

Annual Report

2011- 12



**Tuticorin Alkali
Chemicals and
Fertilisers Limited,
Chennai**

**BOARD OF DIRECTORS**

Thiru M. JAYASANKAR

Thiru B. NARENDRAN

Dr. RM. KRISHNAN

Thiru G. RAMACHANDRAN, VP/Whole Time Director

Tmt VATSALA KRISHNAKUMAR, IDBI Bank Nominee

CHIEF MARKETING OFFICER & SITE HEAD

Thiru C.R. CHANDRASHEKAR

CHIEF FINANCIAL OFFICER

Thiru O.N.JAYAKUMAR

GENERAL MANAGER (MARKETING)

Thiru R. RAJAMANICKAM

GENERAL MANAGER (WORKS)

Thiru S. THANGATHIRUPATHY

COMPANY SECRETARY

Thiru S. RAGHAVAN

AUDITORS

CNGSN & ASSOCIATES

Chartered Accountants,

"Agastyar Manor"

20. Raja Street, T. Nagar,

Chennai - 600 017.

BANKERS

STATE BANK OF INDIA

TAMILNAD MERCANTILE BANK LTD

THE SOUTH INDIAN BANK LTD

THE CATHOLIC SYRIAN BANK LTD

INDIAN OVERSEAS BANK

CANARA BANK

SYNDICATE BANK

STATE BANK OF TRAVANCORE

REGISTERED OFFICE &**SECRETARIAL DEPARTMENT**

"EAST COAST CENTRE"

534, Anna Salai, Teynampet

Chennai - 600 018.

Phone: 24345276 / 24349824

Fax: 24348044 E-mail: s.raghavan@tacfert.com

WORKS

Harbour Construction Road,

Thoothukudi - 628 005

REGISTRAR &**SHARE TRANSFER AGENTS**

Cameo Corporate Services Limited

"Subramanian Building",

1, Club House Road, Off Anna Salai,

Chennai - 600 002.

Annual General Meeting		
Date		25.07.2012
Time		3.00 p.m.
Venue		Rajah Annamalai Hall, Esplanade, Chennai - 600 108.

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NOTICE

NOTICE is hereby given that the Thirty Ninth Annual General Meeting of TUTICORIN ALKALI CHEMICALS AND FERTILISERS LIMITED will be held on Wednesday, July 25, 2012 at 3.00 p.m., at "Rajah Annamalai Hall", Esplanade, Chennai 600 108, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended March 31, 2012, Balance Sheet as at that date and the Directors' and Auditors' Report thereon.
2. To elect a Director in place of Thiru M. Jayasankar, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint Auditors and fix their remuneration. M/s.CNGSN & Associates, Chartered Accountants, Chennai, retire and are eligible for reappointment.

SPECIAL BUSINESS

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

RESOLVED that Thiru G. Ramachandran, who was co-opted by the Board as an Additional Director of the Company with effect from December 12, 2011 and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company.

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

RESOLVED that Thiru B. Narendran, who was co-opted by the Board as an Additional Director of the Company with effect from January 18, 2012 and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation.

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

RESOLVED that Dr. RM. Krishnan, who was co-opted by the Board as an Additional Director of the Company with effect from January 18, 2012 and who holds office upto the date of this Annual General Meeting, be and is

hereby appointed as a Director of the Company liable to retire by rotation.

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

RESOLVED THAT pursuant to Sections 198, 269, 309, and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its consent and approval for the appointment of Thiru G. Ramachandran as Vice President / Whole Time Director of the Company for a period of two years from December 12, 2011 to December 11, 2013 on the following terms and conditions.

- A. Basic Salary at the rate of Rs.1,00,000/- per month in the Pay Scale of Rs.1,00,000 – 10,000- 2,00,000;
- B. Other Allowances and perquisites aggregating to Rs.2,00,000/- per month;
- C. Contribution to Provident and other Funds, Superannuation, Gratuity, leave eligibility and encashment shall be as per the applicable law/ service rules of the Company and subject to the limits under (B) above.
- D. Company's car will be provided and operating expenses for fuel, driving charges and maintenance will be reimbursed, the annual limit for the same shall be Rs 3,60,000/-;
- E. In addition to the above, the Company shall provide telephone and other communication facilities to the Vice President/Whole Time Director for use in relation to the discharge of the duties and responsibilities;
- F. The Company shall reimburse actual entertainment and traveling expenses incurred by Thiru G. Ramachandran, Vice President/Whole Time Director in connection with the Company's business and the same shall not be treated as perquisites or benefits to the Vice President/Whole Time Director.
- G. In the event of inadequacy or absence of profits during the tenure, Thiru G. Ramachandran, Vice President/Whole Time Director shall be entitled to the aforesaid remuneration approved by the Remuneration Committee as the minimum remuneration and the same shall be subject to the provisions of the applicable law or such other approvals as may be required under the relevant law.

Registered Office:
"East Coast Centre",
534, Anna Salai, Teynampet,
Chennai - 600 018.
May 25, 2012.

By Order of the Board
For TUTICORIN ALKALI CHEMICALS
AND FERTILISERS LIMITED
S. RAGHAVAN
Company Secretary

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. The proxy form, duly stamped and executed, should reach the registered office of the company at least 48 hours before the time fixed for the commencement of the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from July 18, 2012 to July 25, 2012 (both days inclusive).
4. Members are requested to quote their Folio Numbers in all their correspondence.
5. Members are requested to notify changes, if any, in their addresses to the Company or to the Registrar viz., Cameo Corporate Services Limited, Subramanian Building, 1, Club House Road, Anna Salai, Chennai 600 002, specifying full address in Block Capital with Pin Code of the Post Office.
6. Pursuant to Section 205A (5) of the Companies Act, 1956, all dividends up to the financial year ended March 31, 1995, which remained unpaid or unclaimed, have been transferred to the General Revenue Account of the Central Government. Members concerned are requested to claim the amount from the Registrar of Companies, Tamil Nadu, Shastri Bhavan, 26, Haddows Road, Chennai 600 006.
7. Members are requested to bring their copies of the Annual Report to the Meeting.
8. Members are requested to bring their Attendance Slips and hand over at the entrance, duly signed by them. Members who hold shares in the DEMATERIALISED FORM are requested to indicate without fail their DP ID and Client ID Numbers in the Attendance Slips.

Important information to the Members

The Ministry of Corporate Affairs (MCA) has taken a Green Initiative in the Corporate Governance by allowing paperless compliances by the Companies and has issued a Circular stating that service of all documents including Annual Reports can be sent by e-mail to its Members. Your Company believes that this is a remarkable and necessitated initiative by MCA and requests all its Members to support in this noble cause.

We therefore propose to send documents including Annual Reports in electronic form to the Members on the email addresses provided by them to the Company/Share Transfer Agent/the Depositories.

The Members who hold shares in physical form are requested to intimate/update the email address to the Company/Share Transfer Agent while Members holding shares in demat form can intimate/update their email address to their respective Depository Participants.

Members are requested to further note that they will be entitled to be furnished, free of cost, the physical copy of the documents sent by e-mail, upon receipt of a requisition from them, any time, as a Member of the Company.

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

Item Nos.4 to 6

Thiru G. Ramachandran was co-opted as an Additional Director with effect from December 12, 2011 and Thiru B. Narendran and Dr. RM. Krishnan were co-opted as Additional Directors with effect from January 18, 2012. In terms of Section 260 of the Companies Act, 1956 Tvl. G. Ramachandran, B. Narendran and Dr. RM Krishnan will hold office upto the date of this Annual General Meeting. The Company had received notices in writing from three members under Section 257 of the Companies Act, 1956 along with requisite deposits of Rs.500/- each, signifying their intention to propose the appointment of Tvl. G. Ramachandran, B. Narendran and Dr. RM. Krishnan.

Thiru G Ramachandran is a Chemical Engineer with a Post Graduate degree in Business Administration and possesses over 38 years of Industrial experience in Fertilisers and Petrochemical Industries. He worked for SPIC for 16 years before joining Manali Petrochemical Limited (MPL) in August 1989. Thiru G Ramachandran has worked in different capacities at MPL before taking over as its Managing Director, which post he held for more than a decade during which time the Company successfully turned around.

Thiru B.Narendran

Thiru B.Narendran, aged about 67 years, holds a Bachelor Degree in Chemical Engineering and MS in Transportation. He started his career in 1971 with MA Chidambaram Group as Business Development & Marketing Manager. He joined as Consultant in State Highways Administration, Baltimore, USA in 1993. From 1995, he held various key positions like Manager, Senior General Manager and Executive Director in various Companies. After his retirement from the whole time employment, he was a Consultant to Shell Inc, Detroit & Rite-Aid Pharmacy, Houston, USA for 2 years. He has over 40 years of rich experience in Technical, Marketing, Finance and Internal Audit.

Thiru B. Narendran is a Director of Southern Petrochemical Industries Corporation Limited (SPIC) and Sicagen India Limited.

Dr. RM.Krishnan

Dr. RM. Krishnan has over 36 years of experience in the field of project conceptualization, execution, pre-commissioning, commissioning and operation of fertilisers and petrochemical plants both in India and Middle East. He was involved in the implementation of large petrochemical projects like Aromatics - Purified Terephthalic Acid - Polyester Filament Yarn.

He did his M.Tech Chemical Engineering at IIT, Madras after completing B.Tech Chemical Engineering from Coimbatore Institute of Technology. He holds a Ph.D in Chemical Engineering from the Delft University of Technology, Netherlands and was involved in the area of innovation and R&D relating to various process and product technologies.

Dr. RM. Krishnan is a Director in Chiptest Engineering Limited, Accuspeed Engineering Limited and Sicagen India Limited.

The above said three Directors are not holding Equity Shares of the Company.

Memorandum of Interest

None of the Directors of the Company are concerned or interested in the resolutions except the three Directors viz, Tvl. G. Ramachandran, B. Narendran and Dr. RM Krishnan, who are interested in their appointment as Directors

Item No.7

The Board at its meeting held on December 12, 2011 has co-opted Thiru G. Ramachandran as an Additional Director and designated him as Vice President / Whole Time Director of the Company arising out of the resignation of Thiru S. Chandramohan as Managing Director with effect from December 31, 2011.

The Remuneration Committee has fixed the remuneration for Thiru G. Ramachandran at its meeting held on December 12, 2011 which was taken by the Board.

