



(Formerly known as TEAMEC CHLORATES LIMITED)

ANNUAL REPORT

2016-17

Technological dynamism with environmental commitment

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



Dr C H Krishnamurthi Rao

7.11.1940 – 19.1.2012

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



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



CHEMFAB ALKALIS LIMITED
(Formerly known as Teamec Chlorates Limited)

DIRECTORS

Mr. Suresh Krishnamurthi Rao
Mr. C.S. Ramesh
Mr. T. Ramabadrar
Mrs. Sujatha Jayarajan
Mr. A. Janakiraman
Mrs. Drushti Desai
Mr. R. Mahendran

Chairman
Director
Independent Director
Independent Director
Independent Director
Independent Director
Director

CHIEF EXECUTIVE OFFICER

Mr. V.M. Srinivasan

CHIEF FINANCIAL OFFICER

Mr. Nitin.S.Cowlagi

COMPANY SECRETARY

Mr. G. Somasundaram

AUDITORS

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

BANKER TO THE COMPANY

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@draaholdings.com
Website: www.chemfabalkalis.com
CIN No : U24290TN2009PLC071563

FACTORIES

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

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

SALT FIELDS

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

MARKETING OFFICE

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

REGISTRAR AND SHARE TRANSFER AGENT

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



Suresh Krishnamurthi Rao
Chairman

CHAIRMAN'S STATEMENT - 2016 - 2017

Dear Shareowners,

It is my pleasure and privilege to present the Annual Report for the year 2016-17 of your Company.

The year 2016-17 was a year that witnessed two global events that are bound to have lasting impact: the election of Republican nominee, Mr. Donald Trump, as the president of the USA, and the surprise result of the UK's referendum to exit the EU, popularly referred to as Brexit. The world economy continued to face uphill challenges, growing at 3.1 per cent in the year. In a sharp contrast, the Indian economy continued to power ahead in the FY 2016 - 2017. An almost normal monsoon, benign inflation and low commodity prices contributed positively. However, the unexpected demonetisation in the month of November 2016 adversely impacted growth, albeit by the fourth Quarter, things were normalising. The Indian GDP for the FY 2016 - 2017 grew by 7%.

For your Company, it was a year that brought in its fair share of challenges. During the year, as part of a strategic restructuring decision, Chemfab Alkalis Limited, a group Company listed in BSE and NSE merged with our Company (Teamec Chlorates Limited), to unlock synergies in business. Getting approval for merger took more time than expected, delaying the Company's plans. After a consistent follow-up, your Company's proposal of Scheme of Amalgamation and Arrangement was approved by the NCLT – Division Bench, Chennai vide their Order dated 30th March, 2017. Accordingly, the Accounts for the year, have been drawn up, on a consolidated basis.

As far as the financial performance is concerned, your Company continued to overcome challenging market and operating environment with alternative strategies, thus sustaining improvement in margins. The Total Revenue for the year was Rs.140 Crores, with EBIDTA standing at Rs.31 Crores and PBT of Rs.15 Crores. Your Company has an impressive Net worth of Rs.165 Crores. Cash flows for the year were also positive. A dividend of Rs.1.25 / per share has been proposed for the year, subject to approval of shareholders.

Overall, the performance of Chlor-alkali business improved, due to better demand pull across sectors, primarily driven by the Alumina industry, which resulted in an increase in Caustic Soda prices. During the year, the global Caustic prices were in the range of USD 360 - 410 per MT CIF. This, coupled with marginally lower imports, facilitated the capacity utilization to remain around 85 per cent. Chlorine realization was subdued due to supply-demand imbalance. Capacity utilization in the industry could be better keeping in view the expected sustained demand pull from Caustic Soda. However, this could impact prices of Chlorine.

Operationally, our focus during the year was to continue with enhancing efficiencies. We have consistently invested in new technologies optimising our key operational parameters, namely, Power and Salt, which are maintained at low levels. This has given us a distinct cost advantage over competition and resulted in maintaining and increasing our profitability. Our capacity utilisation is at optimum levels, helping us increase revenues and bring down our fixed costs. Our conscious shift in product mix has resulted in improved margins.

Your Company lays highest emphasis and importance on safety standards. The Company adheres to highest safety standards ensuring safety and well-being of employees as well as the surrounding areas. Your Company has won numerous awards in the field of Environment and Safety Management systems and for Energy Conservation measures. Sustainability is of paramount importance, and your Company has taken many pro-active steps towards conservation of natural resources. The setting up of new salt field and the proposed seawater desalination plant are part of the Company's on-going sustainability initiatives.

As far as the outlook is concerned, I am quite positive. With consistent GDP growth in the country and with the GST coming in place, the demand for caustic soda, especially, is expected to grow at a reasonable rate. The synergies of our merger will also play out favourably in days to come, adding both to our revenues as well as profitability. Our expansion is expected to be approved soon and we are also evaluating new areas for expansion. All in all, I am confident that your Company is poised for a phase of sustained growth and expansion.

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

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

I thank you all for your continued support and faith.

Place : Chennai
Date : 27.07.2017

Suresh Krishnamurthi Rao
Chairman

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

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CHEMFAB ALKALIS LIMITED
(Formerly known as Teamec Chlorates Limited)
(Regd.Office: 'TEAM House', GST Road,
Vandalur, Chennai - 600 048)
CIN: U24290TN2009PLC071563

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Eighth Annual General Meeting of the Company will be held on Monday, the 4th September, 2017 at Kalyan Hometel – A Sarovar Hotel, No.247, GST Road, Vandalur, Chennai – 600 048 at 10.00 a.m to transact the following business:

ORDINARY BUSINESS:

1. Adoption of Accounts:

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

“RESOLVED THAT the Audited Financial Statements i.e., Balance Sheet of the Company as at 31st March, 2017 and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, together with the Reports of the Board of Directors (the Board) and the Auditors thereon as presented to this Annual General meeting, be and are hereby approved and adopted”.

2. Dividend:

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

“RESOLVED THAT a Dividend at the rate of Rs.1.25 per Equity Share (12.5%) be and is hereby declared, on the fully paid-up Equity Shares of Rs.10 /- each in the Paid-up Capital of the Company, to those Members whose names appear in the Register of Members of the Company as on the date of the Book Closure”

3. Retirement by Rotation:

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

“RESOLVED THAT Mr. R. Mahendran (DIN: 07451058), Director, who retires by rotation and, being eligible, offers himself for reappointment, be and is hereby re-appointed as a Director of the Company, whose term of office is liable to retire by rotation.”

4. Appointment of M/s. Deloitte Haskins & Sells LLP (Firm Registration No.117366W/W-100018) as the Statutory Auditors:

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

“RESOLVED THAT pursuant to provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013, if any, read with the Companies (Audit and Auditors) Rules, 2014, the Auditors, M/s. Deloitte Haskins & Sells LLP (Firm Registration No.117366W/W-100018) who were appointed as Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s.R.Janakiraman & Co., Chartered Accountants, to conduct the Statutory Audit for the Financial Year ended 31st March, 2017 be and are hereby appointed, as recommended by the Audit Committee, as Auditors of the Company for 5 consecutive Financial Years from 2017-18 to 2022- 23, 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 2023, subject to ratification by the Members at every Annual General Meeting, on such remuneration as may be fixed by the Board of Directors as recommended by Audit Committee in consultation with them.”

SPECIAL BUSINESS:

5. Appointment of Mr. Suresh Krishnamurthi Rao (holding DIN: 00127809) who was appointed as an Additional Director:

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

“RESOLVED THAT pursuant to the provisions of Sections 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) , and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Suresh Krishnamurthi Rao (holding DIN: 00127809) who was appointed as an Additional Director by the Board of Directors of the Company and who holds office as such up to the date of this Annual General Meeting of the Company and in respect of whom a notice has been received from the member in writing, under section 160 of the Companies Act, 2013

along with requisite deposit proposing his candidature for the office of director be and is hereby appointed as a Director of the Company, whose term of office is liable to retire by rotation.”

6. Appointment of Mr. C. S. Ramesh (holding DIN: 00019178) who was appointed as an Additional Director:

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

“RESOLVED THAT pursuant to the provisions of Sections 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. C. S. Ramesh (holding DIN: 00019178) who was appointed as an Additional Director by the Board of Directors of the Company and who holds office as such up to the date of this Annual General Meeting of the Company and in respect of whom a notice has been received from the member in writing, under section 160 of the Companies Act, 2013 along with requisite deposit proposing his candidature for the office of director be and is hereby appointed as a Director of the Company, whose term of office is liable to retire by rotation.”

7. Appointment of Mr. T. Ramabadran (holding DIN: 00701503) as an Independent Director:

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Act and General Circular No.14/2014 dated 9th June 2014 of the Ministry of Corporate Affairs and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the appointment of Mr. T. Ramabadran (holding DIN : 00701503) as an Independent Director of the Company, as recommended by the Nomination and Remuneration Committee and in respect of whom the Company has received a notice in writing u/s 160 of The Companies Act, 2013 from a member proposing his candidature for the Office of Director, for a term of five

consecutive years with effect from 26.04.2017, whose office shall not be liable to retire by rotation, be and is hereby approved.”

8. Appointment of Mr. A. Janakiraman (holding DIN: 01831854) as an Independent Director:

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Act and General Circular No.14/2014 dated 9th June 2014 of the Ministry of Corporate Affairs and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the appointment of Mr. A. Janakiraman (holding DIN : 01831854) as an Independent Director of the Company, as recommended by the Nomination and Remuneration Committee and in respect of whom the Company has received a notice in writing u/s 160 of The Companies Act, 2013 from a member proposing his candidature for the Office of Director, for a term of five consecutive years with effect from 26.04.2017, whose office shall not be liable to retire by rotation, be and is hereby approved.”

9. Appointment of Mrs. Drushti Desai (holding DIN: 00294249) as an Independent Director:

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Act and General Circular No.14/2014 dated 9th June 2014 of the Ministry of Corporate Affairs and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the appointment of Mrs. Drushti Desai (holding DIN : 00294249) as an Independent Director of the Company, as recommended by the Nomination and Remuneration Committee and in respect of whom the Company has received a notice in writing u/s 160 of the Companies Act, 2013 from a member proposing her

candidature for the Office of Director, for a term of five consecutive years with effect from 26.04.2017, whose office shall not be liable to retire by rotation, be and is hereby approved.”

10.Appointment of Mrs. Sujatha Jayarajan (holding DIN: 00633989) as an Independent Director:

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Act and General Circular No.14/2014 dated 9th June 2014 of the Ministry of Corporate Affairs and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the appointment of Mrs. Sujatha Jayarajan (holding DIN : 00633989) as an Independent Director of the Company, as recommended by the Nomination and Remuneration Committee and in respect of whom the Company has received a notice in writing u/s 160 of The Companies Act, 2013 from a member proposing her candidature for the Office of Director, for a term of five consecutive years with effect from 26.04.2017, whose office shall not be liable to retire by rotation, be and is hereby approved.”

11.Ratification of Cost Auditor Remuneration:

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

“RESOLVED THAT the decision to pay a remuneration of Rs.1,50,000/- to Mr. A. Madhavan, the Cost Auditor of the Company for the year 2017-18, as recommended by the Audit Committee and approved by the Board of Directors, be and is hereby ratified.”

12.Payment of Commission to Directors:

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

“RESOLVED THAT consent of the Company be and is hereby accorded for payment of Commission to Directors, including the payment of Commission to Independent Directors and the re-imbursement of

expenses for participation in the Board and Board’s Committees’ Meetings, out of the net profits of the Company within the ceiling of 11% of the net profits of the Company as prescribed under Section 197(1) 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 1st April, 2017, 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.”

13. Change in Objects Clause:

To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 13 of the Companies Act, 2013 (“the Act”), (including any modification or re-enactment thereof) and other applicable provisions if any of the Act, the main object clause of the Memorandum of Association of the Company shall be altered and amended, without any further act or deed, to include the objects as required for the purpose of carrying on the business activities of manufacture and sale of extruded and oriented plastic products including pipes.

RESOLVED FURTHER THAT following clause shall be added to the Memorandum of Association of the Company and the same shall be altered and amended and necessary revisions in numbering of the clauses inserted shall be carried out:

“To establish, conduct, manage and carry on the business as Proprietors or purchase, takeover, amalgamate, or otherwise acquire and to take on lease, rental for the purpose of manufacturing and sale of extruded and oriented plastic products including pipes and to develop or acquire the technology/design for the purpose and to manufacture, construct, erect, operate and maintain the Plant, machinery, equipment and works capable of manufacturing extruded and oriented plastic products including pipes and to lease, rental, process, buy, sell, manufacture, import, export,

supply, distribute and deal in any other manner in the aforesaid products and areas of business.”

RESOLVED FURTHER THAT the Directors of the Company, Mr V M Srinivasan, CEO and Mr. Nitin S Cowlagi, CFO of the Company be and are hereby authorised severally to do all such acts, deeds, matters and things, as may be necessary, proper or expedient without being required to seek any further consent or approval of the Company or otherwise to the end and intent that they shall be deemed to have been given all necessary approvals thereto expressly by the authority of this resolution.”

14.Approval of Chemfab Alkalies Employees Stock Option Scheme – 2015 (CAESOS 2015):

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

“**RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013, and Rules framed there under, the Memorandum and Articles of Association of the Company, The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as “SEBI SBEB Regulations”), issued by the Securities and Exchange Board of India (“SEBI”) and based on the approvals already obtained and subject to such other approvals, permissions and sanctions as may be necessary from time to time and subject to such conditions and modifications as may be prescribed or imposed, approval and consent of the Company be and is hereby accorded respectively to the extension of application of swap ratio fixed for the purpose of allotment of shares to the shareholders of the merged entity Chemfab Alkalies Limited i.e, “for every 7 shares of the face value of Rs.5 each of Chemfab Alkalies Limited, 10 shares of the face value of Rs.10 each of the Company” to the Options granted to the employees of the merged entity “Chemfab Alkalies Limited” under the ‘Chemfab Alkalies Employees Stock Option Scheme – 2015 (CAESOS – 2015).’

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any Committee,

including the Nomination and Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) be and is hereby authorised to give effect to the above resolution by extending the benefit of swap ratio of 10:7 applicable to the Shareholders of the merged entity “Chemfab Alkalies Limited,” to the employees of the Company to whom the Options were granted under the above mentioned CAESOS – 2015 in due compliance with the applicable laws and regulations in force.

RESOLVED FURTHER THAT the Company shall conform to the accounting policies prescribed from time to time under the SEBI SBEB Regulations and any other applicable laws and regulations to the extent relevant and applicable to the CAESOS 2015 in this regard.

RESOLVED FURTHER THAT the Company Secretary of the Company be and is hereby authorized to take necessary steps for listing of the securities allotted under the swap ratio relating to CAESOS – 2015 on the Stock Exchanges, where the securities of the Company are listed as per the provisions of the Listing Agreement with the concerned Stock Exchanges and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT the Directors of the Company, CFO Mr. Nitin S Cowlagi and the Company Secretary Mr. G Somasundaram be and are hereby authorized severally to do all such acts, deeds, and things, as may, at their absolute discretion, deemed necessary for giving effect to the above resolution/s.”

By Order of the Board of Directors of
Chemfab Alkalies Limited
(formerly known as Teamec Chlorates Limited)

Place : Chennai
Date : 27.07.2017

G. Somasundaram
Company Secretary

NOTES:

1. A Member of the Company, who is entitled to attend and vote at this Annual General Meeting, is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member.
2. Instrument of Proxy, in order to be effective, must be received at the Company's Registered Office not less than forty-eight hours before the time fixed for holding the Annual General Meeting. A Form of Proxy is enclosed.
3. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 relating to the Special Business set out in the Notice is annexed hereto.
4. Pursuant to the provisions of Sections 107 and 108, read with the Companies (Management and Administration) Rules, 2014 read with notification GSR 207(E) dated 19th March 2015, the Company is pleased to offer the option of E-Voting facility to all the Members of the Company. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating e-voting. The Members who wish to attend the Annual General Meeting can vote electronically/manually. The Company has appointed Mr. S.A. Inbavativu, 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 votes again. "Remote e-voting" means the facility of casting votes by a member using an electronic voting system from a place other than venue of a general meeting.
7. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights.
8. Members would be entitled to inspect the proxies lodged, at any time during the business hours of the Company provided not less than three days written notice is given to the Company in advance.
9. The members are requested to bring their copy of Annual Report and duly filled attendance slips for attending the meeting.

The instructions for shareholders voting electronically are as under:

The voting period begins on 01.09.2017 from 09.00 a.m and ends on 03.09.2017 at 05.00 p.m. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 28.08.2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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

The shareholders should log on to the e-voting website www.evotingindia.com.

Click on Shareholders.

Now Enter your User ID

For CDSL: 16 digits beneficiary ID,

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

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

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

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

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

| | For Members holding shares in Demat Form and Physical Form |
|-----|--|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter |
| | RA00000001 in the PAN field. |

| | |
|--|---|
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field 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 Alkalies 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 14.08.2017. 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 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.

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 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, under help section or write an email to 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.

10. 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.
11. 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.
12. The Register of Members and the Share Transfer Books of the Company will remain closed from 29.08.2017 to 04.09.2017 (both days inclusive).

- 13.If and when approved by the Shareholders, the dividend will be paid / warrant will be posted before the expiry of the stipulated time from the date of AGM.
- 14.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.
- 15.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.
- 16.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 205C of the Companies Act, 1956 or Section 125 of the Companies Act, 2013.
- 17.Members who have not encashed their dividend warrants in respect of Dividend declared for the year ended 31st March, 2011 and for any financial year thereafter may contact the Company immediately for revalidation of their dividend warrants.

Members may note that as per the NCLT, Division Bench, Chennai, Order dated 30.03.2017 approving the Scheme of Amalgamation of Chemfab Alkalys Limited with Teamec Chlorates Limited, the name of the Company has been changed as “**CHEMFAB ALKALIS LIMITED**” vide the Certificate of Incorporation for name change issued by the MCA w.e.f. 21.07.2017.

Also, the Company has filed an Information Memorandum (IM) and Application for listing of Equity Shares of the Company with BSE and NSE.

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

Item No. 5 & 6

Board of Directors at their meeting held on 26th April 2017 appointed Mr. Suresh Krishnamurthi Rao (holding DIN: 00127809) and Mr. C. S. Ramesh (holding DIN: 00019178) as Additional Directors to hold office as such up to the date of this Annual General Meeting of the Company and in respect of whom notices have been received from the member/s in writing, under section 160 of the Companies Act, 2013 along with a requisite deposit proposing their candidature for the office of director/s.

Brief Resume of Mr. Suresh Krishnamurthi Rao

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

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

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

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

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

He is a member of the following Committees in your Company:

(i) Stakeholders Relationship Committee

He holds 1424423 shares of the Company.

There is No relationship between the Directors inter-se.

Brief Resume of Mr. C. S. Ramesh

Mr. C. S. Ramesh is a Member of the Institute of Chartered Accountants of India with 45 years of experience in the areas of Finance, Taxation, Auditing and Management.

Mr. C. S. Ramesh holds Directorship in the following Company:

| COMPANY NAME | CATEGORY |
|--|----------|
| Titanium Equipment and Anode Manufacturing Company Limited | Director |

He is member of the following Committees in your Company:

- (i) Audit Committee;
- (ii) Nomination and Remuneration Committee;
- (iii) Stakeholders' Relationship Committee;
- (iv) Risk Management Committee and
- (v) Corporate Social Responsibility Committee (Chairman)

He holds 57 shares of the Company.

There is No relationship between the Directors inter-se.

Your Directors are of the opinion that the services of Mr. Suresh Krishnamurthi Rao and Mr. C. S. Ramesh will be of great value to the Company and accordingly, recommend the Ordinary Resolution for the approval of Members for their appointment as Directors. None of the Directors or Key Managerial Personnel or their relatives is/are concerned or interested, directly or indirectly, in the Ordinary Resolution, other than the directors to be appointed.

Item No. 7, 8, 9 & 10

Brief Resume of Mr. T. Ramabadran

Mr.T.Ramabadran is a Fellow of Indian Institute of Engineering and a Life Member of Indian Pharmaceutical Association and has wide experience in the Engineering and Pharmaceuticals Industry. He has held top management positions in different Organizations and has also worked in various capacities in Smith Kline Beecham Pharmaceuticals Ltd.

Mr.T.Ramabadran holds Directorship in the following Company:

| COMPANY NAME | CATEGORY |
|----------------------------------|----------|
| Pharmed Medicare Private Limited | Director |

He is a member of the following Committees in your Company:

- (i) Audit Committee (Chairman);
- (ii) Stakeholders Relationship Committee;
- (iii) Nomination and Remuneration Committee (Chairman) and;
- (iv) Corporate Social Responsibility Committee.

He holds 142 shares of the Company.

Brief Resume of Mr. A. Janakiraman

Mr. A. Janakiraman, is a graduate in B.Sc (Chemistry), B.Tech (Chem-Engg), I.I.T and has wide experience in the area of Petrochemicals. He retired as a President – New Business (Petroleum) from Reliance Industries Ltd. in January, 2010. He has worked in various capacities with Indian Oil Corporation, Herdilla Chemicals Ltd, Herdilla Polymers Ltd, Pasumai Irrigations Ltd. and Chemplast Sanmar Ltd.

He does not hold any shares of the Company.

Mr. A. Janakiraman holds Directorship in the following Companies:

| COMPANY NAME | CATEGORY |
|------------------------------------|----------|
| Thirumalai Chemicals Limited | Director |
| Cheminvest PTE Limited | Director |
| Tarderiv International PTE Limited | Director |

Mr.A.Janakiraman holds Chairmanship/Membership in the following Committee:

| COMPANY NAME | COMMITTEE NAME | CATEGORY |
|------------------------------|-------------------------------------|----------|
| Thirumalai Chemicals Limited | Stakeholders Relationship Committee | Chairman |

He is a member of the following Committees in your Company:

- (i) Audit Committee;
- (ii) Nomination and Remuneration Committee;
- (iii) Corporate Social Responsibility Committee and;
- (iv) Risk Management Committee (Chairman).

Brief Resume of Mrs. Drushti Desai:

Mrs. Drushti Desai is a Member of the Institute of Chartered Accountants of India with over 20 years of experience in valuation of shares, businesses and Intangibles, Advisory services on Schemes relating to Mergers, Acquisitions, Spin-offs and other forms of Corporate Restructuring and Family Settlements, Financial and Management Advice, Corporate and Individual taxation (Income-tax, Wealth-tax, Gift-tax).

She does not hold any shares of the Company.

Mrs. Drushti Desai holds Directorship/ Partner in the following Companies/ Firms:

| COMPANY NAME | CATEGORY |
|------------------------------------|----------|
| Globallogic Technologies Limited | Director |
| Globallogic India Limited | Director |
| Kewal Kiran Clothing Limited | Director |
| MPIL Corporation Ltd | Director |
| MT Educare Limited | Director |
| Narmada Gelatines Limited | Director |
| Kruti Finance and Holdings Pvt.Ltd | Director |
| Bansi S. Mehta & Co. | Partner |
| B. S. Mehta & Co. | Partner |
| BSM Associates | Partner |

Mrs. Drushti Desai holds Chairmanship/Membership in the following Committees:

| COMPANY NAME | COMMITTEE NAME | CATEGORY |
|----------------------------------|-------------------------------------|-------------|
| Globallogic Technologies Limited | Audit Committee | Chairperson |
| Globallogic India Limited | Audit Committee | Chairperson |
| Kewal Kiran Clothing Limited | Audit Committee | Member |
| MT Educare Limited | Audit Committee | Chairperson |
| Narmada Gelatines Limited | Audit Committee | Member |
| MT Educare Limited | Stakeholders Relationship Committee | Member |

She is a member of the following Committees in your Company:

- (i) Audit Committee;
- (ii) Nomination and Remuneration Committee;
- (iii) Risk Management Committee and;
- (iv) Stakeholders Relationship Committee (Chairperson).

Brief Resume of Mrs. Sujatha Jayarajan

Mrs. Sujatha Jayarajan is a Post Graduate in English and has over 33 years of experience in the financial sector covering Banking and NBFCs in both public and private sectors (including over 15 years in the State Bank Group). She has specialized in credit assessment as well as project analysis, and her core strengths include financial modeling and variance analysis.

She does not hold any shares of the Company.

Mrs. Sujatha Jayarajan holds Directorship in the following Company:

| COMPANY NAME | CATEGORY |
|---------------------------|----------|
| Thejo Engineering Limited | Director |

She is member of the following Committees in your Company:

- (i) Audit Committee and;
- (ii) Corporate Social Responsibility Committee.

As per Section 150 of the Companies Act, 2013 the appointment of Independent Directors is required to be

approved by the Members and hence the matter is placed for consideration and approval of the Members.

Notice/s under Section 160(1) of the Companies Act, 2013, along with a deposit of Rs. 1,00,000/- each as required under that Section, have been received from Members of the Company proposing the appointment of the above four Independent Directors of the Company, namely, Mr. Ramabadran, Mr. A. Janakiraman, Mrs. Drushti Desai and Mrs. Sujatha Jayarajan. The above four Independent Directors have given their declarations under Section 149 (7) of the Companies Act, 2013, stating that they fulfill the conditions specified in Section 149(6) of the Companies Act, 2013, read with the Rules made thereunder for their appointment as Independent Directors of the Company and they are independent of the Management.

In the opinion of the Board, the independent directors proposed to be appointed fulfil the conditions specified in the Act and the rules made there under and that the proposed directors are independent of the management.

Your Directors are of the opinion that the association of the four Independent Directors will be of great value to the Company and accordingly, recommend the respective Ordinary Resolutions for approval of the Members.

None of the Directors or Key Managerial Personnel or their relatives is concerned or interested, directly or indirectly, in the respective Ordinary Resolutions, other than the respective appointees, Mr. Ramabadran, Mr. A. Janakiraman, Mrs. Drushti Desai and Mrs. Sujatha Jayarajan. There is No relationship between the Directors inter-se.

