** jointly organized by **CHEMFAB** and **Jawaharlal Institute of Postgraduate Medical Education and Research (JIPMER)** on the remembrance day of our beloved **Founder Chairman Dr.C.H.Krishnamurthi Rao**





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

Regd. Office : 'Team House', GST Salai, Vandalur, Chennai-600 048.  
CIN No. L24297TN1983PLC072409

**PROXY**

Folio No. / DP, Client ID

I/We\* .....  
of .....being a Member/  
Members\* of Chemfab Alkalys 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 33<sup>rd</sup> Annual General Meeting of the  
Company, to be held at 10.15 AM on 21<sup>st</sup> July, 2016 and at any adjournment thereof.

As Witness set my/our hand/hands\* this ..... day of .....2016

Signature (s).....

1 Rupee  
Revenue  
Stamp

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



## Sensitization camp Conducted for School Children on the World Chlorination Day



## Sensitization awareness for the local Self help group





## **CHEMFAB ALKALIS LIMITED**

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**Member - Dr. Rao's Group of Companies**