As required under Part II, Section II of Schedule XIII to the Companies Act, 1956, the following information is furnished:

I. GENERAL INFORMATION:

1. Nature of Industry:

The Company is primarily engaged in the manufacture and sale of Ammonium Chloride Fertiliser, Soda Ash both Light & Dense and Sodium Bicarbonate

2. Date or expected date of commencement of commercial production:

The Commercial production of Ammonium Chloride Fertiliser and Soda Ash, the main products of the Company, commenced on November 1, 1982.

3. Financial Performance:

The following are the results of the Company during the last three financial years, at a glance:

(Rs. in Lakhs)

Financial Parameters	2007-09 (18 months)	2009-10	2010-11
Total Income	1784.12	809.82	4876.35
Cash Profit/(Loss)	(2512.99)	(2127.03)	(1764.29)
Net Profit/(Loss)	(3250.30)	(2608.45)	(2235.79)
Amount of Dividend Paid	NIL	NIL	NIL

4. Export Performance, Net Foreign Exchange Earnings and Collaborations:

a. Export Performance and Net Foreign Exchange Earned:

The Company has exported 43,992 Tonnes of Ammonium Chloride (Fertiliser) for the year ended March 31, 2012, earning a foreign exchange equivalent to Rs.38.56 crores.

b. Foreign Investments or Collaborators, if any: NIL

II. INFORMATION ABOUT THE APPOINTEE:

Background Details, Recognition/Awards

Thiru G. Ramachandran, aged 60 years, is a Chemical Engineer with a Post Graduate degree in Business Administration and possesses over 38 years of Industrial Experience in Fertilisers and Petrochemical Industries.

Thiru G Ramachandran has worked as Managing Director of MPL for more than a decade.

He has rich experience in development, execution and management of chemical and fertiliser projects.

Under the leadership of Thiru G. Ramachandran, MPL has become a profitable company and commenced declaring dividend.

Past Remuneration:

This being the first appointment Thiru G. Ramachandran has not drawn salary in the past from the Company.

Job Profile and Suitability:

Thiru G Ramachandran, had taken various steps for improving the financial health of the Company through various organisational and financial restructuring like the proposal for one time settlement to improve productivity and process efficiency, exercising cost-control measures. He has also initiated steps to develop in house source for the Carbon-di-oxide gas to reduce the dependency of external source.

The leadership and contribution of Thiru G. Ramachandran are vital for the Company's improvement in its operational / financial performance.

Remuneration Proposed:

The remuneration proposed to be paid to Thiru G. Ramachandran, with effect from December 12, 2011, as approved by the Remuneration Committee of the Board of Directors at its Meeting held on December 12, 2011 has been disclosed in the Notice of the Meeting.

Comparative remuneration profile with respect to Industry, Size of the Company, Profile of the Position and Person:

The prevalent levels of remuneration in manufacturing industries, in general and the chemical/fertiliser industry, in particular, are higher. Taking into account the turnover of the Company, the academic background, qualifications and rich experience of Thiru G. Ramachandran, his invaluable contribution to the Company, his vital role at the present juncture for the turnaround of the Company is very much needed and his present remuneration and

comparable remuneration levels in the Country, the proposed remuneration to Thiru G Ramachandran is reasonable.

Pecuniary relationship, directly or indirectly, with the Company / Relationship with the Managerial Personnel:

Thiru G Ramachandran has no pecuniary relationship, directly or indirectly, with the Company, or relationship with any of the managerial personnel of the Company.

III. OTHER INFORMATION:

Reasons for Loss/Inadequacy of Profit:

- ❖ The Company's plant was under shutdown for more than 42 months due to non availability of CO₂ from SPIC which was also under shut down. The Plant recommenced manufacturing operations from the third week of October 2010.
- ❖ The price of Ammonia was also ruling at very high prices.
- ❖ The plant took time to stabilise after commencement of production after a long shut down.

Steps taken to improve the performance of the Company

The Company is taking the following steps to improve the performance of the Company:

One Time Settlement of Term Loan;

Setting up a Plant for recovery of CO₂ from Boiler Flue Gases;

Cost cutting measures through minimising specific consumption of raw materials and utilities;

Introduction of value added products with small additional investments.

The aforesaid measures will yield good results to increase the performance and profitability of the Company.

Expected increase in productivity and profits in measurable terms:

The savings expected on account of the restructuring of the Term Loan and energy conservation proposals, improvements in operations and manufacture of new value added products and further control measures on overhead expenses are expected to substantially increase the productivity and profitability of the Company.

The Board recommends the aforesaid Special Resolution for the approval of Members.

Inspection of Documents

All related documents are available for inspection by the Members at the Registered Office of the Company on any working day between 11.00 am to 1.00 pm upto the date of this 39th Annual General Meeting.

Memorandum of Interest

None of the Directors of the Company is concerned or interested in the Resolution except Thiru G. Ramachandran.

Registered Office:
"East Coast Centre",
534, Anna Salai, Teynampet,
Chennai - 600 018.
May 25, 2012.

By Order of the Board
For TUTICORIN ALKALI CHEMICALS
AND FERTILISERS LIMITED
S. RAGHAVAN
Company Secretary

Brief Resume of Thiru M. Jayasankar, Director, seeking re-appointment at the 39th Annual General Meeting

Thiru M Jayasankar, 76, a Chemical Engineer, has been associated with your Company since 1974 and was President (Managing Director) of Tuticorin Alkali Chemicals and Fertilisers Limited (TAC) for eight years till his superannuation in 1999. Prior to the assignment in TAC he was with Tata Chemicals Ltd, for 15 years.

He has over 50 years of experience in the Chemical industry, in various functions such as operations, research and development, project development and execution. He has wide exposure in Corporate and financial management. Presently he is a practicing Project Consultant especially in

the Soda Ash and allied chemical industry, both in India and abroad.

Thiru M. Jayasankar is a Director of Southern Petrochemical Industries Corporation Ltd (SPIC), Vibrant Industries Ltd, Kamakshi Lamipack (Pvt) Ltd. and Abirami Packaging (Pvt) Ltd.

Thiru M. Jayasankar also holds positions in Board-Committees; as a Member of the Shareholders'/Investors' Grievance Committees of the Company and of SPIC and of the Audit Committees of the Company and of SPIC.

Thiru M. Jayasankar holds 100 equity shares of the Company.

REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

To

The Members

Your Directors present the 39th Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2012.

The Directors are pleased to inform the Members that the Company's plant at Thoothukudi, after recommencement of manufacturing operations in the third week of October, 2010 (last financial year), has continuously carried on the manufacturing operations throughout the year, barring few occasions, upto March 8, 2012 when the plant was shutdown for annual maintenance. After annual maintenance the plant was restarted on April 11, 2012 and is operating close to the rated capacities.

Financial Results

The following are the financial highlights:-

(Rupees in Crores)

DESCRIPTION	2011-12	2010-11
Sales Turnover (Net of Excise Duty and Trade Discount)	<u>216.12</u>	<u>47.60</u>
Gross Loss after meeting all expenses but before providing depreciation and interest	0.54	10.62
Add: Interest	7.66	7.02
Add: Provision for Tax – Fringe Benefit Tax	—	—
Cash Loss	8.20	17.64
Add: Depreciation for the year	4.59	4.72
Loss for the year	12.79	22.36
Accumulated Loss	127.76	114.97

The plants operated almost throughout the year and the sales turnover rose impressively to record the highest turnover ever achieved by your Company. However the cash losses and total loss for the year continued but at reduced levels. The losses have come down from Rs.22.36 crores to Rs.12.79 crores. The losses were mainly due to sudden abnormal increase in the price of Ammonia in the international market. The Company imports the required Ammonia, predominantly from Middle East. The selling price of Ammonium Chloride Fertiliser manufactured by the Company using this Ammonia

did not go up in unison with the price of Ammonia which resulted in a deficit, which coupled with the low selling price of Soda Ash that prevailed in the first six months of the year resulted in the loss. However, the Plant had to be shutdown from March 8, 2012 to April 11, 2012, in tandem with SPIC Fertiliser Plant for carrying out Annual Maintenance Work. Thus the effect of the improvement in the market conditions could not be utilised in full.

Production and Sales

The details of production and sales of the finished products for the financial year are as under

(in Tonnes)

Product	Production		Sales	
	2011-12	2010-11	2011-12	2010-11
Soda Ash (Light)	77,603	26,815	78,500	22,929
Soda Ash (Dense)	9,252	790	9,858	181
Ammonium Chloride Fertiliser	78,350	23,105	83,483	17,145
Sodium Bicarbonate	3,882	225	3,893	214

The Directors are happy to inform that your Company has further improved its export market and exported 43,992 Tonnes of Ammonium Chloride Fertiliser to Malaysia and realised the foreign currency amounting to Rs.3,856 lakhs during the year.

Dividend

Your Directors were not able to recommend any dividend in view of the continued losses incurred by the Company.

Market Scenario

The market conditions were sluggish initially, especially in the first six months with low international prices of Soda Ash and low domestic price of Ammonium Chloride Fertiliser. However, the situation improved during the second half and the prices of Soda Ash improved adequately to cover the operating cost. The company also started exporting Ammonium Chloride Fertiliser at a better price compared to local selling prices. During the year your Company exported 43,992 MT of Ammonium Chloride Fertiliser. Scope exists for further improvement in the market conditions and also market share for the products produced by the Company.

Future Outlook

New detergent and glass industries, where the soda ash is used predominantly, are being set up in the southern markets.

The country is also importing significant quantities of soda ash and hence marketing the product at the international price is not difficult and will help to maintain the sales.

Opportunities and Threats

While the expanding down stream industries have created opportunities for the Company to stabilise the market, the global recession and large scale imports from China and Europe can depress the selling price and also reduce the market share. The Anti Dumping Duty on Soda Ash is yet to be implemented.

Risks and Concerns

The company is solely depending on SPIC for one of the vital raw material, Carbon-di-oxide gas. Hence, the supply on continuous basis from them is essential to maintain continuous production of the Company. The proposal of SPIC to change over to Natural Gas reforming within the next 2-3 years can affect the supply of the above gas from them and the Company has to develop its own source in due course for maintaining the production independently. Thoothukudi Port offers facilities for the import of Ammonia and it is not a great concern with multiple suppliers internationally.

Environment and Safety

The periodic audits as required for ISO 9001 have been carried out and the recertification has been obtained.