Item No. 11

At the Board Meeting held on the 27th July, 2017, after considering the recommendation of the Audit Committee, the Directors appointed Mr. A. Madhavan, Cost Accountant, as the Cost Auditor of the Company for the year 2017-18 on a remuneration of Rs.1,50,000/-. Pursuant to the provisions of Section 148 read with the Companies (Audit and Auditors) Rules, 2014, the aforesaid remuneration approved by the Board of Directors is required to be ratified by the Shareholders.

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

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

Item No. 12

The Company is Board-Managed with no Managing Director, Whole-time 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 calculating 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.

Further, the Commission out of the net profits of the Company and the re-imbursement for attending the Meetings of the Board and its Committees shall be payable to the Independent Directors with the approval of members.

It is proposed to pay such commission to the Directors for a period of 5 years commencing from 1st April, 2017 within the ceiling prescribed under Section 197(1) of the Companies Act, 2013. The present ceiling is 11% 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.

None of the Key Managerial Personnel is interested or concerned in the passing of the Resolution. There is No relationship between the Directors inter-se.

Item No. 13

The Company is in the process of identifying products which can be manufactured with the existing financial and technical strengths of the Company. In this process, the management of the Company has identified the extruded and oriented plastic products including pipes, the manufacture of which, the management believe, would gain momentum in the years to come considering the consumption pattern in the western countries who have shifted from using Steel pipes to plastic pipes for carrying large volumes of water for drinking, irrigation and others. Hence, to enable manufacture of the above said products, the Object mentioned under item No.13 in the Notice requires inclusion under the Main Object Clause of the Memorandum of Association of the Company and for such inclusion, the approval of members by way of passing a Special Resolution is required.

Hence, the Resolution under item No.13 is placed before the members for approval.

None of the Directors or the Key Managerial Personnel is interested or concerned in the passing of the Resolution. There is No relationship between the Directors inter-se.

Item No.14

The Transferor Company viz., Chemfab Alkalys Limited introduced 'Chemfab Alkalys Employees Stock Option Scheme – 2015 (CAESOS – 2015)' in the year 2015 and obtained the approval of the members for the same on 5th March, 2016. The Stock Exchanges viz., BSE and NSE gave the In-Principle approval for issue and allotment of maximum of 400000 Equity Shares of Rs.5 each upon exercise of Options in terms of The SEBI (Share Based Employee Benefits) Regulations, 2014. Pursuant to granting of Options, Chemfab Alkalys Limited got amalgamated with the Company vide NCLT Order dated 30.03.2017. The Resolutions passed by the Members on 5th March, 2016 of the Transferor Company Chemfab Alkalys Limited provided for fair and reasonable adjustment by way of issue of additional shares due to corporate actions like merger.

However, the Management of the Company would like to place the facts before the Shareholders of the Company after amalgamation for the purpose obtaining the approval of members for applying the swap ratio, available to the shareholders of the amalgamated Company, to the Options granted to the employees which would be realized at the time of employees exercising their Options for allotment of shares.

Hence, the Resolution under item No.14 is placed before the members for approval.

The Key Managerial Personnel to whom the options have been granted are deemed to be concerned/interested in the passing of the resolution to the extent of options granted.

None of the Directors are interested or concerned in the passing of the Resolution. There is No relationship between the Directors inter-se.

By Order of the Board of Directors of
Chemfab Alkalys Limited
(formerly known as Teamec Chlorates Limited)

Place: Chennai
Date : 27.07.2017

G. Somasundaram
Company Secretary

TEAMEC CHLORATES LIMITED

BOARD OF DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Eighth Annual Report of Teamec Chlorates Limited along with the Audited financial statements and the Auditors' Report for the Financial Year ended 31st March, 2017. The summarized financial results for the Financial Year are as under

Financial Summary:

| Particulars | For the Year Ended | |
|---|-----------------------------|-----------------------------|
| | 31 st March 2017 | 31 st March 2016 |
| | Rs. in Lakhs | Rs. in Lakhs |
| Profit Before Finance Cost and Depreciation | 3120 | (212) |
| Less: Finance Cost | 268 | 293 |
| Profit Before Depreciation | 2852 | (505) |
| Less: Depreciation | 1305 | 359 |
| Profit Before Exceptional Item and Tax | 1547 | (864) |
| Add: Exceptional Item | 0 | 908 |
| Less: Tax Including Deferred Tax | 0 | 0 |
| Net Profit For the Year | 1547 | 44 |
| Balance Brought Forward from Previous Year | (3305) | (3349) |
| Pursuant to Scheme of Amalgamation | (18629) | |
| Balance Available For Appropriation | (20387) | (3305) |
| Less: Appropriations: | | |
| Dividend on Preference Shares | 101 | 0 |
| Tax on Preference Dividend | 21 | 0 |
| Balance Carried to Balance Sheet | (20509) | (3305) |

Performance and State of Affairs of the Company:

The sales volumes were stable and realization improved during the Financial Year 2016-17 resulting in increase in the Sales turnover and Profitability for the year. During the year under review, the Company achieved net revenue from operations of Rs.14043/- Lakhs and made Profit Before Tax (PBT) of Rs.1547/- Lakhs.

Dividend:

Your Directors recommend payment of Dividend of Rs.1.25 per share (12.50%) for the year ended 31st March, 2017, absorbing a sum of Rs.1,72,88,130/- , subject to the approval of the Members at the ensuing Annual General Meeting.

Transfer of profit to reserves:

The Company has not proposed to transfer any of its profits to reserves.

Directors & Key Managerial Personnel:

The details of Directors and Key Managerial Personnel (KMP):

There were no changes in directors and Key Managerial Personnel (KMP) during the financial year ended on 31st March 2017. Further to National Company Law Tribunal, Division Bench, Chennai, Order dated 30th March 2017 approving the Scheme of Amalgamation and Arrangement of M/s.Chemfab Alkalies Limited (Listed Company) with Teamec Chlorates Limited (Unlisted Company) and their respective shareholders and creditors, the changes in directors and Key Managerial Personnel (KMP) were effected by the Board at its Meeting held on 26.04.2017.

Composition of the Board after the above said appointment:

| S. No | Name of Directors | Designation | Date of appointment | Date of resignation |
|-------|------------------------------|-------------|---------------------|---------------------|
| 1 | Mr. Suresh Krishnamurthi Rao | Director | 26.04.2017 | - |
| 2 | Mr. C.S. Ramesh | Director | 26.04.2017 | - |
| 3 | Mr. Tyagarajan Ramabadrana | Director | 26.04.2017 | - |
| 4 | Mr.A. Janakiraman | Director | 26.04.2017 | - |
| 5 | Mrs.Drushti Desai | Director | 26.04.2017 | - |
| 6 | Mrs. Sujatha Jayarajan | Director | 26.04.2017 | - |
| 7 | Mr. R.Mahendran | Director | 14.03.2016 | - |
| 8 | Mr.P.Santhanam | Director | - | 30.05.2017 |
| 9 | Mr.K.Gopalan | Director | - | 26.04.2017 |
| 10 | Mr.M.Krishnaswami Iyer | Director | - | 26.04.2017 |

| S. No | Name of KMP | Designation | Date of appointment | Date of resignation |
|-------|---------------------|-------------------|---------------------|---------------------|
| 1 | Mr. V.M. Srinivasan | CEO | 26.04.2017 | - |
| 2 | Mr. Nitin S Cowlagi | CFO | 26.04.2017 | - |
| 3 | Mr. G Somasundaram | Company Secretary | 26.04.2017 | - |

Subsidiaries, Joint Ventures or Associate Companies:

Your Company had no Subsidiaries, Joint Venture or Associates during the year 2016-17.

Fixed Deposits:

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

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.

Development and implementation of a Risk Management Policy:

The main objective of Risk Management is risk reduction and avoidance as also identification of the risks faced by the business and optimizes the risk management strategies. The Company has put in place a well-defined Risk Management framework.

The Company has constituted a Risk Management Committee though constitution of Risk Management Committee is NOT applicable to the Company since it 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 is as under:

| S. No | Name of the Member | Category |
|-------|---------------------|--|
| 1. | Mr. A. Janakiraman | Chairman, Non executive Independent Director |
| 2. | Mr. C.S. Ramesh | Member, Non executive Non Independent Director |
| 3. | Mrs. Drushti Desai | Member, Non executive Independent Director |
| 4. | Mr. R. Mahendran | Member, Non executive Non Independent Director |
| 5. | 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.

As reported in the previous 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 adherence to safety parameters. Also 2nd

Sustainability Reporting has been carried out enhancing our commitment to sustainable development.

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 30th May, 2017 has evaluated the internal financial controls and risk management system accordingly.

Extract of the Annual Return:

An extract of the Annual Return as prescribed under Section 92(3) 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 2016-2017, the Board of Chemfab Alkalis Limited met six 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 |
|-------|-------------------------------|---------|--|--------------------------------|
| 1. | 18/05/2016 | First | 5 | 5 |
| 2. | 31/05/2016 | First | 5 | 5 |
| 3. | 21/07/2016 | Second | 5 | 5 |
| 4. | 03/11/2016 | Third | 5 | 5 |
| 5. | 21/01/2017 | Fourth | 5 | 5 |
| 6. | 31/03/2017 | Fourth | 5 | 4 |

TEAMEC CHLORATES LIMITED

During the Financial Year 2016-2017, the Board of Teamec Chlorates Limited met ten 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 |
|-------|-------------------------------|---------|--|--------------------------------|
| 1. | 25/05/2016 | First | 4 | 4 |
| 2. | 27/05/2016 | First | 4 | 4 |
| 3. | 31/05/2016 | First | 4 | 4 |
| 4. | 23/06/2016 | First | 4 | 4 |
| 5. | 01/08/2016 | Second | 4 | 4 |
| 6. | 07/11/2016 | Third | 4 | 4 |
| 7. | 11/11/2016 | Third | 4 | 4 |
| 8. | 19/01/2017 | Fourth | 4 | 4 |
| 9. | 23/02/2017 | Fourth | 4 | 4 |
| 10. | 17/03/2017 | Fourth | 4 | 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:-

- That in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;
- 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;
- That the Directors had prepared the Annual Accounts on a going-concern basis;
- 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
- 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 Section 188(1) 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 and Development Department, where the main areas of focus are Energy Conservation, Process Upgradation and Environmental Preservation. The Ministry of Science and Technology, Department of Scientific and Industrial Research, Government of India, has recognized the Company's in-house R & D facilities, which is valid upto 31st March, 2019. 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 30th May, 2017 took note of 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. Ramabadrn, Mr. A. Janakiraman, Mrs. Drushti Desai 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 Companies Act, 2013, and their Declarations have been taken on record.

Statutory Auditors:

As per provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013, if any, read with The Companies (Audit and Auditors) Rules, 2014, the Auditors, M/s.Deloitte Haskins & Sells LLP (Firm Registration No.117366W/W-100018) were appointed as Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s. R. Janakiraman & Co., Chartered

TEAMEC CHLORATES LIMITED

Accountants to conduct the Statutory Audit for the Financial Year ended 31st March, 2017. As recommended by the Audit Committee, the Auditors of the Company are being appointed for Five(5) consecutive Financial Years from 2017-18 to 2022-23, 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 2023, subject to ratification by the Members at every Annual General Meeting, on such remuneration as may be fixed by the Board of Directors as recommended by Audit Committee in consultation with them. The Directors recommend the appointment of M/s. Deloitte Haskins & Sells LLP as the Statutory Auditors of the Company for a period of 5 years up to the conclusion of the Annual General Meeting for the year 2023.

Cost Auditor:

In conformity with the provisions of the Companies Act, 2013, the Company has appointed Shri.A.Madhavan, Cost Accountant, Chennai, as the Cost Auditor, for the audit of cost accounts for the chemicals manufactured by the Company for the year ending 31st March 2018. The remuneration payable to him is being ratified at this Annual General meeting.

Secretarial Audit Report:

Mr. B. Ravi, Company Secretary in practice, is appointed as Secretarial Auditor of your company in the meeting of the Board. The Secretarial Audit Report as required under Section 204 of the Companies Act, 2013, for the period 2016-17 is attached to the Annual Report.

Secretarial Auditor's Observation:

During the period under audit, effective 25.05.2016 the Company was required to have Whole-time Key Managerial personnel (WTKMP) but has not appointed the WTKMP.

Management's response to Secretarial Audit Report Observation:

The National Company Law Tribunal, Division Bench, Chennai, vide its Order dated 30th March 2017 approving the Scheme of Amalgamation of Chemfab Alkalies Limited (Listed Transferor Company) with Teamec Chlorates Limited (Unlisted Transferee Company) and their respective shareholders and creditors, the changes in directors and Key Managerial Personnel (KMP) were effected by the Board at its Meeting held on 26.04.2017.

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 2016-17 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) | Higher of 60% of Paid up capital and Free Reserves and Securities Premium or 100% of Free Reserves | Remarks |
|-------|--|----------------|--|------------------|
| 1 | Titanium Equipment and Anode Manufacturing Company Limited | 25,00,000 | 141,35,00,051 | 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.

Board Composition:

The Board is well constituted with composition of 3 (Three) Non executive and 4 (Four) Non-executive independent directors in the meeting.

| Category | Name of Director |
|------------------------------------|--|
| Non Executive Director | Mr. Suresh Krishnamurthi Rao Mr. C S Ramesh Mr. R Mahendran |
| Non-Executive Independent Director | Mr. A Janakiraman Mrs. Drushti Desai Mr. T Ramabadrnan Mrs. Sujatha Jayarajan |

Board Committees:

The Board has constituted the following committees viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee.

TEAMEC CHLORATES LIMITED

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 into with the Stock Exchanges and in terms of Regulation 18 of The SEBI (LODR) Regulations, 2015 is as under:

Composition:

| 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.A. Janakiraman | Member, Non-Executive, Independent Director |
| 4. | Mrs. Sujatha Jayarajan | Member, Non-Executive, Independent Director |
| 5. | Mrs.Drushti Desai | Member, Non-Executive, Independent Director |
| 6. | Mr. R.Mahendran | Member, Non-Executive, Non-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 Companies Act, 2013, 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.

Composition:

| 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.A. Janakiraman | Member, Non-Executive, Independent Director |
| 4. | Mrs.Drushti Desai | Member, Non-Executive, Independent Director |

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 Committee (CSR):

According to Section 135 of the Companies Act, 2013 ("the Act"), a Company having a 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.

Composition:

| S. No | Name of the Member | Category |
|-------|------------------------|--|
| 1. | Mr. C.S. Ramesh | Chairman, Non-Executive Non-Independent Director |
| 2. | Mr. T. Ramabadran | Member, Non-Executive, Independent Director |
| 3. | Mr.A. Janakiraman | Member, Non-Executive, Independent Director |
| 4. | Mrs. Sujatha Jayarajan | Member, Non-Executive, Independent Director |
| 5. | Mr. R.Mahendran | Member, Non-Executive, Non-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 Companies Act, 2013. 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

TEAMEC CHLORATES LIMITED

CSR expenditure and initiatives taken during the year 2016-17 are given in **Annexure 4** to this Report.

Stakeholders' Relationship Committee:

The Company has constituted the Stakeholders' Relationship Committee to take note of the Share Transfer and Transmission and considers and resolves the grievances of security holders of the Company.

Composition:

| S. No | Name of the Member | Category |
|-------|------------------------------|---|
| 1. | Mrs. Drushti Desai | Chairperson, Non-Executive Independent Director |
| 2. | Mr. C. S. Ramesh | Member, Non-Executive, Non-Independent Director |
| 3. | Mr. T. Ramabadrana | Member, Non-Executive, Independent Director |
| 4. | Mr. Suresh Krishnamurthi Rao | Member, Non-Executive, Non-Independent Director |

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**.

Code of conduct for Directors and Senior Management:

The Board of Directors had adopted a code of conduct for the Board Members and employees of the company. This Code helps the Company to maintain the standard of Business Ethics and ensure compliance with the legal requirements of the Company.

The Code is aimed at preventing any wrong doing and promoting ethical conduct at the Board and by employees. The Compliance Officer is responsible to ensure adherence to the Code by all concerned.

The Code lays down the standard of conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders.

All the Board Members and the Senior Management personnel have confirmed compliance with the Code.

Disclosure on Sexual Harrasment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013:

Presently, the Company does not have any woman employee at the work place. Hence the company has not constituted a separate committee under the sexual harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

However, the company has zero tolerance for sexual harassment at work place.

Employees' Stock Option Scheme:

The Shareholders of the Amalgamated entity Chemfab Alkalies Limited approved the Employees' Stock Option Scheme titled as "CAESOS – 2015" through Postal Ballot on 5th 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. The purpose of the Scheme is:

- to attract, retain and motivate talented and critical employees.
- to encourage employees to align Individual performance with Company's Objectives; and
- 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.

As per the approval given by the Shareholders of Chemfab Alkalies Limited, the Options granted to the employees of the amalgamated Company Chemfab Alkalies Limited also carry the eligibility of application of Swap ratio of 10:7 mentioned in the Scheme of Amalgamation of Chemfab Alkalies Limited with the Company approved by the NCLT vide its Order dated 30.03.2017.

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 co-operation. The Directors wish to record their sincere appreciation of the significant contribution made by the CCAL mates at all levels to its profitable and successful operations.

For and on behalf of Board of Directors of

TEAMEC CHLORATES LIMITED

Place : Chennai

Suresh Krishnamurthi Rao

Date : 30.05.2017

CHAIRMAN
DIN No: 00127809

TEAMEC CHLORATES LIMITED

Annexure 1

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2017

[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 | U24290TN2009PLC071563 |
| Registration Date | 06/05/2009 |
| Name of the Company | TEAMEC CHLORATES 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, - 600048 |
| Whether listed company Yes / No | No |
| 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 No.044 2846 0390 / 2846 0395 Fax: 044 2846 0129 Email: cameo@cameoindia.com Website: www.cameoonline.net |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing to 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 and 3008 | 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 | | | | | |

IV.(i) A) SHARE HOLDING PATTERN - CHEMFAB ALKALIS LIMITED – Amalgamated Listed Transferor Company (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 - 01.04.2016 | | | | No. of shares held at the end of the year - 31.03.2017 | | | | % Change during the year |
|-----|--------------------------|--|----------|---------|-------------------|--|----------|---------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. | Promoters | | | | | | | | | |
| (1) | Indian | | | | | | | | | |
| (a) | Individual/HUF | 1426400 | 0 | 1426400 | 15.55 | 1426400 | 0 | 1426400 | 15.55 | 0.00 |
| (b) | Central Govt | - | - | - | - | - | - | - | - | - |

TEAMEC CHLORATES LIMITED

| | | | | | | | | | | |
|------------|--|----------------|-------------|----------------|--------------|----------------|-------------|----------------|--------------|---------------|
| (c) | State Govt(s) | - | - | - | - | - | - | - | - | - |
| (d) | Bodies Corp. | 880458 | 0 | 880458 | 9.60 | 750458 | 0 | 750458 | 8.18 | (1.42) |
| (e) | Banks / FI | - | - | - | - | - | - | - | - | - |
| (f) | Any Other | - | - | - | - | - | - | - | - | - |
| | Sub-Total (A)(1) | 2306858 | 0 | 2306858 | 25.15 | 2176858 | 0 | 2176858 | 23.73 | 0.00 |
| (2) | Foreign | | | | | | | | | |
| (a) | NRIs - Individuals | | 0 | | 0.00 | | 0 | | 0.00 | 0.00 |
| (b) | Other - Individuals | - | - | - | - | - | - | - | - | - |
| (c) | Bodies Corp. | 4571468 | 0 | 4571468 | 49.84 | 4571468 | 0 | 4571468 | 49.84 | - |
| (d) | Banks / FI | - | - | - | - | - | - | - | - | - |
| (e) | Any Other | - | - | - | - | - | - | - | - | - |
| | Sub-Total (A)(2) | 4571468 | 0 | 4571468 | 49.84 | 4571468 | 0 | 4571468 | 49.84 | 0.00 |
| | Total shareholding of Promoter (A)= (A)(1)+(A)(2) | 6878326 | 0 | 6878326 | 75.00 | 6748326 | 0 | 6748326 | 73.58 | (1.42) |
| B. | Public Shareholding | | | | | | | | | |
| (1) | Institutions | | | | | | | | | |
| (a) | Mutual Funds | 8200 | 900 | 9100 | 0.10 | 7100 | 900 | 8000 | 0.09 | (0.01) |
| (b) | Banks / FI | 400 | 100 | 500 | 0.01 | 3140 | 100 | 3240 | 0.04 | 0.03 |
| (c) | Central Govt | - | - | - | - | - | - | - | - | - |
| (d) | State Govt(s) | - | - | - | - | - | - | - | - | - |
| (e) | Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| (f) | Insurance Companies | | 0 | | 0.00 | | 0 | | 0.00 | 0.00 |
| (g) | FII's | | 0 | | 0.00 | | 0 | | 0.00 | 0.00 |
| (h) | Foreign Venture Capital Investors | - | - | - | - | - | - | - | - | - |
| (i) | Any Other - Foreign Portfolio Investors | 0 | 0 | 0 | - | 46662 | 0 | 46662 | 0.51 | 0.51 |
| | Sub- Total (B)(1) | 8600 | 1000 | 9600 | 0.10 | 56902 | 1000 | 57902 | 0.64 | 0.54 |
| 2. | Non- Institutions | | | | | | | | | |
| (a) | Bodies Corporate | 223659 | 15802 | 239461 | 2.61 | 304650 | 8702 | 313352 | 3.42 | 0.81 |
| (i) | Indian | | 0 | | 0.00 | | 0 | | 0.00 | 0.00 |
| (ii) | Overseas | - | - | - | - | - | - | - | - | - |
| (b) | Individuals | | | | | | | | | |

TEAMEC CHLORATES LIMITED

| | | | | | | | | | | |
|-----|--|----------------|---------------|----------------|--------------|----------------|---------------|----------------|--------------|-------------|
| i. | Individual share-holders holding nominal shares capital up to Rs.2 lakh | 1441405 | 206070 | 1647475 | 17.96 | 1345272 | 168206 | 1513478 | 16.50 | (1.46) |
| ii. | Individual share-holders holding nominal shares capital in excess of Rs.2 lakh | 106900 | 0 | 106900 | 1.17 | 239040 | 0 | 239040 | 2.61 | 1.44 |
| (c) | Others (specify) | | | | | | | | | |
| | Trust | 200 | 0 | 200 | 0.00 | 200 | 0 | 200 | 0.00 | 0.00 |
| | Non-Resident Indians | 42135 | 35622 | 77757 | 0.85 | 58777 | 24122 | 82899 | 0.90 | 0.05 |
| | Hindu Undividend Family | 103512 | 0 | 103512 | 1.13 | 53283 | 0 | 53283 | 0.58 | (0.55) |
| | Foreign National | 0 | 107000 | 107000 | 1.17 | 0 | 107000 | 107000 | 1.17 | 0.00 |
| | Clearing Members | 1466 | 0 | 1466 | 0.02 | 56217 | 0 | 56217 | 0.61 | 0.59 |
| | Sub- Total (B)(2) | 1919277 | 364494 | 2283771 | 24.90 | 2057439 | 308030 | 2365469 | 25.79 | 0.89 |
| | Total Public Shareholding (B)=(B)(1)+(B) (2) | 1927877 | 365494 | 2293371 | 25.00 | 2114341 | 309030 | 2423371 | 26.42 | 1.42 |
| (C) | Shares held by Custodian for GDRs and ADRs | - | - | - | - | - | - | - | - | - |
| | GRAND TOTAL (A)+(B)+(C) | 8794151 | 377546 | 9171697 | 100 | 8862667 | 309030 | 9171697 | 100 | 0.00 |

B) SHARE HOLDING PATTERN - TEAMEC CHLORATES LIMITED – Unlisted Transferee Company (Equity Share Capital Breakup as percentage of Total Equity)

| | Category of Shareholders | No. of shares held at the beginning of the year - 01.04.2016 | | | | No. of shares held at the end of the year - 31.03.2017 | | | | % Change during the year |
|-----------|--------------------------|--|----------|---------|-------------------|--|----------|--------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. | Promoters | | | | | | | | | |
| (1) | Indian | | | | | | | | | |
| (a) | Individual/HUF | 0 | 4975794 | 4975794 | 68.34 | 0 | 497479 | 497479 | 68.34 | - |
| (b) | Central Govt | - | - | - | - | - | - | - | - | - |

TEAMEC CHLORATES LIMITED

| | | | | | | | | | | |
|------------|--|----------|----------------|----------------|----------------|----------|---------------|---------------|--------------|----------|
| (c) | State Govt(s) | - | - | - | - | - | - | - | - | - |
| (d) | Bodies Corp. | 0 | 1000 | 1000 | 0.02 | 0 | 100 | 100 | 0.014 | - |
| (e) | Banks / FI | - | - | - | - | - | - | - | - | - |
| (f) | Any Other | - | - | - | - | - | - | - | - | - |
| | Sub-Total (A)(1) | 0 | 4976794 | 4976794 | 68.36 | 0 | 497579 | 497579 | 68.34 | - |
| (2) | Foreign | | | | | | | | | |
| (a) | NRIs - Individuals | | 0 | | 0.00 | | 0 | | 0.00 | 0.00 |
| (b) | Other - Individuals | - | - | - | - | - | - | - | - | - |
| (c) | Bodies Corp. | 0 | 2304000 | 2304000 | 31.64 | 0 | 230400 | 230400 | 31.64 | - |
| (d) | Banks / FI | - | - | - | - | - | - | - | - | - |
| (e) | Any Other | - | - | - | - | - | - | - | - | - |
| | Sub-Total (A)(2) | 0 | 2304000 | 2304000 | 31.64 | 0 | 230400 | 230400 | 31.64 | - |
| | Total shareholding of Promoter (A)= (A)(1)+(A)(2) | 0 | 7280794 | 7280794 | 99.9998 | 0 | 727979 | 727979 | 99.99 | - |
| B. | Public Shareholding | | | | | | | | | |
| (1) | Institutions | | | | | | | | | |
| (a) | Mutual Funds | - | - | - | - | - | - | - | - | - |
| (b) | Banks / FI | - | - | - | - | - | - | - | - | - |
| (c) | Central Govt | - | - | - | - | - | - | - | - | - |
| (d) | State Govt(s) | - | - | - | - | - | - | - | - | - |
| (e) | Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| (f) | Insurance Companies | - | - | - | - | - | - | - | - | - |
| (g) | FIIIs | - | - | - | - | - | - | - | - | - |
| (h) | Foreign Venture Capital Investors | - | - | - | - | - | - | - | - | - |
| (i) | Any Other - Foreign Portfolio Investors | - | - | - | - | - | - | - | - | - |
| | Sub- Total (B)(1) | - | - | - | - | - | - | - | - | - |
| 2. | Non- Institutions | | | | | | | | | |
| (a) | Bodies Corporate | - | - | - | - | - | - | - | - | - |
| (i) | Indian | - | - | - | - | - | - | - | - | - |
| (ii) | Overseas | - | - | - | - | - | - | - | - | - |
| (b) | Individuals | | | | | | | | | |