Wind Mill

During the year, 6.90 lakh units were generated from 5 Nos. of 250 KW Wind Turbine Power Generators at Gudimangalam, Coimbatore District, as against 5.83 lakh units generated in the previous year.

Captive Salt Works

21,290 Tonnes of industrial grade raw salt was produced at the Company's salt works at Thoothukudi as against 15,175 Tonnes produced during the previous year.

BIFR

In view of no appreciable improvement in the working results of the Company, especially when Ammonia prices ruled very high during the year, the Company could not make much progress in the discussions with the Financial Institutions for restructuring the debt. The Financial Institutions have indicated that they preferred a One Time Settlement (OTS) of the term loan, to restructuring. BIFR has directed the Company and the institutions to arrive at a solution soon. DRS can be submitted to BIFR through the Operating Agency M/s. IDBI Bank Limited, after the settlement has been arrived at.

Fixed Deposit

There was no outstanding deposit as at March 31, 2012. However an amount of Rs.0.14 lakhs remains unclaimed (representing two deposits).

Directors' Responsibility Statement

In accordance with the requirements of Section 217(2AA) of the Companies Act, 1956, the Directors of the Company hereby declare that:

- a) in the preparation of the accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) 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 affairs of the Company as at March 31, 2012 and of the loss of the Company for the year ended on that date;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the Directors had prepared the annual accounts on a 'going concern' basis.

Industrial Relations

As on March 31, 2012, your company had around 362 employees on its roll at different locations, including Engineer, Technicians and Trainees. Wherever necessary, training is imparted at all levels. The relationship with the union has remained normal.

Particulars of Employees

The Company has no Employees whose salary exceeds the limits prescribed under section 217(2A) of the Companies Act, 1956. Hence information required to be given under the said section read with the Companies (Particulars of Employees) Rules, 1975 as amended has not been provided in this report.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo

As required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, information on conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the annexure forming part of this report.

Directors

During the year the following changes have taken place in the Board of Directors of your Company:

Thiru G. Ramachandran was co-opted as an Additional Director and designated as Vice President / Whole Time Director with effect from December 12, 2011.

Thiru S. Chandramohan resigned as the Managing Director of the Company with effect from December 31, 2011.

Thiru B. Narendran and Dr. RM. Krishnan were co-opted as Additional Directors of the Company with effect from January 18, 2012.

Dr. A. C. Muthiah, Thiru Ashwin C Muthiah and Thiru R. Soundararajan have resigned from the Board of Directors of the Company from January 18, 2012. Thiru B. Narendran has been nominated as the Chairman of the Audit Committee in place of Thiru R. Soundararajan.

The Board wishes to place on record the valuable services rendered by Dr. A. C. Muthiah, Tvl. Ashwin C Muthiah, R. Soundararajan and S. Chandramohan during their tenure as Chairman, Directors and Managing Director of the Company, respectively.

In terms of Section 256 of the Companies Act, 1956 Thiru M. Jayasankar retires by rotation and offers himself for re-election.

Auditors

M/s CNGSN & Associates, Chartered Accountants, Chennai, the retiring Auditors are eligible for reappointment.

With reference to the Statutory Auditor's remark, vide Point No.9(a) and 11 of the Annexure to the Auditor's Report, that the deferred sales tax and repayments to Financial Institutions and Banks have remained defaulted, the Directors clarify that these will be suitably addressed vide the revised DRS being worked out.

Cost Audit

As per the Government of India's directive, the Company's Cost Records in respect of Fertiliser – Ammonium Chloride and Chemical - Soda Ash for the year ended March 31, 2012 are being audited by the Cost Auditor, Thiru P R Tantri, who was appointed by the Board with the approval of the Government of India.

Listing of Equity Shares

The Company's equity shares are listed in the Bombay Stock Exchange Limited.

Corporate Governance

As per Clause 49 of the Listing Agreement with the Stock Exchange, a separate report on Corporate Governance and Management Discussion and Analysis together with a Certificate from the Company's Auditors confirming the compliance of the conditions of Corporate Governance is attached to the report.

Acknowledgements

The Directors express their thanks for the assistance, co-operation and support extended to the Company by the Government of India, the Government of Tamil Nadu, SPIC, IDBI Bank, ICICI Bank, Tamilnad Mercantile Bank, HDFC, State Bank of India and other Commercial Banks and all others who are associated with the Company. The Board wishes to place on record its sincere appreciation for the services rendered by the employees at all levels.

Disclaimer

Statements in the Management Discussion and Analysis describing the Company's objectives, estimates, projections, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that would make a difference to the Company's operations include economic conditions affecting demand-supply and price conditions in the domestic and overseas markets in which the Company operates, raw material availability and its prices, changes in the Governmental regulations, labour negotiations, tax laws and other statutes and economic development within India.

For and on behalf of the Board of Directors

Chennai
May 25, 2012

M. JAYASANKAR
Director

G. RAMACHANDRAN
VP/Whole Time Director

ANNEXURE TO DIRECTORS' REPORT

Details required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended March 31, 2012.

A. Conservation of Energy

Steps are being constantly taken to conserve energy. The variable speed Dyno unit for pump P 217 G was changed to solid state VFD which resulted in marginal savings of electricity.

Form A

Form for disclosure of particulars with respect to conservation of energy

A. Power and Fuel Consumption

		2011-12	2010-11
1. Electricity			
a) Purchase:			
Unit	Kwh	4,21,46,781	1,60,95,150
Total Amount	Rs. in lakhs	2,064.30	851.31
Rate/Unit	Rs./Kwh	4.90	5.29
b) Own Generation:			
i) Through Diesel Generator:			
Unit	Kwh	32,160	7,790
Units/Ltr. of Diesel Oil	Kwh/Ltr.	2.53	2.38
Cost/Unit	Rs./Kwh		
Diesel		16.22	16.80
Maintenance		1.00	1.00
		17.22	17.80
ii) Through Steam Turbine/Generator:			
Units per litre of Fuel Oil/Gas		Nil	Nil
Cost/Unit			
iii) Wind Mill Power Generation:			
Unit	Kwh	6,89,719	5,83,469
Credit given by TNEB per Unit	Rs./Kwh	3.90	4.11
2. Coal			
Quantity	Tonnes	31,788.00	12,689.50
Total Cost	Rs.in lakhs	1,479.86	545.88
Average Rate	Rs./Tonne	4655.40	4,301.80
3. Furnace Oil			
Quantity	KL	956.40	179.92
Total Cost	Rs.in lakhs	386.03	56.89
Average Rate	Rs./KL	40,363.39	31,618.73
4. Charcoal			
Quantity	Tonnes	Nil	436.80
Total Cost	Rs.in lakhs	Nil	31.64
Average Rate	Rs./Tonne	Nil	7,243.58
5. Others/Internal Generation			
Quantity		Nil	Nil
Total Cost			
Average Rate			

B. Consumption per Unit of Production

Products		2011-12 Soda Ash/ Ammonium Chloride	2010-11 Soda Ash/ Ammonium Chloride
Electricity	Kwh/Te	488.71	602.56
Furnace Oil	Ltr/Te	12.21	13.57
Charcoal	Te/Te	NIL	0.04
Coal	Te/Te	0.32	0.47
Others		NIL	NIL

Form B

B. Form for Disclosure of Particulars with respect to Technology Absorption

Research and Development

The Company is continuously taking all steps to bring in new technologies which are cost effective for the captive generation of CO₂.

Technology Absorption, Adaptation and Innovation

- Efforts are being continued to identify and adopt technology to recover CO₂ from our Boiler Flue Gases.
- Benefits from the above efforts :
This would augment the supply of CO₂ to the Company
- Imported Technology :

a) Technology imported	<div style="border-left: 1px solid black; border-right: 1px solid black; height: 40px; width: 30px; margin: 0 auto;"></div>	NIL
b) Year of import		
c) Has technology been fully absorbed		N.A.
d) If not fully absorbed, reasons and future course of action		

C. Foreign Exchange Earnings and Outgo

Total Foreign Exchange earned and used:

	<u>2011-12</u>	(Rupees in lakhs) <u>2010- 11</u>
Earned	3,855.78	138.62
Used	1,620.53	NIL

For and on behalf of the Board of Directors

Chennai
May 25, 2012

M. JAYASANKAR
Director

G. RAMACHANDRAN
VP/Whole Time Director

Report on Corporate Governance

1. Company's Philosophy on Code of Governance:

The Company believes in good Corporate Governance and has been practising it for the conduct of its business and for meeting the obligations towards its Shareholders. The Company has implemented the guidelines and the existing practices and policies, which are significantly in conformity with the requirements stipulated by SEBI under Clause 49 of the Listing Agreement.

The Report on Corporate Governance followed by the Company for the year ended March 31, 2012 is as follows:

2. Board of Directors

❖ Composition

As on March 31, 2012, the Board of Directors of the Company comprised of 5 Directors. The Board comprises of one Executive Director and four Non-Executive Directors of which all the four Non-Executive Directors are independent. The Non-Executive Directors bring independent judgment in the Board deliberations and decisions. The Board of Directors is responsible for the management of the business of the Company and meets regularly for discharging its role and

functions. All information as required under Annexure 1A to Clause 49 are being made available to the Board.

❖ Board Meetings held during the year

During the year, viz. from April 1, 2011 to March 31, 2012, six Board Meetings were held on the following dates:

Date of the Board Meeting	Strength of the Board	No. of Directors present
28.04.2011	6	6
16.06.2011	6	5
28.07.2011	6	5
01.11.2011	6	6
12.12.2011	6	5
18.01.2012	6	5

No Director of the Company is a Chairman of more than five Board-Committees or a Member of more than ten Board-Committees as stipulated under the Corporate Governance Code.

❖ Particulars of the Board's composition, attendance at Board Meetings and the previous Annual General Meeting, number of other Directorships held and Board-Committee Memberships of the Company's Directors, as at March 31, 2012 are given below:

Sl. No.	Director	Attendance Particulars		No. of Other Directorship	No. of other Board – Committee positions held	
		Board Meeting	Last AGM		As Chairman	As Member
1.	M. Jayasankar Non-Executive Independent	6	Yes	Director - 4	3	----
2	B. Narendran Non-Executive Independent (from 18.1.2012)	NA	NA	Director - 2	3	4
3.	Dr. RM. Krishnan Non-Executive Independent (from 18.1.2012)	NA	NA	Director - 3	----	4
4.	G. Ramachandran VP/Whole time Director Executive Non-Independent (from 12.12.2011)	1	NA	NIL	----	----
5.	Vatsala Krishnakumar IDBI Bank Limited Nominee Non- Executive Independent	6	No	Director - 1	----	----

6.	Dr. A.C. Muthiah Chairman Non- Executive Non-Independent (upto 18.1.2012)	4	Yes	Chairman - 4 Vice Chairman - 1	----	----
7.	Ashwin C Muthiah Non-Executive Non-Independent (upto 18.1.2012)	5	Yes	Chairman - 4 Vice Chairman - 2 Director - 4	----	----
8.	S. Chandramohan Managing Director Executive Non-Independent (upto 31.12.2011)	5	Yes	Director - 1	----	----
9.	R. Soundararajan Non-Executive Independent (upto 18.1.2012)	5	Yes	Director - 2	----	2

Note: Directorships in Companies registered under Section 25 of the Companies Act, 1956 and foreign companies have not been included.

3. Audit Committee

❖ Composition, Names of Chairman and Members

The Audit Committee of your Company was set up in the year 1986 well before the Corporate Governance Code became mandatory. During the year, the Audit Committee consisted of three Directors all being Non-Executive and Independent Directors.

The Chairman of the Committee is Thiru R. Soundararajan, Director (upto 18.1.2012) and B.Narendran, Director (from 18.1.2012) and the other members of the Committee are Thiru M. Jayasankar, Director and Tmt. Vatsala Krishnakumar, Nominee Director of IDBI Bank Limited.

❖ Meetings and attendance during the year

Five Meetings of the Audit Committee were held during the year. The dates are April 28, 2011, June 16, 2011, July 28, 2011, November 1, 2011 and January 18, 2012. The attendance of each Member of the Committee is given below:

Names of Directors	No. of meetings attended
Thiru R. Soundararajan	5
Thiru M. Jayasankar	5
Tmt Vatsala Krishnakumar	5

❖ Brief description of Terms of Reference

The Terms of Reference of the Audit Committee cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956. The role of the Audit Committee is as prescribed under Clause 49(II)(C) of the Listing Agreement.

4. Remuneration to Directors

❖ Remuneration Committee and Remuneration Policy

The Remuneration Committee of the Board was constituted on March 15, 2002 to formulate and recommend to the Board,

from time to time the compensation structure for Directors of the Board. The Members of the Committee are Thiru R. Soundararajan, Chairman of the Committee upto January 18, 2012 and Thiru B. Narendran from January 18, 2012, Thiru M. Jayasankar, Director and Tmt Vatsala Krishnakumar, Nominee Director of IDBI Bank Limited. The Committee met once during the year viz., on December 12, 2011.

❖ Remuneration to Directors

Thiru G. Ramachandran was appointed as the Vice President/Whole Time Director of the Company for a period of two years with effect from December 12, 2011 in the place of Thiru S. Chandramohan, Managing Director on his resignation. The remuneration package comprises of salary and perquisites. The Vice President/Whole Time Director has been paid remuneration amounting to Rs. 10.94 lakhs for the period December 12, 2011 to March 31, 2012. Thiru S. Chandramohan, Managing Director has been paid remuneration package comprising of salary, performance linked pay, allowances and perquisites amounting to Rs.20.25 lakhs during the period April 1, 2011 to December 31, 2011.

The Non-Executive Directors are being remunerated by way of Sitting Fees. The Sitting Fees paid to Non-Executive Directors for the year ended March 31, 2012 is as follows:

Sl.No.	Name of the Director	Sitting Fee Paid (Rs.)
1.	Dr. A.C. Muthiah	8,000
2.	Thiru Ashwin C Muthiah	10,000
3.	Thiru M. Jayasankar	32,000
4.	Thiru R Soundararajan	20,000
5.	Tmt Vatsala Krishnakumar	24,000
	Total	94,000

5. Shareholders'/Investors' Grievance Committee:

❖ Details of the Members, Compliance Officer, number of complaints received and pending transfers as on March 31, 2012

The Chairman of the Committee is Thiru M. Jayasankar, Director and the other member is Thiru G. Ramachandran, Vice President/Whole Time Director. Consequent to the resignation of Thiru S. Chandramohan, Managing Director of the Company, the Board had appointed Thiru G. Ramachandran, as Vice President/Whole Time Director of the Company. The Board of Directors of the Company has authorised the Vice President/Whole Time Director to approve the share transfers and transmissions once in a fortnight. This enabled the Company to expeditiously process and approve share transfers and transmissions, within 10-15 days of receipt of the investors' requests. The Committee met twice during the year i.e., on June 24, 2011 and March 29, 2012. Both the Members of the Committee attended both the meetings.

During the year under review, there were no complaints received from Share holders.

The Company had no pending documents for transfer as on March 31, 2012.

6. Code of Conduct

The Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company who have affirmed compliance with the Code of Conduct. A declaration signed by the VP/Whole Time Director and Chief Financial Officer to this effect is enclosed at the end of this Report.

7. Insider Trading

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Company has prescribed a Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices.

8. CEO & CFO Certification

Certificate from Thiru G. Ramachandran, Vice President/Whole Time Director & CEO and Thiru O.N. Jayakumar, CFO in terms of Clause 49(V) of the Listing Agreement with the Bombay Stock Exchange for the year under review was placed before the Board of Directors of the Company at its meeting held on May 25, 2012.

9. Secretarial Audit

A secretarial audit was carried out by a qualified Practising Company Secretary for reconciling the total admitted capital

with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The audit confirms that the total issued/paid up capital is in agreement with the total number of shares held in physical form and the total number of dematerialised shares held with NSDL and CDSL.

10. General Meetings

Details of location, date and time of Annual General Meetings held during the last three years :

Year	Location	Date and Time
36 th AGM 2007-2009	Abirami Chidambaram Community Hall, Kotturpuram, Chennai – 600 085.	July 17, 2009 2.45 p.m.
37 th AGM 2009-2010	Abirami Chidambaram Community Hall, Kotturpuram, Chennai - 600 085.	Aug 09, 2010 3.00 p.m.
38 th AGM 2010-2011	Rajah Annamalai Hall Esplanade Chennai – 600 108.	Sep 12, 2011 3.00 p.m.

11. Disclosures

- During the year ended March 31, 2012, there were no materially significant related party transactions having conflict with the interests of the Company.
- There were no instances of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital markets during the last three years.

12. Means of Communication:

- The quarterly, half-yearly and yearly Financial Results of the Company are forwarded to the Bombay Stock Exchange immediately upon approval by the Board of Directors and are published in "Trinity Mirror" (English) and "Makkal Kural" (Tamil). The said results and other communication would be sent to the Registered email address of the Members.
- The Management Discussion and Analysis Report forms a part of this Annual Report.

13. General Shareholder Information

1.	Annual General Meeting Date, Time and Venue	July 25, 2012 at 3.00 p.m. Rajah Annamalai Hall Esplanade Chennai – 600 108.
2.	Financial Calendar April 2012 – March 2013	First Quarter Results – Fourth Week of July '12. Half-Yearly Results – First Week of November '12. Third Quarter Results – First Week of February '13 Annual Results for the year ended March 31, 2013 – Second Week of May '13.
3.	Record Date Book Closure Date	Nil July 18, 2012 to July 25, 2012
4.	Listing of Equity Shares on Stock Exchanges	Bombay Stock Exchange Limited. The Company has paid the Listing Fees to the Stock Exchange for the year 2011-12.
5.	Registrar and Transfer Agents	Cameo Corporate Services Limited "Subramanian Building" 1, Club House Road, Off. Anna Salai, Chennai – 600 002.
6.	Stock Code Demat ISIN No.	506808 - Bombay Stock Exchange Limited. INE400A01014
7.	Share Transfer System	The power to approve transfer and transmission of shares has been delegated by the Board to the VP/Whole Time Director and Shareholders' / Investors' Grievance Committee. Share Transfer requests are processed within a period of 15 days from the date of receipt. Letters are sent to the shareholders after transfer of shares in their names. The share certificates are despatched by Registered Post.
8.	Dematerialisation of shares and liquidity	43.28% equivalent to 64,03,756 Equity Shares of the total Equity Capital is held in dematerialised form. The Company's equity shares are regularly traded in the Bombay Stock Exchange Limited in the compulsory demat form.
9.	Details of public funding obtained in the last three years Outstanding GDRs/ ADRs / Warrants of any convertible instruments. Depository Registry For providing connectivity to both the depositories viz., National Securities Depository Services Limited and Central Depository Services (India) Limited	No capital has been raised in the last three years from Public. Not Issued Cameo Corporate Services Limited "Subramanian Building", 1, Club House Road, Off Anna Salai, Chennai – 600 002. Telephone No.28460390 : Fax No. 28460129 Email: cameo@cameoindia.com
10.	Plant Location	Harbour Construction Road, Thoothukudi – 628 005
11.	Compliance Officer & Address for Communication	Thiru S. Raghavan Company Secretary Tuticorin Alkali Chemicals and Fertilisers Limited 'East Coast Centre' 534, Anna Salai, Teynampet, Chennai – 600 018. Telephone No. 24345276 : Fax No. 24348044 Email: s.raghavan@tacfert.com



To the Members of Tuticorin Alkali Chemicals and Fertilisers Limited

DECLARATION TO THE MEMBERS PURSUANT TO CLAUSE 49(I)(D)(ii) OF THE LISTING AGREEMENT

We, G. Ramachandran, Vice President/Whole Time Director and O N Jayakumar, Chief Financial Officer, hereby declare that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct formulated by the Company for the year ended March 31, 2012.