TEAMEC CHLORATES LIMITED

| | | | | | | | | | | |
|-----|--|----------|----------------|----------------|---------------|----------|---------------|---------------|--------------|-------------|
| i | Individual share-holders holding nominal shares capital up to Rs.2 lakh | 0 | 10 | 10 | 0.0001 | 0 | 101 | 101 | 0.010 | - |
| ii | Individual share-holders holding nominal shares capital in excess of Rs.2 lakh | - | - | - | - | - | - | - | - | - |
| (c) | Others (specify) | - | - | - | - | - | - | - | - | - |
| | Sub- Total (B)(2) | 0 | 10 | 10 | 0.0001 | 0 | 101 | 101 | 0.010 | 0.00 |
| | Total Public Share-holding (B)=(B)(1)+(B)(2) | 0 | 10 | 10 | 0.0001 | 0 | 101 | 101 | 0.010 | 0.00 |
| (C) | Shares held by Custodian for GDRs and ADRs | - | - | - | - | - | - | - | - | - |
| | GRAND TOTAL (A)+(B)+(C) | 0 | 7280804 | 7280804 | 100 | 0 | 728080 | 728080 | 100 | 0.00 |

(ii) A) Shareholding of Promoters - CHEMFAB ALKALIS LIMITED

| S. No. | Name of the Holder(s) | Shareholding at the beginning of the year (01.04.2016) | | | Shareholding at the end of the year (31.03.2017) | | |
|--------|--|--|----------------------------------|--|--|----------------------------------|--|
| | | 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 |
| 1. | Dr Rao Holdings Pte Ltd | 4571468 | 49.84 | NIL | 4571468 | 49.84 | NIL |
| 2. | Titanium Equipment And Anode Manufacturing Company Limited | 880458 | 9.60 | NIL | 750458 | 8.18 | NIL |
| 3. | Suresh Krishnamurthi Rao | 879804 | 9.59 | NIL | 879804 | 9.59 | NIL |
| 4. | Padma K M | 546556 | 5.96 | NIL | 546556 | 5.96 | NIL |
| 5. | Ramesh C S Manorama Ramesh | 40 | 0.00 | NIL | 40 | 0.00 | NIL |
| | | 6878326 | 75.00 | NIL | 6748326 | 73.58 | NIL |

B) Shareholding of Promoters - TEAMEC CHLORATES LIMITED

| S. No. | Name of the Holder(s) | Shareholding at the beginning of the year (01.04.2016) | | | Shareholding at the end of the year (31.03.2017) | | |
|--------|-------------------------|--|----------------------------------|--|--|----------------------------------|--|
| | | 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 |
| 1. | Dr Rao Holdings Pte Ltd | 2304000 | 31.64 | NIL | 2304000 | 31.64 | NIL |

TEAMEC CHLORATES LIMITED

| | | | | | | | |
|----|--|----------------|----------------|------------|---------------|----------------|------------|
| 2. | Titanium Equipment And Anode Manufacturing Company Limited | 880458 | 9.60 | NIL | 100 | 0.013 | NIL |
| 3. | Suresh Krishnamurthi Rao | 1675610 | 23.01 | NIL | 167561 | 23.00 | NIL |
| 4. | Padma K M | 3299184 | 45.31 | NIL | 329918 | 45.31 | NIL |
| 5. | J Venkataraman | 500 | 0.01 | NIL | 50 | 0.00 | NIL |
| 6. | N Ramachandran | 500 | 0.01 | NIL | 50 | 0.00 | NIL |
| | | 7280794 | 99.9998 | NIL | 728079 | 99.9998 | NIL |

(iii) (A) Change in Promoters' Shareholding - CHEMFAB ALKALIS LIMITED (please specify, if there is no change)

| S.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): Sale of Shares through Stock Exchanges (on 16.06.2016, 17.06.2016, 20.06.2016, 21.06.2016 and 22.06.2016) | 130000 | 1.42 | 6748326 | 73.58 |
| 3. | At the End of the year | 6748326 | 73.58 | 6748326 | 73.58 |

B) Change in Promoters' Shareholding - TEAMEC CHLORATES LIMITED (please specify, if there is no change)

| S.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 |
| | At the beginning of the year | 7280794 | 99.9998 | 728079 | 99.9998 |
| | 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 | Change due to reduction and consolidation of shares as per NCLT approved Scheme of amalgamation dated 30.03.2017 | Change due to reduction and consolidation of shares as per NCLT approved Scheme of amalgamation dated 30.03.2017 |
| | At the End of the year | 7280794 | 99.9998 | 728079 | 99.9998 |

TEAMEC CHLORATES LIMITED

(iv) A) Shareholding Pattern of top ten Shareholders - CHEMFAB ALKALIS LIMITED (other than Directors, Promoters and Holders of GDRs and ADRs):

| S. 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 | SANGEETHA S | | | | |
| | At the beginning of the year 01-Apr-2016 | 106900 | 1.1655 | 106900 | 1.1655 |
| | Sale 14-Oct-2016 | -106900 | 1.1655 | 0 | 0.0000 |
| | At the end of the Year 31-Mar-2017 | 0 | 0.0000 | 0 | 0.0000 |
| 2 | RAVIRAJ DEVELOPERS LTD | | | | |
| | At the beginning of the year 01-Apr-2016 | 89210 | 0.9726 | 89210 | 0.9726 |
| | Purchase 03-Jun-2016 | 7785 | 0.0848 | 96995 | 1.0575 |
| | Purchase 10-Jun-2016 | 3171 | 0.0345 | 100166 | 1.0921 |
| | Purchase 17-Jun-2016 | 2473 | 0.0269 | 102639 | 1.1190 |
| | Sale 24-Jun-2016 | -1500 | 0.0163 | 101139 | 1.1027 |
| | Sale 30-Jun-2016 | -3694 | 0.0402 | 97445 | 1.0624 |
| | Sale 08-Jul-2016 | -6355 | 0.0692 | 91090 | 0.9931 |
| | Sale 14-Jul-2016 | -4081 | 0.0444 | 87009 | 0.9486 |
| | Sale 15-Jul-2016 | -2000 | 0.0218 | 85009 | 0.9268 |
| | Sale 22-Jul-2016 | -49566 | 0.5404 | 35443 | 0.3864 |
| | Sale 29-Jul-2016 | -13600 | 0.1482 | 21843 | 0.2381 |
| | Sale 05-Aug-2016 | -590 | 0.0064 | 21253 | 0.2317 |
| | Sale 12-Aug-2016 | -452 | 0.0049 | 20801 | 0.2267 |
| | Sale 26-Aug-2016 | -3397 | 0.0370 | 17404 | 0.1897 |
| | Sale 23-Sep-2016 | -14059 | 0.1532 | 3345 | 0.0364 |
| | Sale 30-Sep-2016 | -3345 | 0.0364 | 0 | 0.0000 |
| | At the end of the Year 31-Mar-2017 | 0 | 0.0000 | 0 | 0.0000 |
| 3 | P L THIRUNAVUKKARASU | | | | |
| | At the beginning of the year 01-Apr-2016 | 87400 | 0.9529 | 87400 | 0.9529 |
| | At the end of the Year 31-Mar-2017 | 87400 | 0.9529 | 87400 | 0.9529 |
| 4 | KASHMIRA MANISH MEHTA JT1 : MANISHKUMAR SUMATILAL MEHTA | | | | |
| | At the beginning of the year 01-Apr-2016 | 32575 | 0.3551 | 32575 | 0.3551 |
| | Sale 20-May-2016 | -4475 | 0.0487 | 28100 | 0.3063 |
| | Sale 14-Jul-2016 | -3805 | 0.0414 | 24295 | 0.2648 |
| | Sale 15-Jul-2016 | -21650 | 0.2360 | 2645 | 0.0288 |
| | Sale 22-Jul-2016 | -2250 | 0.0245 | 395 | 0.0043 |
| | Sale 29-Jul-2016 | -395 | 0.0043 | 0 | 0.0000 |
| | At the end of the Year 31-Mar-2017 | 0 | 0.0000 | 0 | 0.0000 |
| 5 | BHAVANA GOVINDBHAI DESAI JT1 : GOVINDBHAI BALDEVBHAI DESAI | | | | |
| | At the beginning of the year 01-Apr-2016 | 20000 | 0.2180 | 20000 | 0.2180 |
| | At the end of the Year 31-Mar-2017 | 20000 | 0.2180 | 20000 | 0.2180 |

TEAMEC CHLORATES LIMITED

| | | | | | |
|----|--|--------|--------|--------|--------|
| 6 | SAUMIL NARENDRA SHAH | | | | |
| | At the beginning of the year 01-Apr-2016 | 20000 | 0.2180 | 20000 | 0.2180 |
| | Sale 24-Jun-2016 | -20000 | 0.2180 | 0 | 0.0000 |
| | At the end of the Year 31-Mar-2017 | 0 | 0.0000 | 0 | 0.0000 |
| 7 | P L THIRUNAVUKKARASU | | | | |
| | At the beginning of the year 01-Apr-2016 | 19600 | 0.2137 | 19600 | 0.2137 |
| | At the end of the Year 31-Mar-2017 | 19600 | 0.2137 | 19600 | 0.2137 |
| 8 | SCMS INVESTMENT SERVICES PRIVATE LIMITED | | | | |
| | At the beginning of the year 01-Apr-2016 | 18251 | 0.1989 | 18251 | 0.1989 |
| | Sale 29-Jul-2016 | -5234 | 0.0570 | 13017 | 0.1419 |
| | At the end of the Year 31-Mar-2017 | 13017 | 0.1419 | 13017 | 0.1419 |
| 9 | LALITHA RAMAN | | | | |
| | At the beginning of the year 01-Apr-2016 | 17900 | 0.1951 | 17900 | 0.1951 |
| | At the end of the Year 31-Mar-2017 | 17900 | 0.1951 | 17900 | 0.1951 |
| 10 | YOGESH B BHATT | | | | |
| | At the beginning of the year 01-Apr-2016 | 15000 | 0.1635 | 15000 | 0.1635 |
| | Sale 04-Nov-2016 | -1283 | 0.0139 | 13717 | 0.1495 |
| | Sale 11-Nov-2016 | -3763 | 0.0410 | 9954 | 0.1085 |
| | At the end of the Year 31-Mar-2017 | 9954 | 0.1085 | 9954 | 0.1085 |
| | NEW TOP 10 AS ON (31-Mar-2017) | | | | |
| 11 | SENTHILKUMAR N | | | | |
| | At the beginning of the year 01-Apr-2016 | 0 | 0.0000 | 0 | 0.0000 |
| | Purchase 24-Jun-2016 | 119401 | 1.3018 | 119401 | 1.3018 |
| | Purchase 30-Jun-2016 | 9049 | 0.0986 | 128450 | 1.4005 |
| | At the end of the Year 31-Mar-2017 | 128450 | 1.4005 | 128450 | 1.4005 |
| 12 | SUBRAMANIAN P | | | | |
| | At the beginning of the year 01-Apr-2016 | 0 | 0.0000 | 0 | 0.0000 |
| | Purchase 14-Oct-2016 | 112460 | 1.2261 | 112460 | 1.2261 |
| | Sale 28-Oct-2016 | -970 | 0.0105 | 111490 | 1.2155 |
| | Sale 10-Feb-2017 | -490 | 0.0053 | 111000 | 1.2102 |
| | Sale 31-Mar-2017 | -410 | 0.0044 | 110590 | 1.2057 |
| | At the end of the Year 31-Mar-2017 | 110590 | 1.2057 | 110590 | 1.2057 |
| 13 | CHARTERED CAPITAL & INVESTMENT LTD. | | | | |
| | At the beginning of the year 01-Apr-2016 | 0 | 0.0000 | 0 | 0.0000 |
| | Purchase 12-Aug-2016 | 2000 | 0.0218 | 2000 | 0.0218 |
| | Purchase 02-Sep-2016 | 13500 | 0.1471 | 15500 | 0.1689 |
| | Purchase 09-Sep-2016 | 5000 | 0.0545 | 20500 | 0.2235 |
| | Purchase 16-Sep-2016 | 8451 | 0.0921 | 28951 | 0.3156 |
| | Purchase 30-Sep-2016 | 9500 | 0.1035 | 38451 | 0.4192 |
| | Purchase 07-Oct-2016 | 5000 | 0.0545 | 43451 | 0.4737 |
| | Purchase 28-Oct-2016 | 1257 | 0.0137 | 44708 | 0.4874 |
| | Purchase 04-Nov-2016 | 2000 | 0.0218 | 46708 | 0.5092 |
| | Purchase 02-Dec-2016 | 5000 | 0.0545 | 51708 | 0.5637 |
| | At the end of the Year 31-Mar-2017 | 51708 | 0.5637 | 51708 | 0.5637 |

TEAMEC CHLORATES LIMITED

| | | | | | |
|----|--|--------|--------|-------|--------|
| 14 | OLD MUTUAL GLOBAL INVESTORS SERIES PUBLIC LIMITED COMPANY | | | | |
| | At the beginning of the year 01-Apr-2016 | 0 | 0.0000 | 0 | 0.0000 |
| | Purchase 24-Mar-2017 | 27362 | 0.2983 | 27362 | 0.2983 |
| | Purchase 31-Mar-2017 | 19300 | 0.2104 | 46662 | 0.5087 |
| | At the end of the Year 31-Mar-2017 | 46662 | 0.5087 | 46662 | 0.5087 |
| 15 | MPSE SECURITIES LIMITED | | | | |
| | At the beginning of the year 01-Apr-2016 | 0 | 0.0000 | 0 | 0.0000 |
| | Purchase 24-Jun-2016 | 50 | 0.0005 | 50 | 0.0005 |
| | Sale 08-Jul-2016 | -50 | 0.0005 | 0 | 0.0000 |
| | Purchase 22-Jul-2016 | 25 | 0.0002 | 25 | 0.0002 |
| | Sale 29-Jul-2016 | -10 | 0.0001 | 15 | 0.0001 |
| | Purchase 19-Aug-2016 | 35 | 0.0003 | 50 | 0.0005 |
| | Sale 26-Aug-2016 | -25 | 0.0002 | 25 | 0.0002 |
| | Purchase 09-Sep-2016 | 100 | 0.0010 | 125 | 0.0013 |
| | Sale 16-Sep-2016 | -125 | 0.0013 | 0 | 0.0000 |
| | Purchase 23-Sep-2016 | 40 | 0.0004 | 40 | 0.0004 |
| | Purchase 30-Sep-2016 | 5 | 0.0000 | 45 | 0.0004 |
| | Purchase 21-Oct-2016 | 9155 | 0.0998 | 9200 | 0.1003 |
| | Purchase 28-Oct-2016 | 4123 | 0.0449 | 13323 | 0.1452 |
| | Purchase 04-Nov-2016 | 7649 | 0.0833 | 20972 | 0.2286 |
| | Purchase 11-Nov-2016 | 2036 | 0.0221 | 23008 | 0.2508 |
| | Sale 25-Nov-2016 | -3300 | 0.0359 | 19708 | 0.2148 |
| | Purchase 02-Dec-2016 | 8232 | 0.0897 | 27940 | 0.3046 |
| | Sale 23-Dec-2016 | -5000 | 0.0545 | 22940 | 0.2501 |
| | Purchase 30-Dec-2016 | 5025 | 0.0547 | 27965 | 0.3049 |
| | Sale 06-Jan-2017 | -1101 | 0.0120 | 26864 | 0.2929 |
| | Purchase 13-Jan-2017 | 1990 | 0.0216 | 28854 | 0.3145 |
| | Purchase 03-Feb-2017 | 50 | 0.0005 | 28904 | 0.3151 |
| | Sale 10-Feb-2017 | -50 | 0.0005 | 28854 | 0.3145 |
| | At the end of the Year 31-Mar-2017 | 28854 | 0.3145 | 28854 | 0.3145 |
| 16 | GURURAJA RAO | | | | |
| | At the beginning of the year 01-Apr-2016 | 0 | 0.0000 | 0 | 0.0000 |
| | Purchase 29-Jul-2016 | 30046 | 0.3275 | 30046 | 0.3275 |
| | Purchase 05-Aug-2016 | 5000 | 0.0545 | 35046 | 0.3821 |
| | Purchase 19-Aug-2016 | 13000 | 0.1417 | 48046 | 0.5238 |
| | Purchase 26-Aug-2016 | 10394 | 0.1133 | 58440 | 0.6371 |
| | Purchase 02-Sep-2016 | 1000 | 0.0109 | 59440 | 0.6480 |
| | Purchase 23-Sep-2016 | 8100 | 0.0883 | 67540 | 0.7363 |
| | Purchase 30-Sep-2016 | 2000 | 0.0218 | 69540 | 0.7582 |
| | Sale 21-Oct-2016 | -2040 | 0.0222 | 67500 | 0.7359 |
| | Sale 04-Nov-2016 | -40105 | 0.4372 | 27395 | 0.2986 |
| | Sale 11-Nov-2016 | -5500 | 0.0599 | 21895 | 0.2387 |

TEAMEC CHLORATES LIMITED

| | | | | | |
|----|--|-------|--------|-------|--------|
| | Purchase 25-Nov-2016 | 500 | 0.0054 | 22395 | 0.2441 |
| | Purchase 09-Dec-2016 | 300 | 0.0032 | 22695 | 0.2474 |
| | Purchase 30-Dec-2016 | 3200 | 0.0348 | 25895 | 0.2823 |
| | Purchase 13-Jan-2017 | 2500 | 0.0272 | 28395 | 0.3095 |
| | Sale 20-Jan-2017 | -20 | 0.0002 | 28375 | 0.3093 |
| | Sale 27-Jan-2017 | -2679 | 0.0292 | 25696 | 0.2801 |
| | Sale 03-Feb-2017 | -96 | 0.0010 | 25600 | 0.2791 |
| | Purchase 03-Mar-2017 | 1000 | 0.0109 | 26600 | 0.2900 |
| | At the end of the Year 31-Mar-2017 | 26600 | 0.2900 | 26600 | 0.2900 |
| 17 | ROYAL COMPUTERS PVT LTD | | | | |
| | At the beginning of the year 01-Apr-2016 | 0 | 0.0000 | 0 | 0.0000 |
| | Purchase 30-Sep-2016 | 23827 | 0.2597 | 23827 | 0.2597 |
| | At the end of the Year 31-Mar-2017 | 23827 | 0.2597 | 23827 | 0.2597 |

B) Shareholding Pattern of top ten Shareholders - TEAMEC CHLORATES LIMITED Unlisted Transferee Company (other than Directors, Promoters and Holders of GDRs and ADRs):

| S. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Shareholding at the end of the year | |
|--------|-------------------------------------|---|----------------------------------|-------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | Mr. C.S.Ramesh | 5 | 0.0001 | 1 | 0.0001 |

(v) A) Shareholding of Directors and Key Managerial Personnel- CHEMFAB ALKALIS LIMITED – Amalgamated Listed Transferor Company:

| S. 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 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 |
| | 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 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 |
| | At the End of the year | 0 | 0.00 | 0 | 0.00 |

TEAMEC CHLORATES LIMITED

| | | | | | |
|---|--|-----------|-----------|-----------|-----------|
| 3 | MR. T. RAMABADRAN | | | | |
| | At the beginning of the year | 100 | 0.00 | 100 | 0.00 |
| | 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 |
| | 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 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 |
| | 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 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 |
| | 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 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 |
| | 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 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 |
| | 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 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 |
| | At the End of the year | 5 | 0.00 | 5 | 0.00 |

B) Shareholding of Directors and Key Managerial Personnel- TEAMEC CHLORATES LIMITED – Unlisted Transferee Company:

| S. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|-----------------------------------|---|----------------------------------|---|----------------------------------|
| | For Each of the Directors and KMP | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | Mr. P. Santhanam | 5 | 0.0001 | 0 | 0.00 |

TEAMEC CHLORATES LIMITED

V. Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Amount in Rs.)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|-------------------------------------|---------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 42,16,78,010 | 21,39,80,149 | | 63,56,58,159 |
| ii) Interest due but not paid | | 1,07,82,071 | | 1,07,82,071 |
| iii) Interest accrued but not due | | | | |
| Total (i+ii+iii) | 42,16,78,010 | 22,47,62,220 | | 64,64,40,230 |
| Change in Indebtedness during the financial year | | | | |
| Addition | - | 20,81,945 | | 20,81,945 |
| Reduction | (42,16,78,010) | - | | (42,16,78,010) |
| Net Change | | | | |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | - | 20,45,78,399 | | 20,45,78,399 |
| ii) Interest due but not paid | | 2,22,65,766 | | 2,22,65,766 |
| iii) Interest accrued but not due | | | | |
| Total (i+ii+iii) | - | 22,68,44,165 | | 22,68,44,165 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: (CHEMFAB ALKALIS LIMITED & TEAMEC CHLORATES LIMITED)

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

| S. No. | Particulars of Remuneration | Name of MD/WTM/ 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) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | Not Applicable | |
| 2. | Stock Option | | |
| 3. | Sweat Equity | | |
| 4. | Commission - as % of profit - others, specify... | | |
| 5. | Others, please specify | | |
| | Total (A) | | |
| | Ceiling as per the Act | | |

TEAMEC CHLORATES LIMITED

B. i) Remuneration to other directors - CHEMFAB ALKALIS LIMITED – Amalgamated Listed Transferor Company:

| S. No. | Particulars of Remuneration | Name of Directors | | | | | Total Amount - Rs. in Lakhs |
|--------|---|------------------------------|------------------|----------------|-----------------|------------------------|-----------------------------|
| | | Mr. Suresh Krishnamurthi Rao | Mr. C. S. Ramesh | Mr. Ramabadran | Mr. N.Ganga Ram | Mrs. Sujatha Jayarajan | |
| 1. | Independent Directors | | | | | | |
| | • Fee for attending board / committee meetings | | | 2.27 | 2.27 | 2.27 | 6.81 |
| | • Commission | | | 5.50 | 4.50 | 4.50 | 14.50 |
| | • Others, please specify | | | | | | |
| | Total (1) | | | 7.77 | 6.77 | 6.77 | 21.31 |
| 2. | Other Non-Executive Directors | | | | | | |
| | • Fee for attending board / committee meetings | 0.00 | 2.19 | | | | 2.19 |
| | • Commission | | | | | | |
| | • Others, please specify | 20.00 | 4.50 | | | | 24.50 |
| | Total (2) | 20.00 | 6.69 | | | | 26.69 |
| | Total (B)=(1+2) | 20.00 | 6.69 | 7.77 | 6.77 | 6.77 | 48.00 |
| | Total Managerial Remuneration Provided for the FY 2016-17 | | | | | | 45.00 |
| | Overall Ceiling as per the Act | | | | | | 46.44 |

ii) Remuneration to other directors- TEAMEC CHLORATES LIMITED – Unlisted Transferee Company:

| S. No. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|--------|--|-------------------|---------------|-----------------------------------|------------------|--------------|
| | | Mr. P.Santhanam | Mr. K.Gopalan | Mr. Krishnaswami Mahaganpati Iyer | Mr. R. Mahendran | |
| | Independent Directors | | | | | |
| | • Fee for attending board / committee meetings | Nil | Nil | Nil | Nil | Nil |
| | • Commission | | | | | |
| | • Others, please specify | Nil | Nil | Nil | Nil | Nil |
| | Total (1) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Other Non-Executive Directors | | | | | |
| | • Fee for attending board / committee meetings | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | • Commission | | | | | |
| | • Others, please specify | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Total (2) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Total (B)=(1+2) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Total Managerial Remuneration | | | | | |
| | Overall Ceiling as per the Act | | | | | |

TEAMEC CHLORATES LIMITED

C. i) REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD - CHEMFAB ALKALIS LIMITED – Amalgamated Listed Transferor Company:

Amount Rs in Lakhs

| S. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|--------|---|--------------------------|-------------------|--------------|--------------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary | 60.03 | 12.76 | 23.70 | 96.49 |
| | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | | | | |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | | | | |
| | (c) Profits in lieu of salary under Section 17(3) Incometax Act, 1961 | 0.32 | 0.24 | 0.32 | 0.88 |
| 2. | Stock Option | | | | |
| 3. | Sweat Equity | | | | |
| 4. | Commission - as % of profit - others, specify... | | | | |
| 5. | Others, please specify | | | | |
| | Total | 60.35 | 13.00 | 24.02 | 97.13 |

ii) REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD - TEAMEC CHLORATES LIMITED – Unlisted Tansfree Company:

| Particulars of Remuneration | Key Managerial Personnel |
|-----------------------------|--------------------------|
| Nil | |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: (CHEMFAB ALKALIS LIMITED & TEAMEC CHLORATES LIMITED)

A. COMPANY: B. DIRECTORS AND C. OFFICERS IN DEFAULT

| 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) |
|-------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |

There were no penalties/punishment/compounding of offences for the year ending 31st March, 2017.