Chennai
May 25, 2012

O.N. JAYAKUMAR
Chief Financial Officer

G RAMACHANDRAN
VP/Whole Time Director

DISTRIBUTION OF HOLDINGS

Share holding of nominal value of Rs.10/-		Shareholders		No. of Shares	
Range -	Shares	Number	%	Number	%
Upto -	500	18,573	92.98	22,06,025	14.91
501 -	1,000	851	4.26	7,22,047	4.88
1,001 -	2,000	324	1.62	5,03,633	3.40
2,001 -	3,000	85	0.43	2,16,127	1.46
3,001 -	4,000	28	0.14	1,01,278	0.69
4,001 -	5,000	44	0.22	2,08,340	1.41
5,001 -	10,000	35	0.17	2,52,169	1.70
10,001 and above		36	0.18	1,05,86,211	71.55
TOTAL		19,976	100.00	1,47,95,830	100.00

SHAREHOLDING PATTERN AS ON MARCH 31, 2012

Sl.No.	Category	No. of Shares	Percentage
1.	Indian Promoters	66,80,113	45.15
2.	Mutual Funds	2,450	0.02
3.	Banks, Financial Institutions, Insurance Companies	1,750	0.01
4.	Foreign Institutional Investors	300	Negligible
5.	Private Corporate Bodies	22,17,583	14.99
6.	Indian Public	56,06,313	37.89
7.	NRIs/OCBs	2,87,321	1.94
	TOTAL	1,47,95,830	100.00

Market / Share Price Data
Bombay Stock Exchange Limited, Mumbai

(In Rupees)

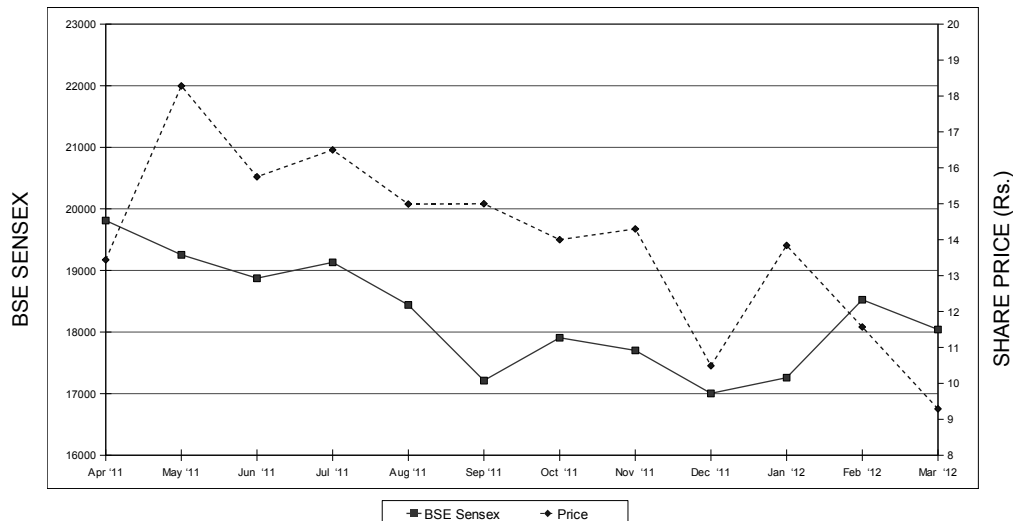
Month	High	Low
Apr '11	13.44	8.55
May '11	18.28	12.41
Jun '11	15.75	13.59
Jul '11	16.50	12.90
Aug '11	14.99	11.59
Sep '11	15.00	10.75
Oct '11	14.00	10.81
Nov '11	14.30	8.00



Dec '11	10.49	7.11
Jan '12	13.84	8.70
Feb '12	11.57	8.57
Mar '12	9.29	7.33

Graph

Performance of TAC's equity shares vis-à-vis the BSE SENSEX is placed below:



The Company has complied with the requirements of mandatory provisions of the Corporate Governance as required under Clause 49 of the Listing Agreement. In addition, the constitution of a Remuneration Committee, though non-mandatory in nature, was also complied with by the Company.

CERTIFICATE TO THE MEMBERS OF TUTICORIN ALKALI CHEMICALS AND FERTILISERS LIMITED

We have examined the compliance of conditions of Corporate Governance by Tuticorin Alkali Chemicals and Fertilisers Limited, for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders' / Investors' Grievance Committee.

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

Chennai
May 25, 2012

For CNGSN & ASSOCIATES
Chartered Accountants
Firm Regn. No.: 004915S
C.N. GANGADARAN
Partner
Membership No. 11205

**REPORT OF THE AUDITORS TO THE MEMBERS OF
TUTICORIN ALKALI CHEMICALS
AND FERTILISERS LIMITED**

1. We have audited the attached Balance Sheet of Tuticorin Alkali Chemicals and Fertilisers Limited as at 31st March, 2012, the statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.
 - iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv. In our opinion, the Balance Sheet, statement of profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards, referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i). in the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2012,
 - (ii) in the case of statement of Profit and Loss, of the LOSS for the year ended on that date, and
 - (iii) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For CNGSN & ASSOCIATES
Chartered Accountants
Firm Regn. No.: 004915S
C.N. GANGADARAN
Partner
Membership No. 11205

Chennai
May 25, 2012

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF
OUR REPORT OF EVEN DATE**

1. a. The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- b. The company has a phased programme of physical verification of all the Fixed Assets, over a period of three years, which in our opinion is reasonable having regard to the size of the company and the nature of its business; accordingly, the physical verification part of the Fixed Assets was carried out by the management during the year and we are informed that no material discrepancies were noticed on such verification.
- c. During the year, the Company has not disposed off a major part of the plant and machinery
2. a. Physical verification of inventories other than those held by the third parties has been conducted by the management.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. a. The Company has neither granted nor taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- b. The clause relating to the rate of interest and other terms and conditions on which loans have been taken from / granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 is not applicable.
- c. The clause relating to the regularity in repayment of the principal amounts as stipulated and payment of interest is not applicable.
- d. The clause relating to reporting of overdue amount of loans taken from or granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 is not applicable.
4. In our opinion and according to the information and explanations given to us there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to sale of assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. a. According to the information and explanations given to us, the Company has not entered into any transaction that need to be entered into the register maintained under Section 301 of the Companies Act, 1956.
- b. The clause as to whether the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five lakhs in respect of any party during the period have been made at prices which are reasonable having regard to prevailing market prices at the relevant time is not applicable.
6. In our opinion and according to the information and explanations given to us the Company has complied with

the provisions of Sections 58A and 58AA of the Companies Act, 1956 and any other relevant provisions of the Act.

7. The Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account, without detailed examination of the books and records maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of Soda Ash and Ammonium Chloride and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. a. Undisputed statutory dues including Provident Fund, Investors' Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax,

Customs Duty, Excise Duty and Cess have generally been regularly deposited with the appropriate authorities. However, there have been delays in some cases. However the company has not remitted Deferred sales tax of Rs.243.72 lacs.

- b. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess that were in arrears as at 31st March 2012 for a period of more than six months from the date they became payable.
- c. According to the information and explanation given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute excepting the following:

S.No.	Name of the Statute	Nature of dues	Amount (Rs. In lakhs)	Period to which the amount relates	Forum where dispute is pending
1.	TNGST Act, 1959	Purchase Tax, Penalty	92.87	1983-1984	Sales Tax Appellate Tribunal
2.	TNGST Act, 1959	Purchase Tax, Penalty	118.70	1984-1985	Hon'ble High Court of Chennai
3.	TNGST Act, 1959	Sales Tax	0.37	1996-1997	Appellate Assistant Commissioner
4.	CST Act, 1956	Non-submission of prescribed forms	14.31	1997-1998	Appellate Assistant Commissioner
5.	CST Act, 1956	Sales Tax	187.14	1997-1998	Appellate Assistant Commissioner
6.	TNGST Act, 1959	Sales Tax	2.51	2001-2002	Sales Tax Appellate Tribunal

10. At the end of the accounting year, the accumulated loss of the Company is not less than fifty percent of its net worth. The Company has made cash loss during the period covered by our audit and also in the immediately preceding financial period.
11. The company has defaulted in repayment of dues to Financial Institutions and Banks.

(Rs. In Lakhs)

Sl No	Name of Bank	Principal overdue	Interest overdue	Period of outstanding
1	IDBI	1,769.91	1,294.77	Oct. '07 – Mar. '12
2	ICICI	908.37	753.97	Oct. '07 – Mar. '12
3	TMB	596.45	426.14	Oct. '07 – Mar. '12
4	HDFC	346.16	182.20	Oct. '07 – Mar. '12
		3,620.89	2,657.08	

However these amounts are subject to confirmations from the respective institutions as they are presently under reconciliation and negotiations.

12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the

Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

15. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company has not received any new term loan during the year under review.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
18. According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the period.
20. The Company has not raised any money by public issues during the period.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

Chennai
May 25, 2012

For CNGSN & ASSOCIATES
Chartered Accountants
Firm Regn. No.: 004915S
C.N. GANGADARAN
Partner
Membership No. 11205



BALANCE SHEET AS AT 31ST MARCH, 2012

(Rupees in Lakhs)

Particulars	Note No	As at 31.03.2012	As at 31.03.2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	3,782.75	3,782.75
(b) Reserves and Surplus	2	(12,331.75)	(11,053.10)
(c) Money received against share warrants		-	-
(2) Share application money pending allotment		-	-
(3) Non-Current Liabilities			
(a) Long-term borrowings	3	1,353.79	2,218.20
(b) Deferred tax liabilities (DTL)	4	3,226.07	3,170.43
(c) Other Long term liabilities		-	-
(d) Long-term provisions	5	618.10	524.62
(4) Current Liabilities			
(a) Short-term borrowings	6	402.81	734.44
(b) Trade payables	7	3,612.08	2,737.86
(c) Other current liabilities	8	9,768.28	9,583.23
(d) Short-term provisions		-	-
TOTAL		10,432.13	11,698.43
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	9		
(i) Tangible assets		3,596.76	4,009.20
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		49.80	49.53
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred tax assets (Restricted to DTL)	4	3,226.07	3,170.43
(d) Long-term loans and advances	10	499.60	247.36
(e) Other non-current assets		-	-
(2) Current assets			
(a) Current investments	11	0.05	0.05
(b) Inventories	12	1,476.54	2,711.95
(c) Trade receivables	13	975.85	997.00
(d) Cash and cash equivalents	14	319.27	300.98
(e) Short-term loans and advances	15	288.19	211.93
(f) Other current assets		-	-
TOTAL		10,432.13	11,698.43
III. Contingent Liabilities and Commitments	16	3,245.81	2,928.08

The notes 1 to 31 form part of these financial statements.