TEAMEC CHLORATES LIMITED

Annexure 2

AOC 2

(Pursuant to clause (h) of Section 134(3) of the Companies Act, 2013, 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 Section 188(1) 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 31st March 2017, 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 | | | | | |

For and on behalf of Board of Directors of

TEAMEC CHLORATES LIMITED

Place: Chennai
Date : 30.05.2017

Suresh Krishnamurthi Rao
Chairman
DIN No: 00127809

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 financial year 2014-15 were reaped in the current year 2016-17 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 |

TEAMEC CHLORATES LIMITED

(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 | CEC – BiTAC Electrolyzers , Energy efficient Caustic Concentration Unit |
| b) the year of import; | 2013 |
| c) whether the technology been fully absorbed; | Yes |
| d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; | |

iv) The expenditure incurred on Research and Development.

Amount in Rs.

| Particulars | 2016-17 | 2015-16 |
|----------------------------------|------------------|----------|
| Employee Benefits expense | 32,28,600 | - |
| Professional fees | 9,34,723 | - |
| Consumption of Stores and spares | 15,34,743 | - |
| Travelling expenses | 1,26,500 | - |
| Depreciation | 6,17,269 | - |
| Total | 64,41,835 | - |

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 in Rs. |
|---------------------------|---------------|
| Foreign exchange earnings | 56,41,983 |
| Foreign Exchange outgo | 52,69,386 |

For and on behalf of Board of Directors of

TEAMEC CHLORATES LIMITED

Place: Chennai
Date : 30.05.2017

Suresh Krishnamurthi Rao
Chairman
DIN No: 00127809

ANNEXURE 4
ANNUAL REPORT ON CSR ACTIVITIES FORMING PART OF 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 | <p>The Company will take up community and socially focused activities, with particular emphasis on the following activities, hereinafter referred to as "CSR activities":</p> <p>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</p> <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 at sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts.</p> <p>VI. Contribution or 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> |
|----|--|---|

| | | |
|----|---|--|
| 2. | Composition of the CSR Committee | |
| | 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. A. Janakiraman | Non-Executive Independent Director, Member |
| d. | Mrs. Sujatha Jayarajan | Non-Executive Independent Director, Member |
| e. | Mr. R. Mahendran | Non-Executive Director, Member |

| | | |
|----|---|-------------------------|
| 3. | Average net profit of the company for last three financial years u/s 135 of Companies Act 2013 | |
| | Particulars | Amount (in Rs.) |
| | Net profit/(Loss) for the year 2013-14 | Rs.(10,62,60,970) |
| | Net profit/(Loss) for the year 2014-15 | Rs.(7,46,79,893) |
| | Net profit/(Loss) for the year 2015-16 | Rs.45,35,052 |
| | AVERAGE NET PROFIT | Rs.(5,88,01,937) |

| | | |
|----|--|------|
| 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 | N.A. |

TEAMEC CHLORATES LIMITED

| | | | | | | | |
|------|---|--|---|---|--|--|--|
| 5. | Details of CSR Expenditure in the FY 2016-17 | | | | | | |
| a. | Total amount spent in the Financial Year 2016-17 | | | | 42,16,628 | | |
| b. | Amount unspent, if any | | | | - | | |
| c. | Details of the Amounts Spent on CSR Projects during the Financial Year 2016-17 | | | | | | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| S.No | CSR project or activity identified | Sector in which the product is covered | Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken | Amount outlay (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. | Providing Safe Drinking Water | Schedule VII (i) | Local Area, Puducherry/ Tamil Nadu | | 3,28,688 | | Direct |
| 2. | Socially and economically backward group | Schedule VII (iii) | Local Area, Puducherry/ Tamil Nadu | | 7,84,000 | | Direct |
| 3. | Education and Training | Schedule VII (ii) | Local Area, Puducherry/ Tamil Nadu | | 30,93,940 | | Direct |
| 4. | Preventive and general health care | Schedule VII (i) | Local Area, Puducherry/ Tamil Nadu | | 10,000 | | Direct |
| | TOTAL | | | | 42,16,628 | | |
| 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. | | | | | N.A. | |
| 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. | |

Place: Chennai
Date : 30.05.2017

C.S. Ramesh
Chairman, CSR Committee
DIN No: 00019178

Suresh Krishnamurthi Rao
Chairman
DIN No: 00127809

Annexure 5
Remuneration Details of Directors and Employees (after Incorporating the financials of the amalgamated Company Chemfab Alkalies Limited)
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 2016-17 | Median Remuneration of Employees FY 2016-17 | Ratio |
|--------|------------------------------|-------------------------|---|-------|
| 1 | Mr. Suresh Krishnamurthi Rao | 20.00 | 4.18 | 4.78 |
| 2 | Mr. C.S. Ramesh | 6.69 | 4.18 | 1.60 |
| 3 | Mr. T. Ramabadran | 7.77 | 4.18 | 1.86 |
| 4 | Mr. N. Ganga Ram | 6.77 | 4.18 | 1.62 |
| 5 | Mrs. Sujatha Jayarajan | 6.77 | 4.18 | 1.62 |

- (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. | Particulars | Remuneration FY 2016-17 | Remuneration FY 2015-16 | % Increase |
|--------|------------------------------|-------------------------|-------------------------|------------|
| 1 | Mr. Suresh Krishnamurthi Rao | 20.00 | 21.00 | (5%) |
| 2 | Mr. C.S. Ramesh | 6.69 | 6.61 | 1% |
| 3 | Mr. T. Ramabadran | 7.77 | 8.01 | (3%) |
| 4 | Mr. N. Ganga Ram | 6.77 | 7.01 | (3%) |
| 5 | Mrs. Sujatha Jayarajan | 6.77 | 0.99 | 584% |
| 6 | Mr. V.M. Srinivasan | 78.53 | 70.99 | 11% |
| 7 | Mr. Nitin. S. Cowlagi | 30.53 | 28.22 | 8% |
| 8 | Mr. G. Somasundaram | 17.81 | 13.80 | 29% |

- (iii) The percentage increase in the median remuneration of employees in the financial year:

| Median Remuneration FY 2016-17 | Median Remuneration FY 2015-16 | % Increase |
|--------------------------------|--------------------------------|------------|
| 4.18 | 3.67 | 14% |

- (iv) Number of permanent employees on the rolls of company – 203

- (v) The explanation on the relationship between average increase in remuneration and company performance:

The company follows performance appraisal methodology wherein 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 2016-17 | PAT of the Company FY 2016-17 | Remuneration to PAT % |
|--------------------------------|-------------------------------|-----------------------|
| 126.87 | 1547.48 | 8% |

TEAMEC CHLORATES LIMITED

- (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 2016-17 | FY 2015-16 | Variation |
|-----------------------|-------------------|-------------------|------------------|
| Market Capitalisation | 26593 | 6837 | 19755 |
| Price Earning Ratio | 17.16 | 7.90 | 9.27 |

- (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 2016-17 | FY 2015-16 | % Increase |
|-------------------------|-------------------|-------------------|-------------------|
| Employees Salary | 1431.93 | 1116.12 | 28% |
| Managerial Remuneration | 48.00 | 43.62 | 10% |

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 2016-17 | PAT of the Company FY 2016-17 | Remuneration to PAT % |
|--------------------|---------------------------------------|--------------------------------------|------------------------------|
| CEO | 78.53 | 1547.48 | 5 |
| CFO | 30.53 | 1547.48 | 2 |
| CS | 17.81 | 1547.48 | 1 |

- (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 | 20.00 |
| Remuneration of Employee | 78.53 |
| Ratio | 3.93 |

- (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.

TEAMEC CHLORATES LIMITED

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 – 29 Years | 49 | 26/04/2017 Previous Employment – CEO, Floking Pipes | 78.53 | Nil | No |

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2017

[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
TEAMEC CHLORATES LIMITED
CIN: U24290TN2009PLC071563
Team House, GST Salai,
Vandalur, Chennai- 600048.

Dear Members,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **TEAMEC CHLORATES LIMITED** (hereinafter called the “Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **TEAMEC CHLORATES 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, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **TEAMEC CHLORATES LIMITED** (“the Company”) for the financial year ended on 31st March, 2017 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 Amendments, Circulars, Notifications and Removal of Difficulties Order issued by the Ministry of Corporate Affairs from time to time;
- (ii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
- (iii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’) as amended (not applicable to the company during the period of review):-
 - 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;
 - 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;
 - f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 :

g) The Securities and Exchange Board of India (Buyback of Securities), Regulations, 1998:

h) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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

We further report that based on the information received, explanations given, process explained, records maintained, 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.

We further report that based on the information received, explanations given, process explained, records maintained, 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

We have also examined compliance with the applicable clauses of the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

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

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

During the period under audit, effective 25.05.2016 the Company was required to have Whole- Time Key Managerial Personnel (WTKMP) but has not appointed WTKMP.

However as on the date of report the Company has WTKMP.

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.

We 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.

We further report that during the audit period the company had:

a) In the Board Meeting held on 31.05.2016, approved the Scheme of Amalgamation and Arrangement of Chemfab Alkalies Limited (Transferor Company) with the Company (Transferee Company) and with their respective shareholders, creditors.

b) At the Extra Ordinary General Meeting held on 01.08.2016, accorded approval to give loans, guarantees or provide securities and/ or make investments on other body corporate not exceeding Rs 100 Crores notwithstanding that the aggregate of the loans or guarantees or securities so far given and/ or securities so far acquired or to be acquired by the company may collectively exceed the limits prescribed under section 186 of the companies Act, 2013.

c) At the Extra Ordinary General Meeting held on 03.12.2016, accorded approval to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company not exceeding Rs 100 Cr at any time.

d) At the Extra Ordinary General Meeting held on 24.03.2017, accorded approval to appoint Deloitte Haskins & Sells LLP as statutory auditors of the company for the period 01.04.2016-31.03.2017 as R.Janakiraman & Co have resigned from the company as Statutory auditors w.e.f 20.02.2017.

| | |
|-------------------|--|
| Place : Chennai | Name of Company Secretary in practice: |
| Date : 30.05.2017 | Dr. B Ravi FCS No.: 1810 CP No.: 3318 |
| | MANAGING PARTNER |
| | B RAVI & ASSOCIATES |

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
28. The Factories Act, 1948 and Rules framed thereunder

Annexure- II

The following are the labour laws applicable to the Company:

1. The Factories Act, 1948
2. The Industrial Disputes Act, 1947
3. The Industrial Employment (Standing Orders) Act, 1946
4. The Apprentices Act, 1961
5. The Child Labour (Prohibition and Regulation Act), 1986
6. The Equal Remuneration Act, 1976
7. The Trade Unions Act, 1926
8. The Workmen's compensation Act, 1923
9. The Payment of Gratuity Act, 1972
10. The Payment of Wages Act, 1936
11. The Minimum Wages Act, 1948
12. The Contract Labour (Regulation and Abolition) Act, 1970
13. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
14. The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979
15. The Employees' Provident Fund Act and Miscellaneous Provisions Act, 1952
16. 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 2016-17 was a challenging year for the Industry, even though the international caustic prices hardened, the demonetization had its effect on the business. During the year, the global Caustic lye prices averaged during between USD 400 – 420 per MT CIF. Imports during the year were lower compared to previous year. Chlorine realization also was subdued due to supply demand imbalance. Capacity utilization of the Industry for the year improved but remained around 82%.

OPPORTUNITIES AND THREATS

Commodity prices are broadly expected to remain at current levels and no significant improvements are expected in the current year. The Caustic prices are expected to continue to remain strong in the same levels, but the same cannot be mentioned for Chlorine and Hydrochloric acid, which could be under pressure.

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

On the chlorine utilization front, demand growth would be there, but would continue to be sector specific. Hydro Chloric Acid would continue to grow in line with the growth of the other sectors.

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

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The Company operates in one segment viz, Chlor Alkali. The volumes across production and sales in 2016-17 remained similar to the previous year.

OUTLOOK

With the growth in the country's GDP, envisaged to be positive, the demand for caustic especially, is expected to grow at a reasonable rate.

RISKS AND CONCERNS

Dependence on the grid power continues to be a risk though the Pondicherry power scenario remains reasonably stable but with the cost of power increase continuing is a concern in the long run.

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.

As reported in the previous 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 adherence to safety parameters. Also 2nd Sustainability Reporting has been carried out enhancing our commitment to sustainable development.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The sales volumes were stable and realization improved during the Financial Year 2016-17, resulting in increase in the Sales turnover and Profitability for the year. Also, improvement in power consumption has 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 203 persons and indirect employment to 187 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
TEAMEC CHLORATES LIMITED

Place : Chennai
Date : 30.05.2017

Suresh Krishnamurthi Rao

CHAIRMAN
DIN No: 00127809

**REPORT ON CORPORATE GOVERNANCE
FOR THE YEAR ENDED 31ST MARCH, 2017**

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 Amalgamated Company "Chemfab Alkalies Limited" was in full compliance with the requirements under Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. SEBI Regulations do not apply to your Company since being Unlisted. However, your Company is in the process of listing the equity shares of the Company with BSE and NSE. 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 Seven Directors as on date, all of whom are Non-Executive Directors.

| Sl. No | Name of Directors | Designation | Date of appointment |
|--------|------------------------------|------------------------------------|---------------------|
| 1 | Mr. Suresh Krishnamurthi Rao | Non Executive Director | 26.04.2017 |
| 2 | Mr. C.S. Ramesh | Non Executive Director | 26.04.2017 |
| 3 | Mr. Tyagarajan Ramabadran | Non Executive Independent Director | 26.04.2017 |
| 4 | Mr.A. Janakiraman | Non Executive Independent Director | 26.04.2017 |
| 5 | Mrs.Drushti Desai | Non Executive Independent Director | 26.04.2017 |
| 6 | Mrs. Sujatha Jayarajan | Non Executive Independent Director | 26.04.2017 |
| 7 | Mr. R.Mahendran | Non Executive Director | 14.03.2016 |

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.

The Key Managerial Personnel of the Company viz., Mr V M Srinivasan, CEO, Mr Nitin S Cowlagi, CFO and Mr G .Somasundaram, Company Secretary were appointed as such on 26.04.2017.

The composition of the Board of the Amalgamated Company "Chemfab Alkalies Limited", the categorization of Directors, the number of Board Meetings held during the Financial Year 2016-17, 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 31st March 2017 are given below:

TEAMEC CHLORATES LIMITED

A. I) Information on Board of Directors and Attendance of Amalgamated Company Chemfab Alkalies Limited

| S. No. | Name of Director | Category of Directorship | No. of Equity Shares held | No. of Board Meeting | | No. of Other Directorships held | No. Of other Committee | | Attendance of last AGM |
|--------|------------------------------|---------------------------------|---------------------------|----------------------|----------|---------------------------------|------------------------|----------|------------------------|
| | | | | Held | Attended | | Member | Chairman | |
| 1. | Mr. Suresh Krishnamurthi Rao | Non Executive Chairman Promoter | 879804 | 6 | 6 | 1 | 0 | 0 | YES |
| 2. | Mr. C. S. Ramesh | Non Executive Non Independent | 40 | 6 | 6 | 1 | 0 | 0 | YES |
| 3. | Mr. T. Ramabadran | Non Executive Independent | 100 | 6 | 6 | 1 | 0 | 0 | YES |
| 4. | Mr. N.Ganga Ram | Non Executive Independent | 0 | 6 | 6 | 4 | 4 | 1 | YES |
| 5. | Mrs. Sujatha Jayarajan | Non Executive Independent | 0 | 6 | 5 | 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.

A. II) Information on Board of Directors and Attendance of the Company (Teamec Chlorates Limited)

| 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. P Santhanam | Non Executive Independent Director | 5 | 10 | 10 | 0 | 0 | 0 | YES |
| 2. | Mr. K Gopalan | Non Executive Independent Director | 0 | 10 | 10 | 0 | 0 | 0 | YES |
| 3. | Mr. M Krishnaswami Iyer | Non Executive Director | 0 | 10 | 10 | 0 | 0 | 0 | YES |
| 4. | Mr R Mahendran | Non Executive Director | 0 | 10 | 10 | 0 | 0 | 0 | YES |

Further to the National Company Law Tribunal, Division Bench, Chennai Order dated 30th March 2017 approving the Scheme of Amalgamation of M/s. Chemfab Alkalies Limited (Listed Transferor Company) with Teamec Chlorates Limited (Unlisted

TEAMEC CHLORATES LIMITED

Transferee Company) and their respective shareholders and creditors, Mr. Suresh Krishnamurthi Rao and Mr. C. S. Ramesh have been appointed as Non-Executive Directors and Mr. Ramabadran, Mr.A. Janakiraman, Mrs.Drushti Desai and Mrs. Sujatha Jayarajan have been appointed as Independent Directors with effect from 26th April 2017.

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 2016-17, 6 (Six) meetings of the Board of Directors of Chemfab Alkalies Limited (Amalgamated Transferor Company) were held as under:

| S.No. | Date of Meeting |
|-------|--------------------------------|
| 1. | 18 th May 2016 |
| 2. | 31 st May 2016 |
| 3. | 21 st July 2016 |
| 4. | 03 rd November 2016 |
| 5. | 21 st January 2017 |
| 6 | 31 st March 2017 |

During the Financial Year 2016-17, 10 (Ten) meetings of the Board of Directors of Teamec Chlorates Limited were held as under:

| S. No. | Date of Meeting |
|--------|--------------------------------|
| 1. | 25 th May 2016 |
| 2. | 27 th May 2016 |
| 3. | 31 st May 2016 |
| 4. | 23 rd June 2016 |
| 5 | 01 st August 2016 |
| 6 | 07 th November 2016 |
| 7 | 11 th November 2016 |
| 8 | 19 th January 2017 |
| 9 | 23 rd February 2017 |
| 10 | 17 th March 2017 |

3. AUDIT COMMITTEE

The Audit Committee of the Board of Directors of the Amalgamated Company "Chemfab Alkalies Limited" was constituted in compliance with provisions of Section 177 of the Companies Act, 2013 ("the Act") and in terms of Clause 49 of the erstwhile Listing Agreement and in compliance with Regulation 18 of The SEBI (LODR) Regulations, 2015 which replaced the erstwhile listing Agreement. Similarly the Audit Committee of the Board of Directors of Teamec Chlorates Limited was constituted in compliance with

provisions of Section 177 of the Companies Act, 2013 ("the Act") ,

Out of the total 4 (Four) Members of the Audit Committee of the amalgamated Company Chemfab Alkalies Limited, 3 (Three) were Non-Executive Independent Directors and have relevant finance exposure. The Committee was chaired by an Independent Director.

Further to National Company Law Tribunal Division Bench Chennai Order dated 30th March 2017 approving the Scheme of Amalgamation of M/s. Chemfab Alkalies Limited (Listed Transferor Company) with Teamec Chlorates Limited (Unlisted Transferee Company) and their respective shareholders and creditors, Mr. Suresh Krishnamurthi Rao and Mr. C. S. Ramesh have been appointed as Non-Executive Directors and Mr. Ramabadran, Mr.A. Janakiraman, Mrs. Drushti Desai and Mrs. Sujatha Jayarajan have been appointed as Independent Directors with effect from 26th April 2017. Pursuant to the same, the Audit Committee of Teamec Chlorates Limited was reconstituted on 26th April, 2017. The Composition of Audit Committee after reconstitution is as follows:

| Name of the member | Status | Director Category |
|------------------------|----------|--|
| Mr. T. Ramabadran | Chairman | Non Executive Independent Director |
| Mr. C.S. Ramesh | Member | Non Executive - Non Independent Director |
| Mr. A. Janakiraman | Member | Non Executive Independent Director |
| Mrs. Sujatha Jayarajan | Member | Non Executive Independent Director |
| Mrs. Drushti Desai | Member | Non Executive Independent Director |
| Mr. R. Mahendran | Member | Non Executive - Non Independent Director |

Out of the total 6 (Six) Members of the Audit Committee of Teamec Chlorates Limited, (4) Four are Non-Executive Independent Directors and have relevant finance exposure. In both Chemfab Alkalies Limited and Teamec Chlorates Limited, Independent Director chaired the Committee Meetings. The Statutory Auditors, Internal Auditor, Chief Executive Officer, Chief Financial Officer and the Company Secretary attended the meetings of the Audit Committee regularly by invitation.

TEAMEC CHLORATES LIMITED

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

- (i) To recommend the appointment/removal of Auditors, fixing of audit fees and approval of payments,
- (ii) To review and monitor the Auditor's independence and performance, and effectiveness of audit process,
- (iii) To examine the financial statements and auditor's report thereon, Scrutiny of inter-corporate loans and investments
- (iv) To approve or make any subsequent modification of transactions of the Company with related parties,
- (v) To value the undertakings or assets of the Company, wherever it is necessary,
- (vi) To evaluate the internal financial controls and risk management systems,
- (vii) To monitor the end use of funds raised through public offers and related matters

The Audit Committee also abided by the terms of reference as specified under Part C of Schedule II of the SEBI (LODR) Regulations, 2015 in the case of amalgamated listed Transferor Company Chemfab Alkalies Limited.

During the Financial Year 2016-17, the Composition and attendance of the Members at the meetings of the Committee of Teamec Chlorates Limited are as follows:

| Name of the member | Status | Director Category | No. of meeting attended |
|--------------------------|----------|--|-------------------------|
| Mr. P. Santhanam | Chairman | Non Executive Independent Director | 3 |
| Mr. K. Gopalan | Member | Non Executive Independent Director | 3 |
| Mr. M. Krishnaswami Iyer | Member | Non Executive Non Independent Director | 3 |

During the Financial Year 2016-17, the Composition and attendance of the Members at the meetings of the Committee of Chemfab Alkalies Limited are as follows:

| Name of the member | Status | Director Category | No. of meetings attended |
|------------------------|----------|--|--------------------------|
| Mr. T. Ramabadran | Chairman | Non Executive Independent Director | 6 |
| Mr. C.S. Ramesh | Member | Non Executive Non Independent Director | 6 |
| Mrs. Sujatha Jayarajan | Member | Non Executive Independent Director | 5 |
| Mr N Ganga Ram | Member | Non Executive Independent Director | 6 |

The Audit Committee of amalgamated Chemfab Alkalies Limited met 6 (Six) times during the year under review as indicated below:

| S. No. | Date of Meeting |
|--------|--------------------------------|
| 1. | 18 th May 2016 |
| 2. | 31 st May 2016 |
| 3. | 21 st July 2016 |
| 4. | 03 rd November 2016 |
| 5. | 21 st January 2017 |
| 6. | 31 st March 2017 |

The Audit Committee of Teamec Chlorates Limited met 3 (Three) times during the year under review as indicated below:

| S. No. | Date of Meeting |
|--------|---------------------------------|
| 1. | 23 rd June, 2016 |
| 2. | 01 st August, 2016 |
| 3. | 23 rd February, 2016 |

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

TEAMEC CHLORATES LIMITED

4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board of Directors of the amalgamated Chemfab Alkalies Limited was 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.

Similarly, the Nomination and Remuneration Committee of the Board of Directors of Teamec Chlorates Limited was constituted in compliance with provisions of Section 178 of the Companies Act, 2013 ("the Act").

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 Teamec Chlorates Limited (after the amalgamation of Chemfab Alkalies Limited) consists of 4 (Four) Members, the details of whom are furnished below:

| Name of the Member | Status | Director Category |
|--------------------|----------|--|
| Mr. T. Ramabadran | Chairman | Non-Executive Independent Director |
| Mr. C.S. Ramesh | Member | Non-Executive Non Independent Director |
| Mr. A. Janakiraman | Member | Non-Executive Independent Director |
| Mrs. Drushti Desai | Member | Non Executive Independent Director |

During the Financial Year 2016-17, the Nomination and Remuneration Committee Meeting of the amalgamated Chemfab Alkalies Limited was held on 18th May 2016.

During the financial year 2016 – 17, the Composition of the Committee of Chemfab Alkalies Limited was as follows:

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

During the financial year 2016 – 17, the Composition of the Committee of Teamec Chlorates Limited was as follows:

| Name of the members | Status | Director Category |
|--------------------------|----------|--|
| Mr. P. Santhanam | Chairman | Non Executive Independent Director |
| Mr. K. Gopalan | Member | Non Executive Independent Director |
| Mr. M. Krishnaswami Iyer | Member | Non Executive Non Independent Director |

During the Financial Year 2016-17, No meeting of the Nomination and Remuneration Committee was held in Teamec Chlorates Limited.

TEAMEC CHLORATES LIMITED

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

Applicable only to the amalgamated Company Chemfab Alkalis Limited the details of which are furnished below:

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 | 20.00 | 20.00 |
| 2. | Mr. C. S. Ramesh | 2.19 | 4.50 | 6.69 |
| 3. | Mr. T.Ramabadran | 2.27 | 5.50 | 7.77 |
| 4. | Mr. N.Ganga Ram | 2.27 | 4.50 | 6.77 |
| 5. | Mrs. Sujatha Jayarajan | 2.27 | 4.50 | 6.77 |
| | TOTAL | 9.00 | 39.00 | 48.00 |

It may be noted that the commission of Rs.39 lakhs as above relates to the year 2015-16 actually paid in the year 2016-17.

For the year ended 31st March 2017, 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.45 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 and Remuneration Policy of the Company.

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Board of Directors of amalgamated Company, Chemfab Alkalis Limited had constituted a Stakeholders Relationship Committee.

During the Financial Year 2016-17, the Composition and attendance of the Members at the meetings of the Committee of Chemfab Alkalis Limited are as follows:

| S. No. | Name of the member | Status | Director Category | No. of meetings 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 - Non Independent Director | 4 |
| 4 | Mrs. Sujatha Jayarajan | Member | Non Executive Independent Director | 4 |
| 5 | Mr Suresh Krishnamurthi Rao | Member | Non Executive - Non Independent Director | 4 |

TEAMEC CHLORATES LIMITED

Teamec Chlorates Limited constituted the Stakeholders' Relationship Committee on 26.04.2017 pursuant to the amalgamation of Chemfab Alkalies Limited.

The Composition of the Committee is as follows:

| S. No. | Name of the Member | Status | Directors Category |
|--------|------------------------------|--------------|--|
| 1. | Mrs. Drushti Desai | Chair Person | Non Executive Independent Director |
| 2. | Mr. T. Ramabadran | Member | Non Executive Independent Director |
| 3. | Mr. C.S. Ramesh | Member | Non Executive Non Independent Director |
| 4. | Mr. Suresh Krishnamurthi Rao | Member | Non Executive Non Independent Director |

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.