S. RAGHAVAN
Company SecretaryO.N. JAYAKUMAR
Chief Financial OfficerG. RAMACHANDRAN
VP/Whole time DirectorM. JAYASANKAR
B. NARENDRAN
RM. KRISHNAN
VATSALA KRISHNAKUMAR
DirectorsThis is the Balance Sheet
referred to in our report of even date
For CNGSN & ASSOCIATES
Chartered Accountants
Firm Regn. No.: 004915S
C.N. GANGADARAN
Partner
Membership No. 11205Chennai
May 25, 2012



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(Rupees in Lakhs)

Particulars	Note No	Year ended 31.03.2012	Year ended 31.03.2011
I. Revenue from operations	17	21,611.57	4,759.57
II. Other Income	18	137.87	116.78
III. Total Revenue (I +II)		21,749.44	4,876.35
IV. Expenses:	19		
Cost of materials consumed		12,008.15	3,250.51
Purchase of Stock-in-Trade	20	-	65.05
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		1,031.99	(1,174.62)
Employee benefit expense		1,416.27	1,041.83
Financial costs		765.84	702.16
Depreciation and amortization expense		459.10	471.50
Other expenses		7,346.74	2,366.50
Total Expenses		23,028.09	6,722.93
V. Profit / (Loss) before exceptional and extraordinary items and tax (III - IV)		(1,278.65)	(1,846.58)
VI. Exceptional Items	21	-	389.21
VII. Profit / (Loss) before extraordinary items and tax (V - VI)		(1,278.65)	(2,235.79)
VIII. Extraordinary Items		-	-
IX. Profit / (Loss) before tax (VII - VIII)		(1,278.65)	(2,235.79)
X. Tax expense:			
a) Current tax		-	-
b) Deferred tax (Net)		-	-
XI. Profit / (Loss) for the period from continuing operations (IX - X)		(1,278.65)	(2,235.79)
XII. Profit / (Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit / (Loss) from discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		(1,278.65)	(2,235.79)
XVI. Earning per equity share:			
a) Basic	29	(9.48)	(15.95)
b) Diluted		(9.48)	(15.95)

The notes 1 to 31 form part of these financial statements.

S. RAGHAVAN
Company SecretaryO.N. JAYAKUMAR
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B. NARENDRAN
RM. KRISHNAN
VATSALA KRISHNAKUMAR
Directors

This is the Statement of Profit & Loss referred to in our report of even date For CNGSN & ASSOCIATES Chartered Accountants Firm Regn. No.: 004915S C.N. GANGADARAN Partner Membership No. 11205

Chennai
May 25, 2012

1. Shareholders' Funds

(Rupees in Lakhs)				
Particulars	As at 31.03.2012		As at 31.03.2011	
	No. of Shares	Amount	No. of Shares	Amount
Authorised Share Capital				
a) Equity Shares of Rs.10 each	15,000,000	1,500.00	15,000,000	1,500.00
b) Redeemable Cumulative Preference Shares of Rs.100 each	2,400,000	2,400.00	2,400,000	2,400.00
		3,900.00		3,900.00
Issued Share Capital				
a) Equity Shares of Rs.10 each	14,890,430	1,489.04	14,890,430	1,489.04
b) 12% Redeemable Cumulative Preference Shares of Rs.100 each *	100,000	100.00	100,000	100.00
c) 8 % Redeemable Cumulative Preference Shares of Rs.100 each	300,000	300.00	300,000	300.00
d) 5 % Redeemable Cumulative Preference Shares of Rs.100 each	2,000,000	2,000.00	2,000,000	2,000.00
		3,889.04		3,889.04
Subscribed and Paid up Capital				
a) Equity Shares of Rs.10 each fully paid up	14,795,830	1,479.58	14,795,830	1,479.58
Add : Forfeited Shares		3.17		3.17
b) 8 % Redeemable Cumulative Preference Shares of Rs.100 each **	300,000	300.00	300,000	300.00
c) 5% Redeemable Cumulative Preference Shares of Rs.100 each ***	2,000,000	2,000.00	2,000,000	2,000.00
		3,782.75		3,782.75
There is no change in the share capital of the Company during the current year.				
* The Preference Shares were held by The South Indian Bank Limited amounting to Rs.100 lakhs was converted into Equity shares Rs.10/- each at a premium of Rs.7.67 per share in the year 2006.				
** Rolled over in Jan. 2012 for a further period of 3 years and approvals from the term loan lenders are awaited. The payment of dividend and repayment of capital is subject to the approval of the term lending institutions.				
*** Dividend is payable at the time of redemption or at the time of declaring Equity dividend which ever is earlier.				

Shares held by shareholders holding more than 5% of shares

Name / Institution	As at 31.03.2012		As at 31.03.2011	
	No. of Shares	Percentage	No. of Shares	Percentage
Equity Shares of Rs.10 each				
Southern Petrochemical Industries Corporation Limited	6680113	45.15	6680113	45.15
Vijay Kumar Agarwal	1071858	7.24	1071858	7.24
Delhi Iron & Steel Co (P) Ltd	756814	5.12	756814	5.12
8% Redeemable Cumulative Preference Shares of Rs.100 each				
Dr. A. C. Muthiah	300000	100.00	300000	100.00
5% Redeemable Cumulative Preference Shares of Rs.100 each				
Southern Petrochemical Industries Corporation Limited	2000000	100.00	2000000	100.00

2. Reserves and Surplus

(Rupees in Lakhs)				
Particulars	As at 31.03.2012		As at 31.03.2011	
Capital Redemption Reserve				
Opening Balance	400.00			400.00
Additions during the period	-			-
Closing Balance	400.00			400.00
Securities Premium Reserve				
Opening Balance	43.76			43.76
Additions during the period	-			-
Closing Balance	43.76			43.76
General Reserve				
Opening Balance	300.44			300.44
Additions during the period	-			-
Closing Balance	300.44			300.44
Surplus				
Opening Debit balance in the Statement of Profit and Loss	(11,797.30)		(9,561.51)	
Additions during the period	(1,278.65)	(13,075.95)	(2,235.79)	(11,797.30)
Closing Debit balance in the Statement of Profit and Loss		(13,075.95)		(11,797.30)
Total Reserves and Surplus		(12,331.75)		(11,053.10)

3. Long Term Borrowings

Particulars	As at 31.03.2012	As at 31.03.2011
Secured Loans		
a) Term Loan from Banks *	292.92	1,141.17
Total Secured Loans	292.92	1,141.17
Unsecured Loans		
a) Term Loan from Banks	13.57	29.73
b) Loans and Advances received from related parties (SPIC Ltd)	1,047.30	1,047.30
Total Unsecured Loans	1,060.87	1,077.03
Total Long term Borrowings	1,353.79	2,218.20

* The term loans from Banks are secured by an equitable mortgage by deposit of title deeds relating to the land at Tuticorin and a mortgage / charge on all movable / immovable assets of the Company.

Term loan dues of Rs.4,485.30 lakhs which are fallen due and due within a period of next twelve months is shown in other current liabilities. (Refer Note No.8). Interest accrued and due on term loans amounting to Rs.2,657.08 lakhs is also shown in other current liabilities.

The Company is negotiating with term lenders for one time settlement / restructuring of term loans in order to submit a Draft Rehabilitation Scheme (DRS) as directed by BIFR.

4. Deferred Tax Liability / Asset

As regards recognition of deferred tax, in accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India the total deferred tax asset / liability as on 31st March, 2012 are as under:

Deferred Tax Asset	(Rupees in lakhs)	Deferred Tax Liability	(Rupees in Lakhs)
Unabsorbed Depreciation/(Loss)	10,141.78	Depreciable Fixed Assets	3,226.07
Provision for Doubtful Debts	40.79		
Total	10,182.57		3,226.07

As a matter of prudence the Company has recognised Deferred Tax Asset of Rs.3,226.07 lakhs to the extent of Deferred Tax Liability.

5. Long Term Provisions

(Rupees in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Provision for Employee Benefits *	618.10	524.62
Total Long term Provisions	618.10	524.62

* Represents Leave and Retirals

6. Short Term Borrowings

Particulars	As at 31.03.2012	As at 31.03.2011
Secured Loans		
a) Loan repayable on demand from Banks *	402.81	734.44
Total Secured Loans	402.81	734.44
Unsecured Loans		
Total Unsecured Loans	-	-
Total Short term Borrowings	402.81	734.44

* Cash Credit from Banks are secured by hypothecation of raw materials, finished goods, work-in-process, stores and book debts and a second charge on the other assets of the company.

7. Trade Payables

(Rupees in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Trade Payables		
(a) Amount due on account of goods supplied	2,545.42	2,204.02
(b) Amount due on account of goods traded	329.02	329.02
(c) Amount due on account of services rendered	737.64	204.82
Total Trade Payables	3,612.08	2,737.86

8. Other Current Liabilities

Particulars	As at 31.03.2012	As at 31.03.2011
a) Current maturities of long term debt *	4,485.30	3,620.89
b) Interest accrued and due on borrowings *	2,657.08	1,988.37
c) Unpaid matured deposits and interest accrued thereon	0.16	0.31
d) Employee Provisions	297.75	551.18
e) Advance received for Start up expenses	633.00	710.00
f) Amount due to VOC Port Trust	420.18	434.90
g) Deferred Sales Tax	243.72	243.72
h) Payable VAT / CST	19.80	53.79
i) Other payables	1,011.29	1,980.07
Total Other current Liabilities	9,768.28	9,583.23

Trade Payable includes Rs. Nil (Previous Year - Rs. Nil) due to Micro and Small Enterprises to the extent identified by the Management

* The company has defaulted in repayment of dues to Financial Institutions and Banks.