In the case of the amalgamated Company, Chemfab Alkalies Limited, the Stakeholders Relationship Committee abided by the terms of reference as specified under Part D of Schedule II of the SEBI (LODR) Regulations, 2015.

As at 31st March 2017, there were no Shareholders' complaints pending redressal.

During the Financial Year 2016-17, the Committee of amalgamated Company, Chemfab Alkalies Limited met 4 (Four) times on:

| S. No. | Date of Meeting |
|--------|--------------------------------|
| 1. | 18 th May 2016 |
| 2. | 21 st July 2016 |
| 3. | 03 rd November 2016 |
| 4. | 21 st January 2017 |

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

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Board of Directors of amalgamated Company, Chemfab Alkalies Limited had constituted a Corporate Social Responsibility Committee.

During the Financial Year 2016-17, the Composition and attendance of the Members at the meetings of the Committee of Chemfab Alkalies Limited are as follows:

| S. No. | Name of the member | Status | Director Category | No. of meetings attended |
|--------|------------------------|----------|--|--------------------------|
| 1. | Mr. C.S. Ramesh | Chairman | Non Executive Non Independent Director | 2 |
| 2. | Mr. T. Ramabadran | Member | Non Executive Independent Director | 2 |
| 3. | Mr N Ganga Ram | Member | Non Executive - Independent Director | 2 |
| 4. | Mrs. Sujatha Jayarajan | Member | Non Executive Independent Director | 2 |

Teamec Chlorates Limited constituted the Corporate Social Responsibility Committee on 26.04.2017 pursuant to the amalgamation of Chemfab Alkalies Limited.

The Composition of the Committee is as follows:

| S. No. | Name of the Member | Status | Directors Category |
|--------|--------------------|----------|--|
| 1. | Mr. C.S. Ramesh | Chairman | Non Executive Non Independent Director |
| 2. | Mr. T. Ramabadran | Member | Non Executive Independent Director |

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| | | | |
|----|------------------------|--------|--|
| 3. | Mr A. Janakiraman | Member | Non Executive Independent Director |
| 4. | Mrs. Sujatha Jayarajan | Member | Non Executive Independent Director |
| 5. | Mr. R. Mahendran | Member | Non Executive Non Independent Director |

During the Financial Year 2016-17, the Committee of amalgamated Company, Chemfab Alkalies Limited met 2 (Two) times on:

| S. No. | Date of Meeting |
|--------|-------------------------------|
| 1. | 18 th May 2016 |
| 2 | 21 st January 2017 |

7. RISK MANAGEMENT COMMITTEE:

The Board of Directors of amalgamated Company, Chemfab Alkalies Limited had constituted a Risk Management Committee even though the constitution of such Committee was / is applicable only to the top 100 listed Companies in terms of market capitalisation.

During the Financial Year 2016-17, the Composition and attendance of the Members at the meetings of the Committee of Chemfab Alkalies Limited are as follows:

| Name of the member | Status | Director Category | No. of meetings attended |
|------------------------|----------|--|--------------------------|
| Mr. T. Ramabadran | Chairman | Non Executive Independent Director | 2 |
| Mr. C.S. Ramesh | Member | Non Executive Non Independent Director | 2 |
| Mr N Ganga Ram | Member | Non Executive – Independent Director | 2 |
| Mrs. Sujatha Jayarajan | Member | Non Executive Independent Director | 2 |
| Mr V M Srinivasan | Member | - | 2 |
| Mr V Raghuraman | Member | - | 1 |

Teamec Chlorates Limited constituted the Risk Management Committee on 26.04.2017 pursuant to the amalgamation of Chemfab Alkalies Limited.

The Composition of the Committee is as follows:

| S. No. | Name of the Member | Status | Directors Category |
|--------|--------------------|----------|--|
| 1 | Mr. A. Janakiraman | Chairman | Non Executive Independent Director |
| 2 | Mr. C S Ramesh | Member | Non Executive Non Independent Director |
| 3 | Mrs. Drushti Desai | Member | Non Executive Independent Director |
| 4 | Mr. R. Mahendran | Member | Non Executive Non Independent Director |
| 5 | Mr. V M Srinivasan | Member | - |

During the Financial Year 2016-17, the Committee of amalgamated Company, Chemfab Alkalies Limited met 2 (Two) times on:

| S. No. | Date of Meeting |
|--------|-------------------------------|
| 1. | 18 th May 2016 |
| 2 | 21 st January 2017 |

8. ANNUAL GENERAL MEETINGS:

i). The details of the last three Annual General Meetings of the amalgamated Company Chemfab Alkalies Limited held are given below:

| Year | Location | Date | Time | Number of Special Resolutions passed |
|---------|-------------------|------------|-----------|--------------------------------------|
| 2013-14 | Registered Office | 10.06.2014 | 10.30 hrs | --- |
| 2014-15 | Registered Office | 30.07.2015 | 10.15 hrs | --- |
| 2015-16 | Registered Office | 21.07.2016 | 10.15 hrs | One |

TEAMEC CHLORATES LIMITED

ii). During the year 2016-17, the Company passed the following Special Resolution by Postal Ballot.

To approve the Scheme of Amalgamation and Arrangement of Chemfab Alkalies Limited with Teamec Chlorates Limited and their respective Shareholders and Creditors, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and corresponding provisions of the Companies Act, 2013.

| MANNER OF VOTING | VOTES IN FAVOUR | VOTES AGAINST | VOTES INVALID |
|------------------|-----------------|---------------|---------------|
| E-voting | 146444 | 0 | 0 |
| Postal Ballot | 88654 | 33 | 135895 |
| Total | 235098 | 33 | 135895 |
| Total % | 99.99 | 0.01 | |

Mr. S.A. Inbavativu, Advocate in Practice was appointed as Scrutinizer to conduct the Postal Ballot exercise.

The details of the last three Annual General Meetings of Teamec Chlorates Limited held are given below:

| Year | Location | Date | Time | Number of Special Resolutions passed |
|---------|-------------------|------------|-----------|--------------------------------------|
| 2013-14 | Registered Office | 18.08.2014 | 16.00 hrs | One |
| 2014-15 | Registered Office | 30.09.2015 | 16.00 hrs | Two |
| 2015-16 | Registered Office | 30.09.2016 | 16.00 hrs | --- |

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

9. 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/> for Related Party 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. 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.

e. 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.

f. Code of Conduct

The Company has adopted a Code of Conduct for the Members of the Board of Directors and the Senior Management personnel of the Company. The said

Code of Conduct has been posted on the Website of the Company www.chemfabalkalis.com

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

A Compliance Report 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 1st December 2015.

10. 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 31st March 2017.

11. 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.

12. GENERAL SHAREHOLDERS INFORMATION:

| | |
|--|--|
| REGISTERED OFFICE | Team House, GST Salai Vandalur, Chennai – 600 048 Phone: +91-44-22750323/324 Fax: +91-44-22750860 Email: cosecy@drroaholdings.com website: www.chemfabalkalis.com |
| ANNUAL GENERAL MEETING, DATE OF BOOK CLOSURE & DIVIDEND PAYMENT DATE | Annual General Meeting has been fixed on Monday, the 4th September, 2017. Book Closure starts from 29.08.2017 to 04.09.2017 (both days inclusive). Dividend will be paid within a period of 7 days from the date of Annual General Meeting. |
| FINANCIAL CALENDAR (TENTATIVE) Covering period from 01st Apr 2017 to 31st Mar 2018. | First Quarter's Results By 27 th Jul 2017 Second Quarter's Results By 30 th Oct 2017 Third Quarter's Results By 30 th Jan 2018 Annual Results By 30 th May 2018 |

LISTING OF EQUITY SHARES ON THE STOCK EXCHANGES

| <u>STOCK EXCHANGE WHERE SHARES WILL BE LISTED</u> | <u>SCRIP CODE / No.'s</u> |
|--|----------------------------------|
| DEMAT ISIN IN NSDL AND CDSL FOR EQUITY SHARES | TO BE ALLOTTED |
| BOMBAY STOCK EXCHANGE LTD. (BSE)* | TO BE ALLOTTED ON LISTING |
| NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)* | TO BE ALLOTTED ON LISTING |

* The Company has paid Listing Fees to the Stock Exchanges for the financial year 2016-17. Upon listing of the shares of the Company, the listing fee will be paid for the financial year 2017 – 18.

MARKET PRICE DATA

The High and Low stock quotations of the amalgamated Tranferor Company (Listed) Chemfab Alkalies Limited, during the Financial Year 2016-17 on BSE and NSE are as under:

TEAMEC CHLORATES LIMITED

| Month | BSE | | NSE | |
|----------------|------------|-----------|------------|----------|
| | High (Rs.) | Low (Rs.) | High (Rs.) | Low(Rs.) |
| April 2016 | 84.80 | 74.50 | 85.00 | 73.20 |
| May 2016 | 108.00 | 80.50 | 108.65 | 80.00 |
| June 2016 | 128.20 | 94.40 | 129.00 | 96.20 |
| July 2016 | 228.70 | 115.00 | 228.10 | 114.00 |
| August 2016 | 282.50 | 174.60 | 282.80 | 175.00 |
| September 2016 | 339.00 | 231.00 | 339.25 | 230.10 |
| October 2016 | 347.60 | 267.00 | 347.70 | 261.70 |
| November 2016 | 360.00 | 205.60 | 360.75 | 204.00 |
| December 2016 | 294.60 | 237.00 | 294.00 | 235.15 |
| January 2017 | 320.70 | 277.50 | 320.75 | 277.50 |
| February 2017 | 306.40 | 275.00 | 307.00 | 274.50 |
| March 2017 | 297.00 | 267.00 | 298.00 | 266.50 |

REGISTRAR AND SHARE TRANSFER AGENT

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

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 AFTER AMALGAMATION:

| Share or Debenture Holding of Nominal Value of | | | Share / Debenture Holders | | Share / Debenture Holders | |
|---|-----|--------------|------------------------------|---------------|------------------------------|---------------|
| Rs. | | Rs. | Number | % to TOTAL | Rs. | % to TOTAL |
| | (1) | | (2) | (3) | (4) | (5) |
| 10 | to | 5000 | 5705 | 92.8266 | 7701410 | 6.93 |
| 5001 | to | 10000 | 567 | 4.3552 | 3997420 | 2.54 |
| 10001 | to | 20000 | 279 | 1.6438 | 3981690 | 1.85 |
| 20001 | to | 30000 | 95 | 0.3629 | 2421070 | 0.77 |
| 30001 | to | 40000 | 35 | 0.1707 | 1204650 | 0.50 |
| 40001 | to | 50000 | 22 | 0.0640 | 977980 | 0.24 |
| 50001 | to | 100000 | 31 | 0.1494 | 2142350 | 0.86 |
| 100001 | And | Above | 36 | 0.4269 | 115878470 | 86.31 |
| | | TOTAL | 6770 | 100.00 | 138305040 | 100.00 |

TEAMEC CHLORATES LIMITED
(b) SHAREHOLDING PATTERN OF CHEMFAB ALKALIS LIMITED BEFORE AMALGAMATION

| S. No | Category of Shareholders | Transferor Company | | Transferee Company | | | |
|-----------|--|--|--------------|------------------------------|----------------|---|--------------|
| | | Pre-arrangement shareholding - as on Record Date | | Pre-arrangement shareholding | | Post-arrangement shareholding – as on date of allotment of shares | |
| | | No. of shares | % of shares | No. of shares | % of shares | No. of shares | % of shares |
| A. | Promoters | | | | | | |
| 1 | Indian | | | | | | |
| (a) | Individual/HUF | 1426400 | 15.55 | 4975794 | 68.34 | 2535192 | 18.33 |
| (b) | Central Govt | - | - | - | - | - | - |
| (c) | State Govt(s) | - | - | - | - | - | - |
| (d) | Bodies Corp. | 750458 | 8.18 | 1000 | 0.02 | 1072082 | 7.75 |
| (e) | Banks / FI | - | - | - | - | - | - |
| (f) | Any Other | - | - | - | - | - | - |
| | Sub-Total (A)(1) | 2176858 | 23.73 | 4976794 | 68.36 | 3607274 | 26.08 |
| 2 | Foreign | | | | | | |
| (a) | NRIs - Individuals | - | - | - | - | - | - |
| (b) | Other – Individuals | - | - | - | - | - | - |
| (c) | Bodies Corp. | 4571468 | 49.84 | 2304000 | 31.64 | 6761068 | 48.89 |
| (d) | Banks / FI | - | - | - | - | - | - |
| (e) | Any Other | - | - | - | - | - | - |
| | Sub-Total (A)(2) | 4571468 | 49.84 | 2304000 | 31.64 | 6761068 | 48.89 |
| | Total shareholding of Promoter (A)= (A)(1)+(A)(2) | 6748326 | 73.58 | 7280794 | 99.9998 | 10368342 | 74.97 |
| B. | Public Shareholding | | | | | | |
| 1 | Institutions | | | | | | |
| (a) | Mutual Funds | 8000 | 0.09 | - | - | 11427 | 0.08 |
| (b) | Banks / FI | 2486 | 0.03 | - | - | 3549 | 0.03 |
| (c) | Central Govt | - | - | - | - | - | - |
| (d) | State Govt(s) | - | - | - | - | - | - |
| (e) | Venture Capital Funds | - | - | - | - | - | - |
| (f) | Insurance Companies | - | - | - | - | - | - |
| (g) | FIIIs | - | - | - | - | - | - |
| (h) | Foreign Venture Capital Investors | - | - | - | - | - | - |
| (i) | Any Other - Foreign Portfolio Investors | 162727 | 1.77 | - | - | 232467 | 1.68 |
| | Sub- Total (B)(1) | 173213 | 1.89 | - | - | 247443 | 1.79 |
| 2 | Non- Institutions | | | | | | |
| (a) | Bodies Corporate | - | - | - | - | - | - |
| (i) | Indian | - | - | - | - | 419213 | 3.03 |
| (ii) | Overseas | - | - | - | - | - | - |

TEAMEC CHLORATES LIMITED

| | | | | | | | |
|-----|---|----------------|--------------|----------------|---------------|-----------------|--------------|
| (b) | Individuals | | | | | | |
| i | Individual shareholders holding nominal shares capital up to Rs.2 lakh | 1477376 | 16.11 | 10 | .0001 | 2035820 | 14.72 |
| ii | Individual shareholders holding nominal shares capital in excess of Rs.2 lakh | 238450 | 2.6 | - | - | 415718 | 3.01 |
| (c) | Others (specify) | - | - | - | - | 343968 | 2.49 |
| | Sub- Total (B)(2) | | | 10 | 0.0001 | 3214719 | 23.24 |
| | Total Public Shareholding (B)= (B)(1)+(B)(2) | 2423371 | 26.42 | 10 | 0.0001 | 3462162 | 25.03 |
| (C) | Shares held by Custodian for GDRs and ADRs | - | - | - | - | - | - |
| | GRAND TOTAL (A)+(B)+(C) | 9171697 | 100 | 7280804 | 100 | 13830504 | 100 |

DETAILS OF UNCLAIMED SHARE CERTIFICATES

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 has transferred the Shares comprised in the Share Certificates, which are still remaining undelivered into one Folio in the name of Chemfab Alkalies Limited Unclaimed Suspense Account. Further, the Company has opened an Chemfab Alkalies Limited Unclaimed Suspense Account (demat account) and demated the shares to that account. The details of Unclaimed shares are given below:

- (a) aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year - 188 shareholders having 50188 shares.
- (b) number of shareholders who approached listed entity for transfer of shares from suspense account during the year - Nil.
- (c) number of shareholders to whom shares were transferred from suspense account during the year - Nil.
- (d) aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year - 188 shareholders having 50188 shares.

The voting rights on these Unclaimed shares shall remain frozen till the rightful owner of such shares claims the shares.

Please note that the letter CIR/CAR/IEPF/2017 dated 07.04.2017 was sent to the shareholders of Chemfab Alkalies Limited (Listed Transferor Company) who have not claimed their dividend for the last seven years, intimating them about the transferor of the same to the IEPF account if no claim is made.

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 31.03.2017, 96.01% have been dematerialised in the case of shares of Transferor Company Chemfab Alkalies Limited. Post Merger, the Company has informed the corporate actions to both CDSL and NSDL and await their approval for giving credit of shares to the demat account of the shareholders.

OUTSTANDING GDR/ADR WARRANTS OR CONVERTIBLE BONDS

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

TEAMEC CHLORATES LIMITED

PLANT LOCATION

| | |
|-------------------------|--|
| PUDUCHERRY PLANT | ' Gnanananda Place', Kalapet, Puducherry 605 014 |
| SALT FIELDS | Kanthadu Village, Marakanam Post, Villupuram District Tamil Nadu Mariyur Salai, Sayalkudi, Ramnad District Tamil Nadu |
| ONGOLE PLANT | Plot No.558 & 559, APIIC Growth Centre, Gundlapalli (Village) Maddipadu (Mandal), Prakasam (District) Andhra Pradesh – Pin: 523211. |

ADDRESS FOR CORRESPONDENCE

| | |
|---|---|
| The Company Secretary Chemfab Alkalis Limited Team House, GST Salai, Vandalur Chennai – 600 048 | Phone: +91-44-22750323 Fax : +91-44-22750860 Email : cosecy@draoholdings.com website: www.chemfabalkalis.com |
|---|---|

For and on behalf of Board of Directors of

TEAMEC CHLORATES LIMITED

Place : Chennai

Suresh Krishnamurthi Rao

Date : 30.05.2017

CHAIRMAN

DIN No: 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.

Place: Chennai

V.M. Srinivasan

Nitin S Cowlagi

Date : 30.05.2017

Chief Executive Officer

Chief Financial Officer

**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: 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 27th April, 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 Teamec Chlorates Limited.
- **"Independent Director"**:- As provided under the erstwhile clause 49 of the Listing Agreement and the SEBI (LODR) Regulations, 2015 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. A. Janakiraman - Member (Independent- Non executive)
4. Mrs. Drushti Desai - Member (Independent- Non executive)

General Appointment Criteria:

- i. 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.
- ii. 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.
- iii. 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.
- iv. The appointees in various designations shall be qualified for the post.
- v. 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.
- 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.

The Board shall have atleast one Board member who has accounting or related financial management expertise and atleast three members who are financially literate.

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.

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 REPORT
TO THE MEMBERS OF TEAMEC CHLORATES
LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **TEAMEC CHLORATES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2017, 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.

In conducting 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 obtained by us 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 2017, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

Attention is invited to Note 50 to the financial statements relating to the Scheme of Amalgamation and Arrangement sanctioned by the National Company Law Tribunal on 30 March 2017 and the accounting treatment thereof given effect to in these financial statements.

Our Opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit 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 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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 as amended, 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.
 - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November 2016 of the Ministry of Finance, during the period from November 2016 to 30 December 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company.

- 2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order/CARO 2016”) 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 LLP

Chartered Accountants

(Firm’s Registration No. 117366W/W-100018)

Ananthi Amarnath

Partner

Chennai, 30 May 2017

Membership No. 209252

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 **TEAMEC CHLORATES LIMITED** (“the Company”) as of 31 March 2017 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 obtained by us 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 2017, 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 LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Ananthi Amarnath

Partner

(Membership No. 209252)

Chennai, 30 May 2017

TEAMEC CHLORATES LIMITED

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) 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 I transfer deed I conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date, except the following:

| Particulars | Carrying amount as at 31 March 2017 Rs. | Remarks |
|--|---|--|
| Freehold land and building located at Kala pet and Ramnad admeasuring 36.57 acres and 694.17 acres respectively. | 20,09,64,191 | The title deeds are in the name of Chemfab Alkalies Limited, erstwhile Company, which was merged with the Company under section 391 to 394 of the Companies Act, 1956 and the corresponding section 230 to 232 reading with section 52 of the Companies Act, 2013, in terms of the approval of the National Company Law Tribunal (‘NCLT’) Chennai. Further, for freehold land admeasuring 31.51 acres located at Ramnad, the Company is in the process of registering in its name. |

Immovable properties of land and buildings whose title deeds have been pledged as security for loans etc. 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) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the Register maintained under section 189 of the Companies Act, 2013.
- (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 2017 for a period of more than six months from the date they became payable except property tax payable for the year 2016-17 amounting to Rs.4,28,369.

TEAMEC CHLORATES LIMITED

(c) Details of dues of Sales Tax, Service Tax and Excise Duty which have not been deposited as on 31 March 2017 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 | 9,15,715 | 2,51,646 |
| The Central Excise Act, 1944 | Cenvat on Excise and Service tax availment | Commissioner (Appeals), Chennai | April 2006 to June 2012 | 45,66,556 | 45,66,556 |

(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 materials 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 is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 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 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. Also Refer Note 50.

(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 directors of its holding, subsidiary or associate company or persons connected with them 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-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-1 00018)

Ananthi Amarnath

Partner

(Membership No. 209252)

Chennai, 30 May 2017

TEAMEC CHLORATES LIMITED

| BALANCE SHEET AS AT 31 MARCH 2017 | | | |
|--|---------|----------------------------|----------------------------|
| Particulars | Note No | As at 31 March 2017 Rs. | As at 31 March 2016 Rs. |
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' funds | | | |
| (a) Share Capital | 2 | 23,43,05,040 | 9,88,08,040 |
| (b) Reserves and Surplus | 3 | 141,33,00,051 | (17,35,06,719) |
| (2) Non-current Liabilities | | | |
| (a) Long Term Borrowings | 4 | 20,45,78,399 | 47,56,58,159 |
| (b) Deferred Tax Liabilities (Net) | 5 | - | - |
| (c) Other Long-term Liabilities | 6 | 1,43,73,356 | - |
| (d) Long-Term Provisions | 7 | 1,12,06,802 | - |
| (3) Current Liabilities | | | |
| (a) Short Term Borrowings | 8 | 31,95,799 | - |
| (b) Trade Payables | 9 | | |
| (i) total outstanding dues of micro enterprises and small enterprises | | 3,12,022 | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | | 12,86,49,179 | 4,48,39,399 |
| (c) Other Current Liabilities | 10 | 13,30,85,001 | 25,39,00,712 |
| (d) Short-Term Provisions | 11 | 1,77,69,448 | 3,21,200 |
| TOTAL | | 216,07,75,097 | 70,00,20,791 |
| II. ASSETS | | | |
| (1) Non-current Assets | | | |
| (a) Fixed Assets | 12 | | |
| (i) Tangible Assets | | 163,71,52,480 | 57,32,67,030 |
| (ii) Intangible Assets | | 62,45,339 | - |
| (iii) Capital work-in-progress | 37 | 11,36,17,428 | 95,97,396 |
| (b) Non-current Investments | 13 | 18,46,928 | - |
| (c) Long-term Loans and Advances | 14 | 11,96,75,637 | 4,07,11,992 |
| (d) Other Non Current Assets | 15 | 7,76,09,243 | - |
| (2) Current Assets | | | |
| (a) Current Investments | 16 | 7,94,022 | 1,91,148 |
| (b) Inventories | 17 | 4,30,70,556 | 1,66,83,680 |
| (c) Trade Receivables | 18 | 8,54,30,362 | 61,72,872 |
| (d) Cash and Bank Balances | 19 | 1,85,54,878 | 8,23,914 |
| (e) Short-term Loans and Advances | 20 | 2,50,37,883 | 38,17,508 |
| (f) Other Current Assets | 21 | 3,17,40,341 | 4,87,55,251 |
| TOTAL | | 216,07,75,097 | 70,00,20,791 |
| See accompanying notes forming part of the financial statements | | | |
| <p>In terms of our report attached</p> <p>For Deloitte Haskins & Sells LLP Chartered Accountants</p> <p>Ananthi Amarnath Partner</p> <p>Place : Chennai Date : 30 May 2017</p> <p>For and on behalf of Board of Directors</p> <p>C S Ramesh Director</p> <p>V M Srinivasan Chief Executive Officer</p> <p>G Somasundaram Company Secretary</p> <p>Place : Chennai Date : 30 May 2017</p> <p>Suresh Krishnamurthi Rao Chairman</p> <p>Nitin S Cowlagi Chief Financial Officer</p> | | | |

TEAMEC CHLORATES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| Particulars | Note No | For the Year Ended 31 March 2017 Rs. | For the Year Ended 31 March 2016 Rs. |
|---|---------|--|--|
| I Revenue from Operations (Gross) | 22 | 156,74,39,690 | 27,87,80,980 |
| Less : Excise Duty | | 16,31,08,881 | 3,06,67,544 |
| Revenue from Operations (Net) | | 140,43,30,809 | 24,81,13,436 |
| II Other Income | 23 | 1,83,50,570 | 21,67,741 |
| III Total Revenue (I+II) | | 142,26,81,379 | 25,02,81,177 |
| IV Expenses | | | |
| Cost of Materials Consumed | 24 A | 6,95,52,170 | 2,53,38,340 |
| Purchases of Stock in Trade | 24 B | 60,51,925 | - |
| Changes in Inventories of Finished Goods and Work in Progress | 25 | (67,53,391) | 46,88,407 |
| Other Direct Manufacturing Expenses | 26 | 67,02,64,242 | 20,48,25,158 |
| Employee Benefits Expense | 27 | 14,31,93,402 | 1,62,59,506 |
| Finance Cost | 28 | 2,67,90,924 | 2,92,74,754 |
| Depreciation and Amortisation Expenses | 12 | 13,04,82,984 | 3,58,50,287 |
| Prior Period Items | 29 | 2,88,46,529 | - |
| Other Expenses | 30 | 19,95,04,918 | 2,04,03,273 |
| Total Expenses | | 126,79,33,703 | 33,66,39,725 |
| V Profit/(Loss) before exceptional item and tax (III - IV) | | 15,47,47,676 | (8,63,58,548) |
| VI Exceptional Item (Net) | 31 | - | 9,07,72,312 |
| VII Profit before tax (V - VI) | | 15,47,47,676 | 44,13,764 |
| VIII Less: Tax expenses | | | |
| - Current Tax | 36 | 2,88,31,525 | - |
| - Minimum Alternate Tax Credit | | (2,88,31,525) | - |
| - Deferred Tax | 5 | - | - |
| IX Profit for the Year (VII - VIII) | | 15,47,47,676 | 44,13,764 |
| X Earnings per Share (of Rs 10 each) | 49 | | |
| Basic | | 10.32 | 0.87 |
| Diluted | | 10.23 | 0.87 |
| See accompanying notes forming part of the financial statements | | | |

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Ananthi Amarnath
Partner

Place : Chennai
Date : 30 May 2017

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 : 30 May 2017

Suresh Krishnamurthi Rao
Chairman

Nitin S Cowlagi
Chief Financial Officer

TEAMEC CHLORATES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

| Particulars | For the Year Ended 31 March 2017 Rs. | For the Year Ended 31 March 2016 Rs. |
|---|--|--|
| A. Cash flow from Operating Activities | | |
| Profit Before Tax | 15,47,47,676 | 44,13,764 |
| Adjustment for: | | |
| Depreciation and Amortisation Expenses | 13,04,82,984 | 3,58,50,287 |
| Exceptional Items (Refer Note 31) | - | (9,07,72,312) |
| Prior Period Items | 2,88,46,529 | - |
| Dividend from Non-current Investments | (3,075) | - |
| Dividend from Current Investments | (6,71,769) | (9,606) |
| Expense on Employee Stock Option Scheme | 12,58,322 | - |
| Interest Income from Fixed Deposit/Others | (51,23,861) | (13,84,169) |
| Interest Expenses | 2,67,90,924 | 2,92,74,754 |
| Loss from Sale of Fixed Assets (Net) / Assets discarded | 49,62,281 | 1,21,288 |
| Impairment of Capital Work in Progress | 74,97,450 | - |
| Provision for Doubtful Trade Receivables | 5,27,522 | - |
| Unrealised Exchange Variation (Net) | (22,19,306) | - |
| Operating Profit/(Loss) before Working Capital and Other changes | 34,70,95,677 | (2,25,05,994) |
| Decrease in Trade Receivables | 9,15,12,620 | 2,85,69,960 |
| (Increase) in Other Receivables | (5,30,50,818) | (4,79,48,532) |
| (Increase)/ Decrease in Inventories | (59,90,012) | 47,29,482 |
| (Decrease) / Increase in Trade Payables, Other Current and Non-current liabilities and Provisions | (1,46,00,867) | 2,97,10,776 |
| Changes in Working Capital and Other changes | 1,78,70,923 | 1,50,61,686 |
| Cash generated from/(used in) Operations | 36,49,66,600 | (74,44,308) |
| Direct Taxes paid (net) | 1,41,27,727 | - |
| Net cash generated from/(used in) Operating Activities (A) | 37,90,94,327 | (74,44,308) |
| B. Cash flow from Investing Activities | | |
| Capital Expenditure | (7,97,03,852) | (1,09,85,350) |
| Proceeds from Sale of Fixed Assets | 19,98,713 | 50,000 |
| Purchase of Current Investments | - | (24,121) |
| Increase in Bank balances not considered as Cash and cash equivalents | (1,02,55,920) | - |
| (Increase)/Decrease in Investments | (18,14,780) | 1,81,542 |
| (Increase) in Bank balances included in Other Non-Current Assets | (7,30,000) | - |
| Dividend Received from Non-current Investments | 3,075 | - |
| Dividend Received from Current Investments | 6,71,769 | 9,606 |
| Interest Received on Fixed Deposit | 26,15,325 | 13,84,169 |
| Net Cash (used in) Investing Activities (B) | (8,72,15,670) | (93,84,154) |
| C. Cash flow from Financing Activities | | |
| Dividend Paid / remitted, including Dividend Tax | (1,37,98,548) | - |
| Proceeds from Issue of Preference shares | 7,00,00,000 | 2,60,00,000 |
| Repayment of Borrowings (net) | (34,15,06,927) | 46,85,612 |
| Interest paid on Borrowings | (1,69,33,150) | (2,92,74,754) |
| Net Cash (used in)/from Financing Activities (C) | (30,22,38,625) | 14,10,858 |
| D. Net (Decrease) in Cash and Cash Equivalents (A) + (B) + (C) | (1,03,59,968) | (1,54,17,604) |
| E. Cash and Cash Equivalents (Opening) as on 1st April 2016/ 1st April 2015 | 5,28,941 | 1,59,46,545 |
| F. Cash and Cash Equivalents pursuant to Scheme of Amalgamation (Refer Note 50) | 1,43,04,158 | - |
| G. Cash and Cash Equivalents (Closing) | 44,73,131 | 5,28,941 |

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

| Particulars | For the Year Ended 31 March 2017 Rs. | For the Year Ended 31 March 2016 Rs. |
|--|---|---|
| Notes: | | |
| (i) <u>Reconciliation of Cash and cash equivalents</u> | | |
| Cash and Bank balances as per Balance Sheet (Refer Note 19) | 1,85,54,878 | 3,37,793 |
| Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements | | |
| - Deposits under Lien | (1,31,59,089) | - |
| - Unpaid Dividend Account | (17,16,680) | - |
| Cash and Cash Equivalents as per Note 19 | 36,79,109 | 3,37,793 |
| Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) (Refer Note 16) | 7,94,022 | 1,91,148 |
| Cash and cash equivalents at the end of the Year | 44,73,131 | 5,28,941 |
| (ii) <u>Disclosure of significant Non-cash transaction</u> | | |
| Assets and Liabilities taken over pursuant to the Scheme of Amalgamation (Also Refer Note 50) | | |
| - Fixed Assets (Net) | 131,31,25,540 | - |
| - Other Assets | 49,09,12,666 | - |
| - Other Liabilities | (59,28,66,349) | - |
| Conversion of Loan(including interest) into Equity share capital | - | 8,68,28,140 |
| See accompanying notes forming part of the financial statements | | |

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants**Ananthi Amarnath**
Partner**Place : Chennai**
Date : 30 May 2017**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 : 30 May 2017**Suresh Krishnamurthi Rao**
Chairman**Nitin S Cowlagi**
Chief Financial Officer

1. BACKGROUND

Teamec Chlorates Limited (hereinafter referred to as “the Company”) was incorporated on 6 May 2009 and is in the business of manufacturing Sodium Chlorate and Hydrogen. During the current year, Chemfab Alkalies Limited (hereinafter referred to as “CAL”) merged with the Company pursuant to the Scheme of Amalgamation approved by the National Company Law Tribunal (Chennai) (“Scheme”). Refer Note 50.

Subsequent to the year ended 31 March 2017, in accordance with the Scheme the Company has made an application to the Registrar of Companies (ROC) for change in the name of the Company from Teamec Chlorates Limited to Chemfab Alkalies Limited and is awaiting the required approvals.

1.1 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. Also Refer Note 50.

b. USE OF ESTIMATES

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

c. OPERATING CYCLE

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

d. INVENTORIES

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

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

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

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

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

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

f. CASH FLOW STATEMENT

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

g. FIXED ASSETS, DEPRECIATION AND AMORTISATION

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 and Amortisation:

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

Depreciation on tangible 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. Goodwill arising on Amalgamation is amortised over a period of 2 years from the date of acquisition.

Intangible Fixed assets are amortised over their estimated useful life on straight line method. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern.

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 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. 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.

k. 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, and comprise amounts invoiced for goods including excise duty but net of rebates/ discounts and sales tax / VAT.

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.

l. 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.

m. DERIVATIVE 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 exchange 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.

n. 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.

o. 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.

p. 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 eligible 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.

q. EMPLOYEE SHARE BASED PAYMENTS

Deferred employee stock compensation cost for stock options is recognised as per the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to the employee stock options using the intrinsic value method. The compensation cost, if any, is amortised uniformly over the vesting period of the options.

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.

ii. EARNINGS PER SHARE

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

v. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

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.

TEAMEC CHLORATES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

| Particulars | As at 31 March 2017 Rs. | As at 31 March 2016 Rs. |
|---|----------------------------|----------------------------|
| 2. Share Capital | | |
| AUTHORISED | | |
| 2,85,00,000 (P.Y. 74,00,000) Equity Shares of Rs.10/- each | 28,50,00,000 | 7,40,00,000 |
| 2,64,000 (P.Y. 2,60,000) 11% Redeemable Cumulative Preference Share Capital of Rs.100/-each | 2,64,00,000 | 2,60,00,000 |
| 8,00,000 (P.Y. 8,00,000) 12% Redeemable Cumulative Preference Share Capital of Rs.100/-each | 8,00,00,000 | 8,00,00,000 |
| | 39,14,00,000 | 18,00,00,000 |
| ISSUED SUBSCRIBED AND FULLY PAID-UP | | |
| 7,28,080 (P.Y. 72,80,804) Equity Shares of Rs.10/- each. Fully paid up (Refer Note (d) below) | 72,80,800 | 7,28,08,040 |
| 2,60,000 (P.Y. 2,60,000) 11% Redeemable Cumulative Preference Share Capital of Rs.100/-each Fully paid (Refer Note (e) below) | 2,60,00,000 | 2,60,00,000 |
| 7,00,000 (P.Y.Nil) 12% Redeemable Cumulative Preference Share Capital of Rs.100/-each Fully paid (Refer Note (c) below) | 7,00,00,000 | - |
| Share Capital Suspense account Pursuant to Scheme of Amalgamation (Refer Note 50(ii)) | 13,10,24,240 | - |
| Total | 23,43,05,040 | 9,88,08,040 |

Notes:

(a) Reconciliation of Number of Shares - Issued, Subscribed and Fully Paid up

(i) Reconciliation of Number of Equity Shares

| Particulars | 2016-17 | | 2015-16 | |
|--|-----------------|------------------|------------------|--------------------|
| | No. of Shares | Rs. | No. of Shares | Rs. |
| Shares outstanding as at 1 April | 72,80,804 | 7,28,08,040 | 48,00,000 | 4,80,00,000 |
| Issued during the year | - | - | 24,80,804 | 2,48,08,040 |
| Reduction in Share Capital pursuant to Scheme of Amalgamation (Refer Note (d) below) | (65,52,724) | (6,55,27,240) | - | - |
| Shares outstanding as at 31 March | 7,28,080 | 72,80,800 | 72,80,804 | 7,28,08,040 |

TEAMEC CHLORATES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

(ii) Reconciliation of Number of Preference Shares

11% Redeemable Cumulative Preference Shares (Refer Note (e) below)

| Particulars | 2016-17 | | 2015-16 | |
|--|-----------------|--------------------|-----------------|--------------------|
| | No. of Shares | Rs. | No. of Shares | Rs. |
| Shares outstanding as at 1 April | 2,60,000 | 2,60,00,000 | - | - |
| Issued during the year | - | - | 2,60,000 | 2,60,00,000 |
| Shares outstanding as at 31 March | 2,60,000 | 2,60,00,000 | 2,60,000 | 2,60,00,000 |

12% Redeemable Cumulative Preference Shares (Refer Note (c) below)

| Particulars | 2016-17 | | 2015-16 | |
|--|-----------------|--------------------|---------------|----------|
| | No. of Shares | Rs. | No. of Shares | Rs. |
| Shares outstanding as at 1 April | - | - | - | - |
| Issued during the year | 7,00,000 | 7,00,00,000 | - | - |
| Shares outstanding as at 31 March | 7,00,000 | 7,00,00,000 | - | - |

(b) List of Shareholders holding more than 5% of the total number of shares issued by the company :

Equity Shares

| Particulars | 2016-17 | | | 2015-16 |
|--|--|--|-----------------------------|-----------|
| | Opening No. of shares (Refer Note (d)) | No. of Shares added Pursuant to the Scheme of Amalgamation (Refer Note 50) | Closing Total No. of Shares | |
| Dr. Rao Holdings Pte Ltd (Equity Shares 48.89% (P.Y 31.64%)) | 2,30,400 | 65,30,669 | 67,61,069 | 23,04,000 |
| Titanium Equipment and Anode Manufacturing Company Limited (Equity Shares 7.75% (P.Y 0.01%)) | 100 | 10,72,083 | 10,72,183 | 1,000 |
| Shrimati K.M. Padma (Equity Shares 8.03%, (PY 45.31%)) | 3,29,918 | 7,80,795 | 11,10,713 | 32,99,184 |
| Shri Suresh Krishnamurthi Rao (Equity Shares 10.30%, (PY 23.01%)) | 1,67,561 | 12,56,863 | 14,24,424 | 16,75,610 |

Preference Shares

| Particulars | 2016-17 | | 2015-16 | |
|--|---------------|-----|---------------|-----|
| | No. of shares | % | No. of shares | % |
| Titanium Equipment and Anode Manufacturing Company Limited | | | | |
| - 11% Redeemable Cumulative Preference Shares | 2,60,000 | 100 | 2,60,000 | 100 |
| - 12% Redeemable Cumulative Preference Shares | 7,00,000 | 100 | - | - |

TEAMEC CHLORATES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

(c) Preference Shares issued during the year

During the current year, the Company has issued 7,00,000 Redeemable Cumulative Preference Shares with face value of Rs. 100 each to Titanium Equipment and Anode Manufacturing Company Ltd. carrying dividend of 12%. These preference shares are redeemable after a period of 2 years from the date of issue.

(d) Reduction of Share Capital (Also Refer Note 50)

Pursuant to the approval of the Scheme of Amalgamation and Arrangement of Chemfab Alkalis Limited with the Company and their respective shareholders and creditors ('the Scheme') becoming effective from the Appointed Date (01 April 2014), the paid up share capital of the Company of Rs. 7,28,08,040 divided into 72,80,804 equity shares of Rs. 10 each, without any application or deed, were reduced to 7,28,080 equity shares of Rs. 10 each amounting to Rs. 72,80,800. The credit arising on such cancellation of capital has been adjusted against debit balance in the Statement of Profit and Loss as per the Scheme. Further, pursuant to the Scheme, the Company is not be required to add the suffix "and Reduced" to their name.

(e) 2,60,000 11% Preference shares were initially due for redemption on 24 March 2017. The tenure for redemption was extended upto 30 June 2017 based on the approval of the Board and the consent of the preference Shareholders.

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

(g) Disclosure of Rights

(i) Equity Shares:

The Company has issued only one class of equity shares having a par value of Rs. 10 per share. Each holder of Equity Share is entitled to one vote per share held. 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.

(ii) Preference Shares:

The Company has issued two classes of cumulative redeemable preference shares:

| Particulars | Number of Shares | Date of Issue | Applicable Date of Redemption | Dividend Payable as at 31 March 2017 |
|---|------------------|---------------|-------------------------------|--------------------------------------|
| 1. 11% Redeemable Cumulative Preference Shares of Rs.100 each | 2,60,000 | 18-Mar-16 | 30-Jun-17 | 29,69,699 |
| 2 (a). 12% Redeemable Cumulative Preference Shares of Rs.100 each | 6,60,000 | 25-May-16 | 24-May-18 | 67,48,274 |
| 2 (b). 12% Redeemable Cumulative Preference Shares of Rs.100 each | 40,000 | 27-May-16 | 26-May-18 | 4,06,356 |
| Total | 9,60,000 | | | 1,01,24,329 |

TEAMEC CHLORATES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

| Particulars | As at 31 March 2017 Rs. | As at 31 March 2016 Rs. |
|--|-------------------------------|-------------------------------|
| 3. Reserves and Surplus | | |
| Capital Reserve | | |
| Opening balance | - | - |
| Add: Pursuant to Scheme of Amalgamation (Refer Note 50) | 40,66,650 | - |
| Closing balance | 40,66,650 | - |
| Securities Premium account | | |
| Opening balance | 15,70,20,100 | 9,50,00,000 |
| Add: Securities Premium on issue of Equity Shares | - | 6,20,20,100 |
| Add: Pursuant to Scheme of Amalgamation (Refer Note 50) | 330,18,10,848 | - |
| Closing balance | 345,88,30,948 | 15,70,20,100 |
| Share options outstanding account (Refer Note 51) | | |
| Opening balance | - | - |
| Add: Pursuant to Scheme of Amalgamation (Refer Note 50) | 24,132 | - |
| Add: Employee compensation expense for the year | 12,58,322 | - |
| Closing balance | 12,82,454 | - |
| Surplus/(Deficit) in Statement of Profit and Loss | | |
| Opening Balance | (33,05,26,819) | (33,49,40,583) |
| Add: Adjustments pursuant to Scheme of Amalgamation (Refer Note below) | (192,84,42,699) | - |
| Add: Reduction in Equity Share Capital Pursuant to Scheme of Amalgamation (Refer Note 2(d)) | 6,55,27,240 | - |
| Add: Profit for the year | 15,47,47,676 | 44,13,764 |
| | (203,86,94,602) | (33,05,26,819) |
| Less: Appropriations | | |
| - Dividend on Preference Shares (Refer Note 2(g)(ii)) | 1,01,24,329 | - |
| - Tax on Preference Dividend | 20,61,070 | - |
| Closing Balance | (205,08,80,001) | (33,05,26,819) |
| Total | 141,33,00,051 | (17,35,06,719) |
| Note | | |
| Details of Adjustments pursuant to Scheme of Amalgamation (Refer Note 50) | | |
| Particulars | Amount (Rs.) | |
| Profit after Tax of CAL for YE 31 March 2015 as per Audited financials | 10,22,69,705 | |
| Profit After Tax of CAL for YE 31 March 2016 as per Audited financials | 8,66,06,433 | |
| Less: Appropriations made out of profits of 2014-15 and 2015-16 as per Audited financials of CAL | (2,75,97,096) | |
| Less: Other adjustments to Reserves and Surplus as per Audited financials of CAL for 2014-15 and 2015-16 | (38,98,507) | |
| Less: Amortisation of Goodwill recognised on Merger for 2014-15 and 2015-16 (Refer Note 50(iii)) | (213,77,55,180) | |
| Add: Deferred Tax Adjustment (FY2014-15 and FY2015-16) | 5,19,31,946 | |
| Total Amount carried to Opening Reserves and Surplus Pursuant to the Scheme of Amalgamation | (192,84,42,699) | |

TEAMEC CHLORATES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

| Particulars | As at 31 March 2017 Rs | As at 31 March 2016 Rs |
|--|------------------------------|------------------------------|
| 4. Long-term Borrowings | | |
| (i) Secured | | |
| - From Related Parties | | |
| - Inter Corporate Deposits (Refer Note 48) (Refer Note (i) below) | - | 26,16,78,010 |
| (ii) Unsecured | | |
| - From Related Parties | | |
| (a) External Commercial Borrowings (Refer Note (ii) below and Note 48) | 8,10,48,250 | 7,87,50,000 |
| (b) Others (Refer Note (iii) below and Note 48) | 12,35,30,149 | 12,35,30,149 |
| - From Others | - | 1,17,00,000 |
| Total | 20,45,78,399 | 47,56,58,159 |
| Note:- | | |
| (i) The entire amount represents Inter Corporate Deposit (ICD) from CAL. These ICDs received under various tranches were consolidated and were repayable in 3 years along with interest @ 11.50% per annum with effect from 25 March 2016. During the current year, CAL merged with the Company pursuant to Scheme of Amalgamation and consequently all intercompany balances were eliminated (Refer Note 50). | | |
| (ii) The entire amount represents Trade Credit from Global Outsourcers Pte Ltd, a related party, which was converted into an Unsecured External Commercial Borrowings originally repayable by 5 September 2015. The period for repayment were subsequently extended to 3 September 2018 vide letter from by Global Outsourcers Pte Ltd dated 1 June 2015. The interest on the ECB loan was also waived vide agreement dated 27 March 2013. | | |
| (iii) The entire amount represents borrowings from Titanium Equipment and Anode Manufacturing Company Limited, a related party, at an interest rate of 9.50% per annum. The loan is repayable within 3 years from the date of the borrowing. | | |

TEAMEC CHLORATES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

| Particulars | As at 31 March 2017 Rs | As at 31 March 2016 Rs |
|---|------------------------------|------------------------------|
| 5. Deferred Tax Liabilities (Net) | | |
| Deferred Tax Liabilities | | |
| On difference between balance of fixed assets as per Books of Account and as per Income Tax Act, 1961 | 16,48,36,505 | - |
| Deferred Tax Assets | | |
| Employee benefits and Others | (1,82,65,256) | - |
| On unabsorbed losses restricted to the extent of Deferred tax liabilities | (14,65,71,249) | - |
| Total | - | - |
| 6. Other Long term Liabilities | | |
| Trade / Security deposits received | 54,50,909 | - |
| Gratuity Payable (Refer Note 29 and Note 46) | 89,22,447 | - |
| Total | 1,43,73,356 | - |
| 7. Long-term Provisions | | |
| Provision for Compensated absences (Refer Note 29) | 1,12,06,802 | - |
| Total | 1,12,06,802 | - |
| 8. Short-term Borrowings | | |
| From Banks | | |
| - Cash Credit - Secured | 31,95,799 | - |
| Total | 31,95,799 | - |
| Note: Secured by way of first charge over the entire current assets of the Company, present and future at an interest of 11.10% p.a | | |
| 9. Trade Payables (Refer Notes 35 & 38) | | |
| Total Outstanding dues of micro enterprises and small enterprises | 3,12,022 | - |
| Total Outstanding dues of creditors other than micro enterprises and small enterprises | 12,86,49,179 | 4,48,39,399 |
| Total | 12,89,61,201 | 4,48,39,399 |

TEAMEC CHLORATES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

| Particulars | As at 31 March 2017 Rs | As at 31 March 2016 Rs |
|---|------------------------------|------------------------------|
| 10. Other Current Liabilities | | |
| Current maturities of long-term debt (Refer Note (ii) below) | - | 16,00,00,000 |
| Interest accrued but due on borrowings - Related Party (Refer Note 48) | 2,22,65,766 | 1,07,82,071 |
| Unpaid Dividends (Refer Note (i) below) | 17,16,680 | - |
| Other payables | | |
| - Statutory liabilities | 75,69,779 | 38,24,233 |
| - Creditors for Capital Goods (Refer Note 48) | 9,58,72,055 | 7,91,32,755 |
| - Advance from Customers | 45,75,705 | 1,61,653 |
| - Gratuity Payable (Refer Note 29 and Note 46) | 10,85,016 | - |
| Total | 13,30,85,001 | 25,39,00,712 |
| Notes: | | |
| (i) Amounts to be credited to Investor Education and Protection Fund | - | - |
| (ii) During the previous year, the Company had entered into a One Time Settlement (OTS) vide sanction letter dated 19 March 2016 with Bank of Baroda, Mylapore with respect to the outstanding term loans and interest accrued thereon. The final amount to be settled by the Company is shown under other current liabilities (current maturities of long term debt). The Company settled the same on 25 May 2016 and obtained no due certificate from the bank. Also refer Note 31. | | |
| 11. Short-term Provisions | | |
| Provision for Compensated absences (Refer Note 29 and Note 46) | 25,15,422 | 3,21,200 |
| Provision for Taxation (Net of Advance Tax of Rs.23,21,12,149) (Also Refer Note 33 and Note 36) | 30,68,627 | - |
| Provision for preference dividend (Refer Note 2(g)(ii)) | 1,01,24,329 | - |
| Provision for tax on preference dividend | 20,61,070 | - |
| Total | 1,77,69,448 | 3,21,200 |

TEAMEC CHLORATES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

12. Fixed Assets

| Particulars | Gross Block | | | | | | Accumulated Depreciation/ Amortisation | | | | Net Block | |
|--|--------------------------------|---|------------------------------|--|---------------------------------|--------------------------------|--|-------------------------------|--|---------------------------------|---------------------------------|--------------------------------|
| | As at 01 April 2016 | Additions Pursuant to Scheme of Amalgamation (Refer Note 50) | Additions during the year | Deletions/ Adjustment during the year (Refer Note 29) | As at 31 March 2017 | As at 01 April 2016 | Additions Pursuant to Scheme of Amalgamation (Refer Note 50) | For the year | Deletions/ Adjustment during the year (Refer Note 29) | As at 31 March 2017 | As at 31 March 2017 | As at 31 March 2016 |
| TANGIBLE ASSETS (OWNED AND ACQUIRED) | | | | | | | | | | | | |
| Land (Refer Note 12.3 and Note 12.5) (Previous year) | 3,62,05,687 (3,62,05,687) | 14,91,91,113 | 12,72,632 | 25,15,097 | 18,41,54,335 (3,62,05,687) | - | - | - | - | - | 18,41,54,335 (3,62,05,687) | 3,62,05,687 (3,62,05,687) |
| Buildings (Previous year) | 15,20,98,075 (15,20,98,075) | 11,31,03,431 | 1,29,54,947 | 64,60,947 | 27,16,95,506 (15,20,98,075) | 2,03,77,977 (1,53,48,138) | 3,94,35,589 | 2,23,62,845 (50,29,839) | 4,68,081 | 8,17,08,330 (2,03,77,977) | 18,99,87,176 (13,17,20,098) | 13,17,20,098 (13,67,49,937) |
| Plant and Equipments (Refer Note 12.4) (Previous year) | 51,76,46,229 (51,63,17,975) | 165,66,15,565 | 10,34,44,782 (13,28,254) | 5,26,06,137 | 222,51,00,439 (51,76,46,229) | 11,51,72,544 (8,56,70,490) | 77,69,25,682 | 10,23,17,112 (2,95,02,054) | 1,62,37,627 | 97,81,77,711 (11,51,72,544) | 124,69,22,728 (40,24,73,685) | 40,24,73,685 (43,06,47,485) |
| Furniture and Fixtures (Previous year) | 30,36,533 (30,36,533) | 90,00,217 | 3,83,107 | - | 1,24,19,857 (30,36,533) | 10,59,305 (7,29,947) | 61,16,831 | 8,01,990 (3,29,358) | - | 79,78,126 (10,59,305) | 44,41,731 (19,77,228) | 19,77,228 (23,06,586) |
| Vehicles (Previous year) | - (570,324) | 99,14,399 | - | 11,27,224 (570,324) | 87,87,175 | - (3,01,432) | 17,31,936 | 10,76,941 (97,604) | 4,32,724 (3,99,036) | 23,76,153 | 64,11,022 | - (2,68,892) |
| Office Equipments (Previous year) | 33,19,213 (32,59,513) | 1,69,28,698 | 24,92,628 (59,700) | 7,89,291 | 2,19,51,248 (33,19,213) | 24,28,881 (15,37,449) | 1,27,76,555 | 21,89,373 (8,91,432) | 6,79,049 | 1,67,15,760 (24,28,881) | 52,35,488 (8,90,332) | 8,90,332 (17,22,064) |
| TOTAL (A) | 71,23,05,737 (71,14,88,107) | 1,95,47,53,423 | 12,05,48,096 (13,87,954) | 6,34,98,696 (5,70,324) | 272,41,08,560 (71,23,05,737) | 13,90,38,707 (10,35,87,456) | 83,69,86,593 | 12,87,48,261 (3,58,50,287) | 1,78,17,481 (3,99,036) | 108,69,56,080 (13,90,38,707) | 163,71,52,480 (57,32,67,030) | 57,32,67,030 (60,79,00,651) |
| Previous Year | | | | | | | | | | | | |
| INTANGIBLE ASSETS (OWNED AND ACQUIRED) | | | | | | | | | | | | |
| Computer Software (Previous year) | - | 1,06,12,338 | 4,17,401 | 1,11,236 | 1,09,18,503 | - | 29,86,094 | 17,34,723 | 47,653 | 46,73,164 | 62,45,339 | - |
| Goodwill (Refer Note 12.6) (Previous year) | - | 213,77,55,180 | - | 213,77,55,180 | - | - | 213,77,55,180 | - | 213,77,55,180 | - | - | - |
| TOTAL (B) | - | 214,83,67,518 | 4,17,401 | 213,78,66,416 | 1,09,18,503 | - | 214,07,41,274 | 17,34,723 | 213,78,02,833 | 46,73,164 | 62,45,339 | - |
| Previous Year | | | | | | | | | | | | |
| TOTAL (A)+(B) | 71,23,05,737 (71,14,88,107) | 410,31,20,941 | 12,09,65,497 (13,87,954) | 220,13,65,112 (5,70,324) | 273,50,27,063 (71,23,05,737) | 13,90,38,707 (10,35,87,456) | 297,77,27,867 | 13,04,82,984 (3,58,50,287) | 215,56,20,314 (3,99,036) | 109,16,29,244 (13,90,38,707) | 164,33,97,819 (57,32,67,030) | 57,32,67,030 (60,79,00,651) |
| Previous year | | | | | | | | | | | | |