Name of Bank	Principal Overdue	Interest Overdue **	Period outstanding
IDBI	1,769.91	1,294.77	Oct 07 – Mar 12
ICICI	908.37	753.97	Oct 07 – Mar 12
TMB	596.45	426.14	Oct 07 – Mar 12
HDFC	346.16	182.20	Oct 07 – Mar 12
Total	3,620.89	2,657.08	

** Interest Overdue includes interest on interest and liquidated damages.

9. Fixed Assets

Particulars	Cost				Depreciation		(Rupees in Lakhs)	
	As at 01.04.2011	Additions/ Adjustments	Deletions	As at 31.03.2012	As at 01.04.2011	For the Year	As at 31.03.2012	As at 31.03.2011
Tangible Assets								
a) Land and Development *	38.93			38.93	—		38.93	38.93
b) Factory and Other Buildings	1,783.14			1,783.14	813.00	38.43	931.71	970.14
c) Roads, Culverts, Fencing and Compound Wall	78.38			78.38	34.16	1.60	42.62	44.22
d) Plant & Machinery (including Windmill)	11,953.03	19.30		11,972.33	9,249.52	348.78	9,598.30	2,703.51
e) Handling Equipment	65.40			65.40	57.51	0.89	7.00	7.89
f) Electrical Equipment, Fittings & other Installations	1,213.37	2.92	3.06	1,213.23	1,034.92	53.23	1,085.42	178.45
g) Furniture, Fixtures and other Equipments	392.59	14.22	3.04	403.77	341.11	11.86	53.50	51.48
h) Vehicles	37.67	10.89		48.56	23.09	4.31	21.16	14.58
Total Tangible Assets	15,562.51	47.33	6.10	15,603.74	11,553.31	459.10	3,596.76	4,009.20
Intangible Assets								
Total Intangible Assets	—	—	—	—	—	—	—	—
Capital Work in Progress **								
Capital work in progress excluding Capital Advances	49.53	0.27		49.80			49.80	49.53
Total Capital Work in Progress	49.53	0.27	—	49.80	—	—	49.80	49.53
Total Fixed Assets	15,612.04	47.60	6.10	15,653.54	11,553.31	459.10	3,646.56	4,058.73
Previous Year	15,581.01	19.86	38.36	15,562.51	11,118.30	471.50	4,058.73	4,512.24

* Includes 5.85 acres of land yet to be registered in favour of the Company.

** Estimated amount of contracts remaining to be executed on capital account not provided for (Net of advances) – Rs. Nil (Previous year Rs. Nil)

10. Long term Loans and Advances

(Rupees in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Secured - Considered Good		
a) Security Deposits	350.78	98.54
b) MAT Credit entitlement	57.32	57.32
c) Other loans and advances	91.50	91.50
Total Secured Loans	499.60	247.36
Unsecured - Considered Good		
Total Unsecured - Considered Good	–	–
Doubtful		
Less: Provision		
Total Doubtful	–	–
Total Long term Loans and Advances	499.60	247.36

11. Current Investments

Particulars	As at 31.03.2012	As at 31.03.2011
Investment in Government or Trust Securities		
National Savings Certificate		
- Non-traded Unquoted Investment (At Cost)	0.05	0.05
(lodged with Government Department as Security Deposit)		
Total Non-current Investments	0.05	0.05

12. Inventories

Particulars	As at 31.03.2012	As at 31.03.2011
Raw Materials	667.98	933.61
Work in Progress	155.22	177.68
Finished Goods	49.95	1,124.11
Stores & Spares	603.39	476.55
Total Inventories	1,476.54	2,711.95

13. Trade Receivables

(Rupees in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Secured - Considered Good		
Short term trade receivables	–	–
Total Secured Loans	–	–
Unsecured - Considered Good		
Outstanding for a period exceeding six months	177.04	514.82
Other trade receivables	798.81	482.18
Total Unsecured - Considered Good	975.85	997.00
Doubtful		
Short term trade receivables	40.59	40.59
Less: Provision	40.59	40.59
Total Doubtful	–	–
Total Trade Receivables	975.85	997.00

14. Cash and Cash Equivalents

Particulars	As at 31.03.2012	As at 31.03.2011
Balance with Banks		
- On Current Accounts	5.77	9.75
- Margin Money	292.46	270.28
- On Fixed Deposit	20.00	20.00
Cash on hand	1.04	0.95
Total Cash and Cash Equivalents	319.27	300.98

15. Short term Loans and Advances

Particulars	As at 31.03.2012	As at 31.03.2011
Secured - Considered Good		
a) Advance to suppliers	160.91	44.96
b) Advance Tax and Tax Deducted at Source	49.95	59.77
c) Statutory Dues	15.77	9.83
d) Other short term loans and advances	61.56	97.37
Total Secured Loans	288.19	211.93
Unsecured - Considered Good		
Total Unsecured - Considered Good	–	–
Doubtful		
Less: Provision		
Total Doubtful	–	–
Total Short term Loans and Advances	288.19	211.93

16. Contingent Liabilities and Commitments

(Rupees in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Claims against company not acknowledged as debt		
a) No provision is made for Purchase Tax, Sales Tax and penalties thereon imposed by Sales Tax Authorities relating to earlier years, which are under appeal.	345.82	345.82
b) Disputed claims for Rent and Interest under appeal	1,800.54	1,606.81
c) Arrears of dividend on Preference Shares	1,099.45	975.45
Total Contingent Liabilities and Commitments	3,245.81	2,928.08

17. Revenue from Operations

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Sales Revenue		
Light Soda Ash	13,913.33	3,775.69
Dense Soda Ash	1,625.62	31.77
Sodium Bi-Carbonate	678.55	35.33
Ammonium Chloride Fertiliser Grade	6,883.72	1,178.53
Other products	12.83	93.24
Gross Sales Revenue	23,114.05	5,114.56
Less: Excise Duty	1,502.48	354.99
Net Sales Revenue	21,611.57	4,759.57

18. Other Income

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Interest Income	29.55	20.87
Others		
a) Rent	62.57	66.92
b) Sale of scrap	39.72	24.94
c) Profit on sale of fixed assets	—	4.01
d) Others	6.03	0.04
Total Other Income	137.87	116.78

19. Manufacturing and Other Expenses

(Rupees in Lakhs)

Particulars	Year ended 31.03.2012		Year ended 31.03.2011	
Raw Material Cost				
Salt	1,750.22		593.23	
Ammonia	9,275.13		2,420.80	
Carbon-di-oxide	486.98		144.43	
Lime	454.69		70.60	
Process Chemicals	36.35		20.04	
Lab chemicals	4.78		1.41	
		12,008.15		3,250.51
Changes in Inventories of Finished Goods, Work-in-process and stock-in-trade				
Opening Stock				
Finished Goods	1,124.11		6.29	
Work-in-Process	177.68	1,301.79	48.87	55.16
Closing Stock				
Finished Goods	49.95		1,124.11	
Work-in-Process	155.21	205.16	177.68	1,301.79
Movement of Excise Duty on Finished Goods		(64.64)		72.01
		1,031.99		(1,174.62)
Employee Benefit Expense				
Salaries and Wages	1,022.24		745.44	
Contribution to Provident Fund and Superannuation Fund	148.01		108.99	
Contribution to Gratuity Fund	36.93		28.94	
Staff Welfare Expenses	209.09		158.46	
		1,416.27		1,041.83
Financial Cost				
On Fixed Loans	681.50		635.96	
On others	84.34		66.20	
		765.84		702.16
Depreciation				
Depreciation on Fixed Assets		459.10		471.50
Other Expenses				
Power and Fuel				
Coal	1,479.86		529.22	
Power	2,075.98		795.38	
Furnace Oil	386.03		57.70	
Charcoal	-		31.64	
Diesel	5.83		1.82	
Firewood	0.15	3,947.85	0.05	1,415.81

(Rupees in Lakhs)

Particulars	Year ended 31.03.2012		Year ended 31.03.2011	
Water		106.22		107.73
Rent		55.51		69.58
Rates and Taxes		73.39		27.93
Insurance		26.53		18.03
Repairs and Maintenance				
Plant and Machinery	659.72		172.88	
Buildings	91.08		34.25	
Others	129.21	880.01	44.14	251.27
Packing, Transportation and Handling (Net of Recoveries)		895.70		176.79
Commission and Discount on sales		1,125.22		149.31
Payment to Auditors				
Audit	4.96		4.96	
Reimbursement of Expenses	-	4.96	-	4.96
Loss on sale of fixed assets		0.13		-
Exchange Variation (Net)		19.48		9.83
Miscellaneous Expenses		211.74		135.26
		7,346.74		2,366.50
Total Manufacturing and Other Expenses		23,028.09		6,657.88

20. Purchase of Stock - in - Trade

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Purchase of Finished Goods		
Phospo Gypsum	-	22.52
Transferred from Stock Account		
Salt	-	42.53
Total Purchase of Stock - in - Trade	-	65.05

21. Exceptional Items

Particulars	Year ended 31.03.2012	Year ended 31.03.2011	
Raw Material Cost			
Salt		4.46	
Ammonia	-	56.49	60.95
Power			
Coal	-		16.66
Repairs and Maintenance			
Repairs and Maintenance Expenses	-		311.60
Total Exceptional Items	-		389.21

Exceptional items represents start up cost of Rs.389.21 lakhs for the nine months ended Dec. '10 consisting of one time Repairs & Maintenance expenditure and additional Raw material and power consumption.

NOTES ON ACCOUNTS:

		2011-12		2010-11	
22.	Raw Material Consumption	Quantity (Tonnes)	Value (Rupees in Lakhs)	Quantity (Tonnes)	Value (Rupees in Lakhs)
	Salt *	145,006.850	1,750.22	46,903.700	597.70
	Ammonia	30,377.870	9,275.13	10,803.595	2477.29
	Carbon-di-oxide	54,290.410	486.99	18,054.164	144.43
	Quick Lime	7,520.000	454.69	1,277.000	70.59

* including handling loss

(Rupees in Lakhs)

23.	Description	2011-12	2010-11
a)	Value of Imports during the financial year calculated on CIF basis:		
	Raw Materials and Chemicals	8,267.60	2,537.69
	Components and Spare Parts	-	0.46
	Capital Goods	-	-
b)	Expenditure in Foreign Currency during the financial year:		
	i) Travel	-	-
	ii) Subscription	-	-
c)	Amount remitted in Foreign currency during the year on account of dividends	-	-
d)	Earnings in Foreign Exchange during the financial year: FOB		
	Export of Goods (including advance received)	3,855.78	138.62

e. Value of Raw Materials, Spare parts and Components consumed during the year:				
	2011-12		2010-11	
	Value (Rupees in Lakhs)	% to total Consumption	Value (Rupees in Lakhs)	% to total Consumption
Imported	9,683.75	77	2,538.15	71
Indigenous	2,814.35	23	1,060.82	29

(Rupees in Lakhs)

f. Stores consumed included under repairs and maintenance:	2011-12	2010-11
Plant and Machinery	500.76	298.58
Buildings	27.54	10.99

24. Related Party disclosure under Accounting Standard –18

I. The list of related party as identified by the Management are as under:

Associates:

Southern Petrochemical Industries Corporation Limited

Key Management Personnel of the Company:

Thiru G. Ramachandran, VP/Whole Time Director

II. The following transactions were carried out with the related parties:

Sl. No.	Particulars	(Rupees in Lakhs)	
		2011-12	2010-11
a)	Purchase of goods	562.47	190.38
b)	Sale of Goods	518.41	0.53
c)	Receiving of Services	259.52	121.93
d)	Rendering of Services	-	22.06
e)	Proportion of outstanding		
	- Receivable	8.10 %	29.27%
	- Payable	6.65 %	11.53%
III. Amounts written off during the year in respect of amounts due from related parties:		NIL	NIL

25.	Production, Sales and Closing Stock:	(in Tonnes)	
		2011-12	2010-11
a)	Production:		
	Soda Ash (Light) *	77,603.000	26,815.000
	Soda Ash (Dense)	9,252.000	790.000
	Ammonium Chloride (FG)	78,350.000	23,105.000
	Sodium Bicarbonate	3,882.000	225.000

* includes Soda Ash Light used for production of Sodium Bicarbonate.

b)	Sales *	2011-12	2010-11
	Soda Ash (Light)	78,500.000	22,928.520
	Soda Ash (Dense)	9,858.000	181.000
	Ammonium Chloride (FG)	83,483.000	17,145.000
	Sodium Bicarbonate	3,893.000	214.000

* includes samples, internal consumption and shortages.

c) Closing Stock	(in Tonnes)	
	2011-12	2010-11
Soda Ash (Light)	77.951	3,886.496
Soda Ash (Dense)	4.320	609.910
Ammonium Chloride (FG) *	827.180	5,960.180
Ammonium Chloride (TG)	0.050	0.050
Sodium Bicarbonate	0.440	11.940

* includes defective material of 452.030 MT

26. Retirement Benefits

- Retirement benefits in the form of Provident Fund / Superannuation Fund are defined contribution schemes and the contributions are charged to Statement of Profit and Loss in the year in which the contributions to the respective funds are due.
- Employees Gratuity Fund scheme managed by Life Insurance Corporation of India is a Defined Benefit Plan. The present value of obligation is provided for on the basis of actuarial valuation using the Projected Unit Credit method at the end of each financial year.
- Obligation for Leave encashment is recognized in the same manner as Gratuity.
- Actual gain / losses are charged to Statement of Profit and Loss.

27. SEGMENTAL REPORTING FOR THE PERIOD ENDED 31ST MARCH '12

The business segment consisting only of Tuticorin operations (Soda Ash / Ammonium Chloride – Dual Products). Hence, the Segmental Reporting has not been furnished.

- The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared under revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification.

(Rupees in lakhs)

29. Earnings per share:	2011-12	2010-11
Profit / (Loss) as per Statement of Profit and Loss	(1,278.65)	(2,235.79)
Number of Equity shares paid up	14,795,830	14,795,830
Earnings per share – Basic & Diluted (in Rupees)	(9.48)	(15.95)
Face Value per share (in Rupees)	10.00	10.00

30. Accounting Policies

Significant accounting policies and practices adopted by the Company are disclosed in the statement annexed to these financial statements as Annexure I.

**31. CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2012**

(Rupees in Lakhs)

		Year Ended 31.03.2012	Year Ended 31.03.2011
A.	CASHFLOW FROM OPERATING ACTIVITIES:		
	Net Profit / (Loss) Before Tax and Extraordinary Items	(1,278.65)	(2,235.79)
	Adjustments for:		
	(Profit) / Loss on Sale of Assets	0.13	(4.01)
	Depreciation	459.10	471.50
	Exchange difference	19.48	9.83
	Interest	765.84	702.16
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(34.10)	(1,056.31)
	Adjustments for:		
	Trade and Other Receivables	(329.53)	(593.85)
	Inventories	1,235.41	(2,040.18)
	Trade and Other Payables	(380.22)	3,793.11
	Exchange difference	(19.48)	(9.83)
	CASH GENERATED FROM OPERATIONS	472.08	92.94
	Direct Taxes Paid	-	-
	NET CASHFLOW FROM OPERATING ACTIVITIES (A)	472.08	92.94
B.	CASH FLOW FROM INVESTING ACTIVITIES:		
	Purchase of Fixed Assets (including increase in Capital Work in progress)	(47.60)	(19.87)
	Sale of Fixed Assets (Sale Value)	0.54	5.88
	Sale / Redemptions of Investments	-	0.16
	NET CASH USED IN INVESTING ACTIVITIES (B)	(47.06)	(13.83)
C.	CASH FLOW FROM FINANCING ACTIVITIES:		
	Proceeds from Long term Borrowings	336.93	608.70
	Interest Paid	(765.84)	(702.16)
	NET CASH USED IN FINANCING ACTIVITIES (C)	(428.91)	(93.46)
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(3.89)	(14.35)
	Opening Cash and Cash Equivalents	30.70	45.05
	Closing Cash and Cash Equivalents	26.81	30.70

S. RAGHAVAN
Company Secretary

O.N. JAYAKUMAR
Chief Financial Officer

Chennai
May 25, 2012

G. RAMACHANDRAN
VP/Whole time Director

M. JAYASANKAR
B. NARENDRAN
RM. KRISHNAN
VATSALA KRISHNAKUMAR
Directors

For CNGSN & ASSOCIATES
Chartered Accountants
Firm Regn. No.: 004915S
C.N. GANGADARAN
Partner
Membership No. 11205

SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Accounting

The financial statements are prepared under historical cost convention and generally in accordance with the applicable accounting standards and are based on accrual basis of accounting.

2. Fixed Assets

Fixed Assets are recorded at historical cost inclusive of direct and allocated expenditure upto the date of commencement of commercial production. Cenvat credit on eligible capital goods is deducted from the value of Fixed Assets. Borrowing costs are capitalised as part of qualifying Fixed Assets. Other borrowing costs are expensed.

3. Depreciation

Plant and machinery have been classified as continuous process plant and depreciated at 5.28% under straight-line method upto 95% of original cost. Based on technical opinion, Windmill has been classified under general Plant and Machinery. Vehicles are depreciated at 20 % on original cost under straight-line method upto 95% of original cost. All other fixed assets have been depreciated at straight line rates prescribed in Schedule XIV to the Companies Act, 1956.

Fixed assets costing Rs.5,000/- or less have been fully depreciated.

Development expenses on free hold land are treated as part of cost and not depreciated.

4. Long term investments

Long-term investments are stated at cost together with all incidental costs of acquisition and diminution in value is not recognised if such shortfall, in the opinion of the Management, is temporary in nature.

5. Inventories

Raw materials, Stores and Spares, Process Chemicals and Utilities are valued at weighted average cost. Work-in-process is valued at cost.

Finished goods are valued at the lower of cost and net realisable value.

6. Impairment of Assets

The company recognises impairment of all assets other than the assets, which are specifically excluded under Accounting Standard 28 on Impairment of assets after comparing the asset's recoverable value with its carrying amount in the books. In case the carrying amount exceeds recoverable value, impairment losses are provided for.

7. Revenue Recognition

Sales are accounted net of trade discounts but inclusive of Excise Duty wherever applicable. Direct sales are recognised at the point of despatch. Consignment and depot sales are recognised after confirmation of sale by the Consignee.

8. Retirement Benefits

Monthly contributions to recognised Provident Fund are considered on actual basis in the accounts.

Contribution towards Superannuation is under defined contribution scheme and charged to Statement of Profit and Loss.

Contribution towards gratuity on actuarial valuation funded with Trust / Life Insurance Corporation of India.

Provision for leave encashment is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.

9. Research & Development

Expenditure on any project/ pilot plant based on R & D study is capitalised while expenses on process/ product improvement are expensed.

10. Excise Duty

Cenvat credit on inputs purchased for production are taken into account on receipt of such materials at the factory and Cenvat credit on purchase of capital goods to the extent applicable are taken into account as and when the assets are installed. The Cenvat credits so taken are utilised for payment of excise duty on goods manufactured. The unutilised Cenvat credit is carried forward in the books.

Excise duty payable on manufactured goods held in the factories is included in the valuation of closing stock, wherever applicable.

Stores and spares are inclusive of Cenvat and credit is availed of and adjusted against revenue account.

11. Foreign Currency Transaction

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction.

All current assets and current liabilities in foreign currency as at the Balance Sheet date have been translated at the rates of exchange prevailing as on that date.

All exchange differences including year-end translations arising on revenue account are recognised in the Statement of Profit and Loss.

All exchange differences including year-end translations arising on capital account are adjusted to the cost of fixed assets until the commissioning of assets and thereafter to revenue account.

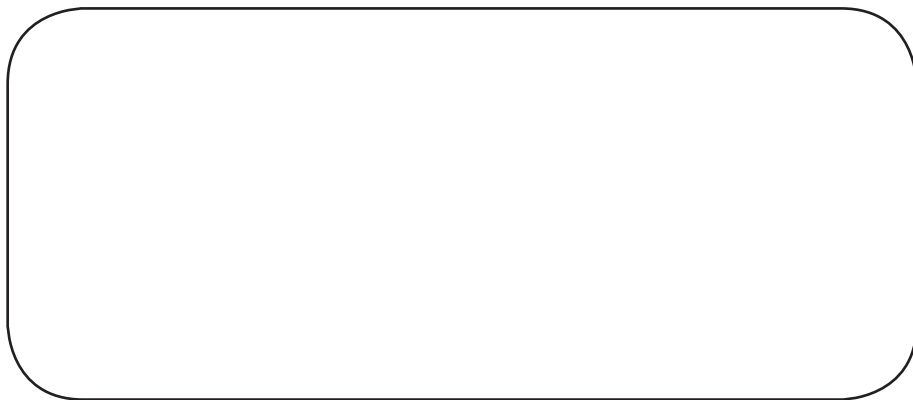
12. Contingent Liabilities & Provisions

All known liabilities of material nature have been provided for in the accounts except liabilities of a contingent nature, which have been disclosed at their estimated value in the notes on accounts in accordance with Accounting Standard 29. As regards Provisions, it is only those obligations arising from past events existing independently of an enterprise's future action that are recognised as Provisions.

13. Taxation

Deferred tax asset and liability is calculated by applying tax rate and tax laws that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing difference are recognized only to the extent there is a reasonable certainty of its realisation. At each Balance Sheet date, the carrying amount of deferred tax assets is reviewed to reassure realisation.

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“East Coast Centre”

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Teynampet,

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