TEAMEC CHLORATES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Notes:

- 12.1 Depreciation for the year includes Rs.60,35,505 (Previous year Rs. Nil) towards accelerated depreciation charged on certain assets, based on technical assessment.
- 12.2 Plant and Equipments include written down value of assets used for Research and Development purposes amounting to Rs.61,43,889 as at 31 March 2017 (Previous Year Rs. Nil).
- 12.3 The Company is currently using approximately 170 acres of land for production of salt. Further it is in the process of developing the balance 524.17 acres of salt fields. The production of salt on these lands is expected to commence post completion of the development activities.
- 12.4 Adjustments during the year includes subsidy amounting to Rs.1,37,200 received from authorities.
- 12.5 Freehold Land includes:

| Particulars | As at 31 March 2017 Amount in Rs. | Remarks |
|---|---|---|
| Freehold land and building located at Kalapet and Ramnad admeasuring 36.57 acres and 694.17 acres respectively. | 20,09,64,191 | The title deeds are in the name of Chemfab Alkalies Limited erstwhile Company which was merged with the Company under section 391 to 394 of the Companies Act, 1956 and the corresponding section 230 to 232 reading with section 52 of the Companies Act, 2013, in terms of the approval of the National Company Law Tribunal ('NCLT') Chennai. Further for freehold land admeasuring 31.51 acres located at Ramnad, the Company is in the process of registering in its name. |

- 12.6 Pursuant to the Scheme of Amalgamation as referred to in Note 50, the Company has recognised Goodwill amounting to Rs.213,77,55,180 as at 1 April 2014, being the appointed date of merger (net of deferred tax adjustment on the date of the acquisition).

The aforesaid goodwill has been amortised over a period of 2 years from the date of merger as per the accounting policy of the Company. During the current year, the fully amortised Goodwill has been retired. Also Refer Note 50 (iii).

- 12.7 Figures in brackets represents the previous year numbers.

TEAMEC CHLORATES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

| Particulars | For the year Ended 31 March 2017 Rs | For the year Ended 31 March 2016 Rs |
|---|---|---|
| 13. Non-Current Investments | | |
| Non trade, Quoted - At cost - Fully paid-up | | |
| Investment in Equity Instruments of Other entities | | |
| 281 (P.Y. NIL) Equity Shares of Rs.10/- each of Summit Securities Ltd. | 20,700 | - |
| 500 (P.Y. NIL) Equity Shares of Rs.10/- each of De Nora India Ltd. | 6,850 | - |
| 300 (P.Y. NIL) Equity Shares of Rs.10/- each of Sree Rayalaseema Alkalis & Allied Chemicals Ltd | 1,095 | - |
| 450 (P.Y. NIL) Equity Shares of Rs.5/- each of Kanoria Chemicals Ltd. | 2,408 | - |
| Non trade, Unquoted - At cost - Fully paid-up | | |
| Investment in Equity Instruments of Other entities | | |
| 24,86,000 (P.Y. NIL) Equity Shares of Rs.10/- each of SBQ Steels Limited | 18,14,780 | - |
| Investment in Preference Shares of Other entities | | |
| 300 (P.Y. NIL) 0.01% Cumulative Preference Shares of Rs.10/- each of Sree Rayalaseema Alkalis & Allied Chemicals Ltd. | 1,095 | - |
| Total | 18,46,928 | - |
| Aggregate Cost of quoted Non-Current Investments | 32,148 | - |
| Aggregate market value of listed and quoted Non-Current Investments | 3,04,876 | - |
| Aggregate amount of unquoted investments | 18,14,780 | - |
| 14. Long-Term Loans and Advances | | |
| (Unsecured, Considered good) | | |
| Capital advances | 2,48,064 | - |
| Rental Deposit (Refer Note 48) | 3,00,00,000 | - |
| Deposits with others | 6,03,45,808 | 4,05,84,940 |
| MAT Credit Entitlement | 2,88,31,525 | - |
| Advance Income Tax and Tax Deducted at Source (Net of Provision for tax of Rs. Nil (previous year Rs. Nil)) | 2,50,240 | 1,27,052 |
| Total | 11,96,75,637 | 4,07,11,992 |
| 15. Other Non-Current Assets (Unsecured, Considered good) | | |
| Balances held as margin money (Refer Note below) | 80,41,500 | - |
| Reimbursements Receivable from Government (Refer Note 35) | 6,95,67,743 | - |
| Total | 7,76,09,243 | - |
| Note: | | |
| Represents balances with banks that are restricted from being exchanged or used to settle a liability for more than 12 months from the Balance Sheet date | | |

TEAMEC CHLORATES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

| Particulars | For the year Ended 31 March 2017 Rs | For the year Ended 31 March 2016 Rs |
|---|---|---|
| 16. Current Investments (Lower of cost and fair value) | | |
| Investments in Mutual Funds (quoted, fully paid-up) | | |
| SBI Premier Liquid Fund - Dividend - 269 units (P.Y. Nil) of Rs. 1,000 each | 2,70,180 | - |
| LIC Nomura Liquid Fund - 303 units (P.Y. Nil) of Rs. 1,000 each | 3,32,694 | - |
| SBI Magnum Insta Cash Mutual Fund - 114 Units (P.Y. 114 Units) of Rs.1,675 each | 1,91,148 | 1,91,148 |
| Total | 7,94,022 | 1,91,148 |
| Aggregate amount of Current Investments in Mutual Funds | | |
| - Cost | 7,94,022 | 1,91,148 |
| - Net Asset Value | 7,94,022 | 1,91,148 |
| Current investments include investments in the nature of "Cash and Cash Equivalents" (as defined in AS 3 Cash Flow Statements) considered as part of Cash and Cash Equivalents in the Cash Flow Statement | 7,94,022 | 1,91,148 |
| 17. Inventories (at lower of cost and net realisable value) | | |
| Raw Materials | 30,35,435 | 8,36,124 |
| Work in Progress | 30,39,486 | 1,33,90,252 |
| Finished Goods (other than those acquired for trading) | 2,89,29,357 | 3,36,001 |
| Fuel | 9,11,376 | 35,065 |
| Stores and Spares (including Goods in Transit amounting to Rs. 28,223 (As at 31 March 2016 - Rs. Nil)) | 71,54,902 | 20,86,238 |
| Total | 4,30,70,556 | 1,66,83,680 |
| 18. Trade Receivables | | |
| Trade Receivables outstanding for a period exceeding six months from the date they were due for payment | | |
| - Unsecured, considered good | 4,24,688 | - |
| - Unsecured, considered doubtful | 6,36,849 | - |
| | 10,61,537 | - |
| Less: Provision for doubtful trade receivables | | |
| - Pursuant to the Scheme of Amalgamation (Refer Note 50) | (1,35,360) | - |
| - Provision made during the year | (5,01,489) | - |
| | 4,24,688 | - |
| Other Trade receivables | | |
| - Secured, considered good | 2,61,11,652 | - |
| - Unsecured, considered good | 5,88,94,022 | 61,72,872 |
| Total | 8,54,30,362 | 61,72,872 |
| | | |

TEAMEC CHLORATES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

| Particulars | For the year Ended 31 March 2017 Rs | For the year Ended 31 March 2016 Rs |
|---|---|---|
| 19. Cash and Bank Balances | | |
| Cash and Cash Equivalents (as per AS 3 Cash Flow Statements) | | |
| Cash on hand (Refer Note 54) | 40,104 | 49,320 |
| Balance with Banks - Current Accounts | 36,39,005 | 2,88,473 |
| Total - Cash and Cash Equivalents (as per AS 3 Cash Flow Statements) (A) | 36,79,109 | 3,37,793 |
| Other Bank Balances | | |
| In Earmarked accounts | | |
| - Margin Money Accounts for bank guarantees and letters of credit | 1,31,59,089 | 4,86,121 |
| - Unpaid Dividend Accounts | 17,16,680 | - |
| Total - Other Bank Balances (B) | 1,48,75,769 | 4,86,121 |
| Total (A) + (B) | 1,85,54,878 | 8,23,914 |
| 20. Short-Term Loans and Advances (Unsecured, Considered good) | | |
| Deposits | 38,63,762 | - |
| Advance to Employees | 44,248 | 14,600 |
| Prepaid Expenses | 53,05,264 | - |
| Balance with Central Excise Authorities | 64,95,364 | 29,44,174 |
| Others | 93,29,245 | 8,58,734 |
| Total | 2,50,37,883 | 38,17,508 |
| 21. Other Current Assets (Unsecured, Considered good) | | |
| Interest accrued on Fixed Deposits | 25,97,545 | - |
| Reimbursements Receivable from Government (Refer Note 35) | - | 4,69,18,473 |
| Other Receivables | 2,91,42,796 | 18,36,778 |
| Total | 3,17,40,341 | 4,87,55,251 |

TEAMEC CHLORATES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

| Particulars | For the year Ended 31 March 2017 Rs | For the year Ended 31 March 2016 Rs |
|--|---|---|
| 22. Revenue from Operations | | |
| Sale of Products | | |
| <u>Manufactured goods (Refer Note (i) below)</u> | | |
| - Caustic Soda Lye | 100,28,03,875 | - |
| - Chlorine | 6,29,71,439 | - |
| - Sodium Chlorate | 25,56,42,413 | 26,69,40,731 |
| - Hydrogen | 9,22,44,439 | - |
| - Others | 13,89,66,492 | 1,14,74,654 |
| Total - Sale of Manufactured goods (A) | 155,26,28,658 | 27,84,15,385 |
| <u>Traded Goods (Refer Note (ii) below)</u> | | |
| - Caustic Soda Lye | 61,45,461 | 3,20,595 |
| - Chlorine | 30,63,998 | - |
| - Others | 21,706 | - |
| Total - Sale of Traded goods (B) | 92,31,165 | 3,20,595 |
| Other Operating Income | | |
| - Testing Charges (Refer Note (iii) below) | 29,38,680 | - |
| - Scrap sales | 26,41,187 | 45,000 |
| Total - Other Operating Income (C) | 55,79,867 | 45,000 |
| Total (A)+(B)+(C) | 156,74,39,690 | 27,87,80,980 |
| Note | | |
| (i) Sale of Manufactured good comprises: | | |
| Domestic sales | 155,16,62,712 | 27,84,15,385 |
| Export sales | 9,65,946 | - |
| | 155,26,28,658 | 27,84,15,385 |
| (ii) Sale of Traded goods comprises: | | |
| Domestic sales | 92,31,165 | 3,20,595 |
| Export sales | - | - |
| | 92,31,165 | 3,20,595 |
| (iii) Testing Charges comprises: | | |
| Domestic | 18,68,698 | - |
| Export | 10,69,982 | - |
| | 29,38,680 | - |
| 23. Other Income | | |
| Interest Income: | | |
| - Interest from Fixed Deposits | 17,22,935 | - |
| - Interest on Income tax refund | 78,98,957 | - |
| - Other Interest | 34,00,926 | 13,84,169 |
| Dividend income (Refer Note (i) below) | 6,74,844 | 9,606 |
| Exchange variation(Net) | 29,65,662 | - |
| Miscellaneous Income | 16,87,246 | 7,73,966 |
| Total | 1,83,50,570 | 21,67,741 |

TEAMEC CHLORATES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

| Particulars | For the year Ended 31 March 2017 Rs | For the year Ended 31 March 2016 Rs |
|---|---|---|
| Notes: | | |
| (i) Dividend income includes: | | |
| a. Dividend from Non Current Investments | 3,075 | - |
| b. Dividend from Current Investments | 6,71,769 | 9,606 |
| | 6,74,844 | 9,606 |
| 24 A. Cost of Materials Consumed | | |
| Opening Stock | 8,36,124 | 14,36,630 |
| Add: Pursuant to Scheme of Amalgamation (Refer Note 50) | 12,54,327 | - |
| Add: Purchases | 7,04,97,154 | 2,47,37,834 |
| | 7,25,87,605 | 2,61,74,464 |
| Less: Closing Stock | 30,35,435 | 8,36,124 |
| Cost of Materials consumed | 6,95,52,170 | 2,53,38,340 |
| Materials Consumed Comprises of: | | |
| Salt | 3,52,52,375 | 72,13,170 |
| Soda Ash | 1,00,21,457 | 7,60,437 |
| Caustic Soda Lye | 69,32,142 | 67,23,768 |
| Others (Refer Note (i) below) | 1,73,46,196 | 1,06,40,965 |
| Total | 6,95,52,170 | 2,53,38,340 |
| Note: | | |
| (i) Others include raw materials none of which individually accounts for more than 10 % of the total consumption. | | |
| 24 B. Purchases of Stock in Trade | | |
| Domestic | | |
| - Caustic Soda Lye | 54,76,891 | - |
| - Others | 5,75,034 | - |
| Total | 60,51,925 | - |
| 25. Changes in Inventories of Finished Goods and Work in Progress | | |
| Opening Stock | | |
| Work-in-Progress | 1,33,90,252 | 1,59,06,660 |
| Finished goods | 3,36,001 | 25,08,000 |
| Add: Additions to Inventories as on 1 April 2016 pursuant to Scheme of Amalgamation (Refer Note 50) | | |
| Work-in-Progress | 4,10,435 | - |
| Finished goods | 1,11,44,278 | - |
| | 2,52,80,966 | 1,84,14,660 |
| Closing Stock | | |
| Work-in-Progress | 30,39,486 | 1,33,90,252 |
| Finished goods | 2,89,29,357 | 3,36,001 |
| | 3,19,68,843 | 1,37,26,253 |
| Increase / (Decrease) of excise duty on changes in inventory | -65,514 | - |
| Total | (67,53,391) | 46,88,407 |

TEAMEC CHLORATES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

| Particulars | For the year Ended 31 March 2017 Rs | For the year Ended 31 March 2016 Rs |
|--|---|---|
| 26. Other Direct Manufacturing Expenses | | |
| Power and Fuel (Refer Note 35) | 63,31,23,040 | 19,94,45,798 |
| Labour Charges | 3,71,41,202 | 53,79,360 |
| Total | 67,02,64,242 | 20,48,25,158 |
| 27. Employee Benefits Expense (Refer Note 55) | | |
| Salaries and Wages | 12,08,47,203 | 1,41,32,887 |
| Contribution to Provident and other Funds (Refer Note 46) | 1,29,78,354 | 8,86,172 |
| Employee Stock Option Cost (Refer Note 51) | 12,58,322 | - |
| Staff Welfare Expenses | 81,09,523 | 12,40,447 |
| Total | 14,31,93,402 | 1,62,59,506 |
| 28. Finance Cost | | |
| Interest on Borrowings | 2,67,90,924 | 2,92,74,754 |
| Total | 2,67,90,924 | 2,92,74,754 |
| 29. Prior Period Items | | |
| Decapitalization of costs | | |
| - Interest on Borrowings (net) | 85,19,307 | - |
| - Preoperative Revenue Expenses (net) | 1,22,08,200 | - |
| Exchange Variations (net) | 34,14,284 | - |
| Gratuity (Refer Note 46) | 7,80,838 | - |
| Others | 39,23,900 | - |
| Total | 2,88,46,529 | - |
| 30. Other Expenses (Refer Note 55) | | |
| Consumption of Stores and spares | 2,64,36,742 | 50,53,116 |
| Rent - Others | 33,45,356 | - |
| Repairs and Maintenance | | |
| - Machinery | 2,99,93,092 | 28,58,447 |
| - Buildings | 66,17,649 | 73,552 |
| Insurance | 44,47,734 | 10,17,039 |
| Lease Charges (Refer Note 52) | 59,04,096 | 5,36,736 |
| Rates and Taxes | 52,93,659 | 10,18,124 |
| Travelling Expenses | 99,04,393 | 3,94,087 |
| Auditor's Remuneration (net of service tax input credit) | | |
| - Statutory Audit | 17,50,000 | 1,20,000 |
| - Limited Review | 4,50,000 | - |
| - Other Services - Certificates | 5,00,000 | - |
| - Out of Pocket Expenses | 79,980 | 22,381 |
| Commission to Directors | 45,00,000 | - |
| Sitting fees | 9,00,225 | - |
| Expenditure on Corporate Social Responsibility (Refer Note 39) | 42,16,628 | - |
| Legal and Professional Fees | 2,00,08,378 | 5,65,908 |

TEAMEC CHLORATES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

| Particulars | For the Year Ended 31 March 2017 Rs | For the Year Ended 31 March 2016 Rs |
|--|---|---|
| Freight (Net) | 1,37,91,893 | - |
| Advertisement | 3,46,439 | - |
| Bad Debts written off | 26,033 | - |
| Provision for Doubtful Trade Receivables | 5,01,489 | 2,30,349 |
| Net Loss on Sale of Assets / Assets discarded | 49,62,281 | 1,21,288 |
| Impairment of Capital Work in Progress (Refer Note 37) | 74,97,450 | - |
| Miscellaneous Expenses (Refer Note (i) below) | 4,80,31,401 | 83,92,246 |
| Total | 19,95,04,918 | 2,04,03,273 |
| Note: | | |
| (i) Miscellaneous Expenses includes: | | |
| - Donations | 20,25,000 | 77,950 |
| - Bank Charges | 4,08,743 | 35,744 |
| 31. Exceptional Item | | |
| Amounts no longer payable on One time settlement with Bank (Refer Note below) | - | 9,07,72,312 |
| Total | - | 9,07,72,312 |

Note:

During the previous year, the Company had entered into One Time Settlement (OTS) vide sanction letter dated 19 March 2016 with Bank of Baroda, Mylapore with respect to the outstanding term loans and interest accrued thereon. Subsequent to the year ended 31 March 2016, the Company had settled the loans outstanding including interest amounting to Rs.25,07,72,312 for Rs.16,00,00,000 on 25 May 2016 and the amounts no longer payable on such settlement amounting to Rs.9,07,72,312 was accounted as Exceptional Item during the previous year ended 31 March 2016.

| | Amount in Rs. | |
|--|---------------------|---------------------|
| | As at 31 March 2017 | As at 31 March 2016 |
| 32 a. Commitments | | |
| (i) Estimated amount of contracts remaining to be executed and not provided for in these accounts (net of advances) in respect of purchase of : | | |
| - Tangible assets | 5,96,65,857 | 37,84,713 |
| - Intangible assets | - | - |
| b. Contingent liabilities in respect of | | |
| (i) Guarantees given by the Company to the Customs department on behalf of Titanium Equipment and Anode Manufacturing Company Limited (Refer Note 48) | 25,00,000 | - |
| (ii) Guarantees given by the Company to the Third parties for purchase of electricity | 1,00,00,000 | - |
| (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. | 29,18,223 | - |

TEAMEC CHLORATES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

| 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 (-) | F.Y 2003-2004 | CTO, Chengalpet |
| 2 | The Finance Act, 1994 | Service Tax | 1,96,627 (-) | January 2005 to March 2013 | Commissioner (Appeals), Chennai |
| 3 | The Central Excise Act, 1944 | Cenvat on Excise and Service tax | 25,75,471 (-) | 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 |

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 33 below

33 Income Tax Demands

During the financial year 2014-15, the Income Tax Department had appealed before the Income Tax Appellate Tribunal (ITAT) against the Order passed by the Commissioner of Income Tax (Appeals) on the Chemfab Alkalies Limited ("CAL") for the Assessment Year 2010-11 relating to the disallowance of sales commission paid to various commission agents. CAL had filed its cross objections challenging the Department's contentions. 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 favourable outcome in the ITAT as well.

- 34** 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 Puducherry plant of the Company 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.

- 35** Power and fuel for the year ended 31 March 2017 is net of;

(a) Write back of provision towards the Fuel and Power Purchase Cost Adjustment (FPPCA) amounting to Rs.2,32,84,470 as it is no longer payable.

(b) Reimbursement of power charges amounting to Rs.2,26,49,270 (Previous Year - Rs.2,94,14,633) by the Government of Andhra Pradesh. The amounts receivable as at 31 March 2017 in this regard from the Government of Andhra Pradesh is disclosed under Other Non-Current Assets as at 31 March 2017 (Other Current Assets as at 31 March 2016).

36 Provision for Taxation

Provision for current tax for the year has been determined based on the total income of the Company for the year ended 31 March 2017 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. Accordingly, the current tax charge for the year ended 31 March 2017 is Rs.Nil (net of MAT credit Entitlement).

Further, pursuant to the Scheme of Amalgamation as explained in Note 50, the Company has filed / in the process of filing the revised returns for the assessment years 2015-16 and 2016-17 duly considering the effect of the Scheme and claiming refund of taxes paid by the Company. Necessary adjustments to the tax provision, refund receivables will be carried out on completion of the assessment.

- 37** Capital work in progress as at 31 March 2017 of Rs.11,36,17,428 includes an amount of Rs. 11,35,87,930 (net of impairment amounting to Rs.2,82,80,450) incurred towards expansion Project at Pondicherry plant, which is in progress. The Company is in the process of obtaining the required approvals from the regulatory authorities and the project is expected to be completed in due course.

TEAMEC CHLORATES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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

Amount in Rs

| Particulars | For the year Ended 31 March 2017 | For the year Ended 31 March 2016 |
|---|-------------------------------------|-------------------------------------|
| a) Dues remaining unpaid | | |
| - Principal | 3,12,022 | - |
| - Interest | - | - |
| b) (i) Amounts paid to suppliers beyond the appointed day | - | - |
| (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, Small and Medium 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.42,16,628 towards corporate social responsibility as required under 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.) Nil. Also Refer Note 50.

Amount spent by the Company during the year on:

Amount in Rs

| Particulars | Paid in Cash / Cheque | Amount Paid | Yet to be paid | Total |
|--|--------------------------|------------------|----------------|------------------|
| i) Construction / Acquisition of any asset | Cheque | - | - | - |
| ii) On purposes other than (i) above | Cash | 40,340 | - | 40,340 |
| | Cheque | 41,76,288 | - | 41,76,288 |
| Total | | 42,16,628 | - | 42,16,628 |

40 Disclosure as per Section 186(4) of Companies Act 2013

| Particulars | Name of the Party | Amount as at 31 March, 2017 | Purpose | Remarks |
|------------------|--|--------------------------------|---|-----------------------|
| Guarantees given | Titanium Equipment and Anode Manufacturing Company Limited | 25,00,000 | Surety Bond given to Customs department | Refer Note 32 (b) (i) |

41 Value of Raw materials and Stores and Spares consumed

Amount in Rs.

| Particulars | 2016-17 | | 2015-16 | |
|--------------------------|--------------------|------------|--------------------|------------|
| | Value | % | Value | % |
| Raw Materials | | | | |
| Imported | - | - | - | - |
| Indigenous | 6,95,52,170 | 100 | 2,53,38,340 | - |
| Total | 6,95,52,170 | 100 | 2,53,38,340 | 100 |
| Stores and Spares | | | | |
| Imported | 2,04,462 | 1 | 6,57,496 | 13 |
| Indigenous | 2,62,32,280 | 99 | 43,95,620 | 87 |
| Total | 2,64,36,742 | 100 | 50,53,116 | 100 |

TEAMEC CHLORATES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

| | | Amount in Rs | |
|--|--|------------------|-----------------|
| Particulars | | 2016-17 | 2015-16 |
| 42 Value of Imports on CIF basis | | | |
| Stores and Spares | | 1,85,269 | 6,57,496 |
| Capital goods (including items in Capital Work in Progress) | | 34,20,520 | - |
| Total | | 36,05,789 | 6,57,496 |
| 43 Expenditure in Foreign Currency (Gross of withholding of tax where applicable) | | | |
| Travelling expenses | | 1,14,602 | - |
| Subscription / Membership Fee | | 9,93,507 | - |
| Total | | 11,08,109 | - |
| 44 Dividend Remitted in Foreign Currency (on payment basis) | | | |
| Number of Non- Resident Shareholders | | 2 | - |
| Number of Shares held | | 46,58,868 | - |
| Amount remitted | | 58,23,585 | - |
| Financial Year to which relates | | 2015-16 | - |
| Nature of dividend | | Final | - |

Note:

The Board of Directors, at their meeting held on 30 May 2017, have proposed a final dividend of Rs. 1.25 per equity share, aggregating to Rs. 2,08,07,578 (including dividend tax there on), for the year ended March 31, 2017. The dividend proposed by the Board of Directors is subject to the approval of shareholders at the ensuing Annual General Meeting.

| | | | |
|---|--|------------------|----------------|
| 45 Earnings in Foreign Exchange | | 2016-17 | 2015-16 |
| Export of goods calculated on FOB basis | | 9,65,946 | - |
| Testing Charges | | 10,69,982 | - |
| Freight Collected | | 31,38,900 | - |
| Total | | 51,74,828 | - |

46 Employee benefit plans

I Defined contribution plans

- a. The Company makes Provident Fund, Superannuation Fund which are defined contribution plans, for qualifying employees. During the year, the Company has recognised the following amounts under Defined Contribution Plan in the Statement of Profit and Loss:

| Particulars | For the Year Ended | |
|---|--------------------|-----------------|
| | 31 March, 2017 | 31 March, 2016 |
| Employer's Contribution to Provident Fund | 83,87,716 | 8,42,390 |
| Employer's Contribution to Superannuation Fund | 16,35,551 | - |
| Employer's Contribution to Employee Deposit Linked Insurance scheme | 6,22,740 | 43,782 |
| | 1,06,46,007 | 8,86,172 |

II 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:

TEAMEC CHLORATES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

A. Current Year Ended 31 March 2017:

| Particulars | Year ended 31 March, 2017 |
|---|------------------------------|
| | Amount in Rs |
| Components of employer's expense | |
| Current service cost | 36,56,307 |
| Interest cost | 26,64,744 |
| Expected return on plan assets (including interest adjustments) | (22,93,012) |
| Actuarial (gains) | (16,95,692) |
| Total expense recognised in the Statement of Profit and Loss | 23,32,347 |
| Actual contribution and benefit payments for the year | |
| Actual benefit payments | 32,62,160 |
| Actual contributions | 27,42,845 |
| Net asset / (liability) recognised in the Balance Sheet | |
| Present value of defined benefit obligation | (3,62,47,520) |
| Fair value of plan assets | 2,62,40,057 |
| Net asset / (liability) recognised in the Balance Sheet | (1,00,07,463) |
| Current portion of the liability included under Note 10 | 10,85,016 |
| Non-Current portion of the liability included under Note 6 | 89,22,447 |
| | 1,00,07,463 |
| Change in defined benefit obligations (DBO) during the year | |
| Present value of DBO at beginning of the year (Refer Note 29) | 7,80,838 |
| Add: Pursuant to Scheme of Amalgamation (Refer Note 50) | 3,40,38,594 |
| Current service cost | 36,56,307 |
| Interest cost | 26,64,744 |
| Actuarial losses / (gains) | (14,90,899) |
| Benefits paid | (34,02,064) |
| Present value of DBO at the end of the year | 3,62,47,520 |
| Change in fair value of assets during the year | |
| Plan assets at beginning of the year | - |
| Add: Pursuant to Scheme of Amalgamation (Refer Note 50) | 2,42,61,567 |
| Acquisition adjustment | 4,58,483 |
| Expected return on plan assets | 18,34,529 |
| Actual company contributions | 28,82,749 |
| Actuarial gain / (loss) | 2,04,793 |
| Benefits paid | (34,02,064) |
| Plan assets at the end of the year | 2,62,40,057 |
| Actual return on plan assets | 4,58,483 |
| Actuarial assumptions | |
| Discount rate | 7.23% -7.32% |
| Expected return on plan assets | 7.50% |
| Salary escalation | 8.00% |
| Attrition | 3.00% |
| Mortality tables | India Assured Life (2006-08) |
| Estimate of amount of contribution in the immediate next year | 10,85,016 |

TEAMEC CHLORATES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

| B. Previous Year Ended 31 March 2016: (Refer Note 29) | |
|---|--|
| Particulars | Year ended 31 March, 2016 (Refer Note 56) |
| | Amount in Rs |
| Components of employer's expense | |
| Current service cost | 2,54,957 |
| Past service cost | 5,25,881 |
| Interest cost | - |
| Expected return on plan assets (including interest adjustments) | - |
| Actuarial losses/(gains) | - |
| Total expense recognised in the Statement of Profit and Loss as prior period item (Refer Note 29) | 7,80,838 |
| Actual contribution and benefit payments for the year | |
| Actual benefit payments | - |
| Actual contributions | - |
| Net (liability) recognised in the Balance Sheet | |
| Present value of defined benefit obligation | (7,80,838) |
| Fair value of plan assets | - |
| Net (liability) recognised in the Balance Sheet (Refer Note 29) | (7,80,838) |
| Current portion of the liability | 1,215 |
| Non-Current portion of the liability | 7,79,623 |
| | 7,80,838 |
| Change in defined benefit obligations (DBO) during the year | |
| Present value of DBO at beginning of the year | - |
| Current service cost | 2,54,957 |
| Past service cost | 5,25,881 |
| Interest cost | - |
| Actuarial losses / (gains) | - |
| Benefits paid | - |
| Present value of DBO at the end of the year | 7,80,838 |
| Change in fair value of assets during the year | |
| Plan assets at beginning of the year | - |
| Expected return on plan assets | - |
| Actual company contributions | - |
| Actuarial gain / (loss) | - |
| Benefits paid | - |
| Plan assets at the end of the year | - |
| Actual return on plan assets | - |
| Actuarial assumptions | |
| Discount rate | 7.80% |
| Expected return on plan assets | - |
| Salary escalation | 8.00% |
| Attrition | 3.00% |
| Mortality tables | India Assured Life (2006-08) |
| Estimate of amount of contribution in the immediate next year | 1,215 |
| Notes: | |
| a. The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors | |
| b. Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated life of the obligation. | |

TEAMEC CHLORATES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017****c. Experience adjustments**

| Gratuity | 2016-17 | 2015-16 (Refer Note 56) |
|--|----------------|------------------------------------|
| Present value of DBO | 3,62,47,520 | 7,80,838 |
| Fair value of plan assets | 2,62,40,057 | - |
| Experience gain / (loss) adjustments on plan liabilities | 14,90,899 | - |
| Experience gain / (loss) adjustments on plan assets | 16,95,692 | - |

d. Details relating to the experience adjustments are provided to the extent information is available.

e. The plan assets comprise insurer managed funds.

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

| Particulars | Year ended 31 March, 2017 | Year ended 31 March, 2016 (Refer Note 56) |
|--------------------|--------------------------------------|--|
| Discount rate | 7.23% -7.32% | 7.80% |
| Salary escalation | 8.00% | 0.00% |
| Attrition | 3.00% | 0.00% |

47 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.

TEAMEC CHLORATES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017****b) Information on geographic segments:**

| Geographical Segment | Revenues for the year ended 31 March 2017 | Segment assets as at 31 March 2017 | Capital expenditure incurred during the year ended 31 Mar 2017 |
|----------------------|---|------------------------------------|--|
| | Rs | Rs | Rs |
| India | 142,06,45,451 (24,81,13,436) | 216,03,73,454 (70,00,20,791) | 7,97,03,852 (1,09,85,350) |
| Others | 20,35,928 - | 4,01,643 - | - - |

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

2) Also Refer Note 1.1(s)

48 Related party disclosures

a) List of Related parties and description of relationship

- | | |
|---|--|
| (i) Individuals exercising Significant influence | Mr. Suresh Krishnamurthi Rao - Chairman |
| (ii) Relatives of above | Mrs. K.M. Padma (Mother of Mr. Suresh Krishnamurthi Rao) Mrs. Meenakshi Ratnam (Wife of Mr. Suresh Krishnamurthi Rao) |
| (iii) Entities in which persons listed in (i) and (ii) above exercise significant influence | CHKR Foundation Dr Rao Holdings Pte Ltd Titanium Equipment and Anode Manufacturing Company Limited (TEAM) Chemfab Alkalis Limited (CAL) (For FY 2015-16) Global Outsourcers Pte Ltd (GOPL) |
| (iv) Key Management Personnel (KMP) | Mr. V.M. Srinivasan - Chief Executive Officer Mr. Nitin S Cowlagi - Chief Financial Officer |

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

TEAMEC CHLORATES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
b) Transaction with related parties
A: Current Year Ended 31 March 2017
(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 |
|---|--|---|-------------------------|--------------|-----------|
| | | GOPL | Dr Rao Holdings Pte Ltd | TEAM | |
| <u>I. Transactions during the year</u> | | | | | |
| <u>a) Income</u> | | | | | |
| Sale of Products | - | - | - | 3,53,530 | - |
| <u>b) Expenditure</u> | | | | | |
| Purchase of Materials | - | - | - | 23,26,761 | - |
| Repairs & Maintenance (Machinery) | - | - | - | 1,20,797 | - |
| Equipment Lease Rental Charges (Refer Note 52) | - | - | - | 59,04,096 | - |
| Interest on Borrowings (Net of TDS) | - | - | - | 1,14,83,695 | - |
| Annual Maintenance Charges | - | - | - | 68,95,000 | - |
| Royalty Expenses | - | - | - | 9,73,010 | - |
| Lease Rent | - | - | - | 68,950 | - |
| Commission (paid out of the provision made during the previous year) | | | | | |
| - Mr. Suresh Krishnamurthi Rao | 20,00,000 | - | - | - | - |
| Salaries and Perquisites | | | | | |
| - Mr. V.M. Srinivasan | - | - | - | - | 78,52,994 |
| - Mr. Nitin S Cowlagi | - | - | - | - | 30,52,948 |
| <u>c) Others</u> | | | | | |
| Sale of Fixed Assets | - | - | - | 4,00,000 | - |
| Purchase of Fixed Assets | - | - | - | 2,01,19,861 | - |
| Proceeds from Issue of Preference shares | - | - | - | 7,00,00,000 | - |
| Guarantee given to Customs (Refer Note 32(b) (i)) | - | - | - | 25,00,000 | - |
| Counter Gaurantees given expired during the year | - | - | - | 28,00,00,000 | - |
| Guarantees given expired during the year | - | - | - | 95,00,000 | - |
| Final Dividend paid | | - | 57,14,335 | 11,00,573 | - |
| - Mr. Suresh Krishnamurthi Rao | 10,99,755 | - | - | - | - |
| - Mrs. K.M. Padma | 6,83,195 | - | - | - | - |
| <u>II. Balances Outstanding at the end of the year</u> | | | | | |
| Payables | - | - | - | 83,18,971 | - |
| Interest accrued but not due on Inter Corporate Deposit (Refer Note 21) | - | - | - | - | - |
| Interest accrued and due on Borrowings (Gross) (Refer Note 10) | - | - | - | 2,22,65,766 | - |
| Rental Deposit | - | - | - | 3,00,00,000 | - |
| Capital Creditors | - | - | - | 6,89,08,048 | - |
| Long Term Borrowings | - | 8,10,48,250 | - | 12,35,30,149 | - |
| Guarantee given (Refer Note 32) | - | - | - | 25,00,000 | - |
| Counter Guarantee Given | - | - | - | - | - |

TEAMEC CHLORATES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
B: Previous 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 |
|--|--|--|-------------------------|--------------|--------------|-----|
| | | GOPL | Dr Rao Holdings Pte Ltd | TEAM | CAL | |
| <u>I. Transactions during the year</u> | | | | | | |
| <u>a) Income</u> | | | | | | |
| Sale of Products | - | - | - | - | - | - |
| Interest on Inter Corporate Deposit | - | - | - | - | - | - |
| Penal Interest on Inter Corporate Deposit | - | - | - | - | - | - |
| <u>b) Expenditure</u> | | | | | | |
| Equipment Lease Rental Charges | - | - | - | 5,36,736 | - | - |
| Interest on Borrowings (Net of TDS) | - | - | - | 1,07,82,071 | - | - |
| Interest on Inter corporate Deposit (Net of TDS) | - | - | - | - | 1,55,65,207 | - |
| Reimbursement of Expenses | - | - | - | 51,93,059 | - | - |
| <u>c) Others</u> | | | | | | |
| Purchase of Fixed Assets | - | - | - | 12,18,195 | - | - |
| Inter Corporate Deposit | - | - | - | - | 10,00,00,000 | - |
| Proceeds from Issue of Preference Shares | - | - | - | 2,60,00,000 | - | - |
| Conversion of Long Term Borrowings to Equity Share Capital | | | | | | |
| - Mr. Suresh Krishnamurthi Rao | 4,11,74,700 | - | - | - | - | - |
| - Mrs. K.M. Padma | 4,56,53,440 | - | - | - | - | - |
| Counter Guarantee given | - | - | - | 28,00,00,000 | - | - |
| <u>II. Balances Outstanding at the end of the year</u> | | | | | | |
| Payables | - | - | - | 14,41,256 | - | - |
| Interest accrued and due on Borrowings (Gross) (Refer Note 10) | - | - | - | 1,07,82,071 | - | - |
| Inter Corporate Deposit (Refer Note 4 and Note 50) | - | - | - | - | 26,16,78,010 | - |
| Capital Creditors | - | - | - | 4,87,88,187 | - | - |
| Long Term Borrowings | - | 7,87,50,000 | - | 12,35,30,149 | - | - |
| Guarantee given (Refer Note 32) | - | - | - | - | - | - |
| Counter Guarantee Given | - | - | - | 28,00,00,000 | - | - |
| Also Refer Note 50. | | | | | | |

TEAMEC CHLORATES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

49 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 | 2016-17 | 2015-16 (Refer Note 56) |
|--|---------------------|----------------------------|
| Face Value Per Share | 10 | 10 |
| Net Profit after Tax | 15,47,47,676 | 44,13,764 |
| Less: Preference Dividend (including Tax there on) | 1,20,53,368 | 1,32,031 |
| Net Profit attributable to the Equity shareholders (A) | 14,26,94,308 | 42,81,733 |
| Weighted average Number of Shares (including Share Capital Suspense Account - Refer Note 50(ii)) (B) | 1,38,30,504 | 49,15,544 |
| Add: Effects of ESOP which are dilutive in nature | 1,17,568 | - |
| Weighted average Number of Shares for Diluted EPS (C) | 1,39,48,072 | 49,15,544 |
| Basic Earnings per Share (A/B) | 10.32 | 0.87 |
| Diluted Earnings per Share (A/C) | 10.23 | 0.87 |

50 ACQUISITION OF BUSINESS

(i) Merger of Chemfab Alkalies Limited with Teamec Chlorates Limited (the Company) :

In accordance with the terms of Scheme of Amalgamation and Arrangement ("the Scheme") between the Company (Transferee Company) and Chemfab Alkalies Limited (Transferor Company / CAL), the Transferor Company has been merged with the Company. The Scheme has been approved by the National Company Law Tribunal (Chennai) vide its Order dated 30 March 2017, with an appointed date of 01 April 2014.

The merger has been accounted under the purchase method referred to in Accounting Standard 14 "Accounting for Amalgamation" and the assets and liabilities transferred have been recorded at their book value, being the fair value as certified by an Independent Chartered Accountant and approved by the Board.

(ii) Share Suspense Account:

1,31,02,424 Equity shares of face value of Rs.10 each of the Company (with a premium of Rs.252 per share) are to be issued to the shareholders of the Chemfab Alkalies Limited in the ratio of 10 fully paid Equity shares of the Company having face value of Rs.10 each for every 7 fully paid Equity shares having a face value of Rs.5 each. Pending allotment an amount of Rs.13,10,24,240 has been included in the Share capital suspense account as at 31 March 2017. Also Refer Note 2.

TEAMEC CHLORATES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

(iii) Goodwill:

Details of assets and liabilities acquired on the merger as on the date of appointment are as follows:

| Particulars | Amounts as at 1 April 2014 (Appointed date) Rs |
|---|---|
| Assets | |
| (a) Fixed assets | |
| (i) Tangible Assets | 71,68,46,213 |
| (ii) Intangible Assets | 10,15,493 |
| (iii) Capital work-in-progress | 58,71,43,054 |
| (iv) Intangible assets under development | 81,20,780 |
| (b) Non-current Investments | 32,148 |
| (c) Long-term Loans and Advances | 18,89,84,160 |
| (d) Other Non Current Assets | - |
| (e) Current Investments | 7,17,95,852 |
| (f) Inventories | 2,79,16,014 |
| (g) Trade Receivables | 10,59,09,762 |
| (h) Cash and Bank Balances | |
| - Cash and Cash Equivalents | 67,14,900 |
| - Other Bank Balances | 1,23,16,107 |
| (i) Short-term Loans and Advances | 7,51,63,429 |
| (j) Other Current Assets | 20,80,294 |
| Total Assets [A] | 180,40,38,206 |
| Liabilities | |
| (a) Capital Reserve | 40,66,650 |
| (b) Deferred Tax Liabilities (Net) | 11,37,81,301 |
| (c) Other Long-term Liabilities | 63,30,522 |
| (d) Long-Term Provisions | 29,58,496 |
| (e) Short Term Borrowings | 24,18,93,015 |
| (f) Trade Payables | 12,67,95,716 |
| (g) Other Current Liabilities | 8,73,91,256 |
| (h) Short-Term Provisions | 1,37,16,042 |
| Total Liabilities [B] | 59,69,32,998 |
| Excess of Assets over Liabilities [A - B] = [C] | 120,71,05,208 |
| Less: Shares Proposed to be issued as explained in Note (ii) above [D] | |
| - Share Capital (1,31,02,424 Equity shares of Rs.10 each) | 13,10,24,240 |
| - Securities Premium (1,31,02,424 Equity shares at a premium of Rs.252 each) | 330,18,10,848 |
| Excess of Share Capital proposed to be issued by the Company over [C] Considered as Goodwill | 222,57,29,880 |
| Less: Deferred Tax adjustments | 8,79,74,700 |
| Net Goodwill considered for the purpose of Amortisation (Also Refer Note 12.6) | 213,77,55,180 |

(iv) Consequent to the merger, the Company has eliminated the inter-company balances as at 1 April 2014 which were carried in the books of the Company and Chemfab Alkalies Limited (and acquired by the Company as part of the merger)

(v) Also Refer Note 2(d) with regard to reduction of Equity Share capital pursuant to the Scheme.

(vi) Pursuant to clause 18 of the scheme, the aforesaid accounting treatment has been approved by the Committee formed by the Board of Directors, as on 31 March 2017, as mentioned in the scheme.

(vii) Also Refer Note 12.6.

TEAMEC CHLORATES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

51 Employee Stock Option Scheme

a) The ESOP scheme titled “CAESOS 2015” [Chemfab Alkalies Employees Stock Option Scheme 2015] was approved by the shareholders of Chemfab Alkalies Limited through postal ballot on 5 March 2016 pursuant to which 168,000 employee stock options were issued and are outstanding as at 31 March 2017. 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 2017 | | During the year ended 31 March 2016 | |
|---|--|--|--|--|
| | Options (Numbers) | Weighted average exercise price per option (Rs.) | Options (Numbers) | Weighted average exercise price per option (Rs.) |
| “CAESOS 2015” [Chemfab Alkalies Employees Stock Option Scheme 2015] | | | | |
| Option outstanding at the beginning of the year: | - | - | - | - |
| Add: Pursuant to Scheme of Amalgamation (Refer Note 50) | 1,68,000 | 52.43 | - | - |
| Granted during the year | - | - | - | - |
| Exercised during the year | - | - | - | - |
| Lapsed during the year | - | - | - | - |
| Options outstanding at the end of the year | 1,68,000 | 52.43 | - | - |
| The exercise price has been determined on the basis of the weighted average share price of Chemfab Alkalies Limited as at the grant date. | NA | 52.43 | - | - |

Weighted average remaining contractual life for options outstanding as at 31 March, 2017 - 3 Years (As at 31 March, 2016 - 4 Years).

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 | (Amount in Rs) | |
|---|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
| Profit (as reported) | 15,47,47,676 | - |
| Add / (Less): stock based employee compensation (intrinsic value) | 12,58,322 | - |
| Add / (Less): stock based compensation expenses determined under fair value method for the grants issued (See note (d) below) | (15,81,627) | - |
| Net Profit (proforma) | 15,44,24,372 | - |
| Basic earnings per share (as reported) | 10.32 | - |
| Basic earnings per share (proforma) | 10.29 | - |
| Diluted earnings per share (as reported) | 10.23 | - |
| Diluted earnings per share (proforma) | 10.21 | - |

TEAMEC CHLORATES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

- 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% |

52 Details of Operating Lease Arrangements

The Company entered into operating lease arrangements with Titanium Equipment & Anode Manufacturing Company Ltd. in the previous year for Plant & Machinery. The rental expense under such operating lease was Rs.59,04,096 (Previous Year - Rs.5,36,736)

53 Foreign Currency Risk Management

The Company is exposed to various financial risks, most of which relating to change in exchange rates and interest rates. The Company has not entered into any derivate contracts during the year ended 31 March 2017 and there are no outstanding contracts as at 31 March 2017 and 31 March 2016. 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 2017 | | As at 31 March 2016 (Refer Note 56) | |
|----------------------|-----------------|-----------------------------------|---------------------|--|---------------------|
| | | Amount in Foreign Currency | Amount in Rs | Amount in Foreign Currency | Amount in Rs |
| Capital Creditors | EURO | 1,85,000 | 1,28,10,805 | - | - |
| Trade Receivables | USD | 6,194 | 4,01,643 | - | - |
| Long Term Borrowings | USD | 12,50,000 | 8,10,48,250 | 12,50,000 | 7,87,50,000 |

54 Details of Specified Bank Notes held and transacted during the period from 08th Nov 2016 to 30th Dec 2016

The Ministry of Corporate Affairs (MCA) in its notification dated 30 March 2017 amended Schedule III to the Companies Act, 2013, requires that the Company provides the following disclosure in the financial statements in respect of Specified Bank Notes (SBN's):

| Particulars | SBNs | Other Denomination Notes | Amount in Rs. |
|---------------------------------------|-------------|---------------------------------|----------------------|
| | | | Total |
| Closing Cash in hand as on 08.11.2016 | 57,000 | 37,349 | 94,349 |
| Add: Permitted Receipts | - | 5,52,348 | 5,52,348 |
| Less: Permitted payments | - | (5,50,975) | (5,50,975) |
| Less: Amount Deposited in Banks | (57,000) | (8,312) | (65,312) |
| Closing Cash in hand as on 30.12.2016 | - | 30,410 | 30,410 |

TEAMEC CHLORATES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017****55 Details of Research & Development Expenditure Recognised as an expense (As identified by the management)****(Amount in Rs.)**

| Particulars | 2016-17 | 2015-16 |
|----------------------------------|------------------|----------------|
| Employee Benefits expense | 32,28,600 | - |
| Professional fees | 9,34,723 | - |
| Consumption of Stores and spares | 15,34,743 | - |
| Travelling expenses | 1,26,500 | - |
| Depreciation | 6,17,269 | - |
| Total | 64,41,835 | - |

56 Previous Year Figures

Previous year figures have been regrouped/ reclassified wherever necessary to conform to current years classification. As indicated in Note 50, during the current year ended 31 March 2017, Chemfab Alkalies Limited has been merged with the Company pursuant to the Scheme of Amalgamation approved by the National Company Law Tribunal (Chennai) with an appointed date of 1 April 2014. Therefore, the current year figures are strictly not comparable with that of the previous year.

57 Approval of Financial Statements

The Board of Directors of the Company has reviewed the realisable value of all the current assets and has confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognized in the financial statements. In addition, the Board has also confirmed the carrying value of the non-current assets in the financial statements. The Board, duly taking into account all the relevant disclosures made, has approved these financial statements in its meeting held on 30 May 2017.

**For and on behalf of Board of Directors of
TEAMEC CHLORATES LIMITED**

**C S Ramesh
Director**

**Suresh Krishnamurthi Rao
Chairman**

**V M Srinivasan
Chief Executive Officer**

**Nitin S Cowlagi
Chief Financial Officer**

**G Somasundaram
Company Secretary**

**Place : Chennai
Date : 30 May 2017**



National Energy Conservation Award-2016 - 1st Prize in Chloralkali Sector



Golden Peacock-Environment Management Award



FICCI - Most Environment Friendly Company Award



CII-Sectoral Award for EHS Practices in Chemical Sector - 1st Place with 4 Star Rating

TEAMEC CHLORATES LIMITED

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

Regd. Office : 'Team House', GST Salai, Vandalur, Chennai-600 048.
CIN No. U24290TN2009PLC071563

PROXY

Folio No. / DP, Client ID

I/We*
ofbeing a Member/Mem-
bers* of Chemfab Alkalis Limited (Formerly known as Teamec Chlorates Limited) hereby appoint
.....ofor 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 8th Annual General Meeting of the
Company, to be held at 10.00 AM on 4th September, 2017 and at any adjournment thereof.

As Witness set my/our hand/hands* this day of2017

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

Route Map



Venue of AGM

Kalyan Homitel – A Sarovar Hotel,
No.247, GST Road, Vandalur,
Chennai – 600 048
Date : 04.09.2017
Time : 10.00 am

EDUCATIONAL ASSISTANCE TO VILLAGERS



COMMUNITY AWARENESS PROGRAMS

Pondicherry Engineering College



Jawahar Navodhaya, Kalapet



Nirmalayam training institute for local community women





CHEMFAB ALKALIS LIMITED

(Formerly known as Teamec Chlorates Limited)

"TEAM House", GST Salai, Vandalur, Chennai - 600 048

Phone : +91-44-22750323/24, Fax : +91-44-22750860

Email : chemfabalkalis@draaholdings.com Website: www.chemfabalkalis.com

Member - Dr. Rao's Group of Companies