



**Tuticorin Alkali Chemicals
and Fertilisers Limited
Chennai**

**Annual Report
2012 - 13**

**BOARD OF DIRECTORS**

Thiru B. NARENDRAN
Dr. RM. KRISHNAN
Thiru S. SHANKAR
Thiru S. ASOKAN
Thiru G. RAMACHANDRAN, VP/Whole Time Director

CHIEF FINANCIAL OFFICER

Thiru K.R. ANANDAN

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 & PRINCIPAL OFFICE

"SPIC House"
88, Mount Road,
Guindy,
Chennai - 600 032.
Phone: 4903 0500 Fax No. 4903 0550
E-mail: s.raghavan@tafcert.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.

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NOTICE

NOTICE is hereby given that the Fortieth Annual General Meeting of TUTICORIN ALKALI CHEMICALS AND FERTILISERS LIMITED will be held on **Thursday, 25 July 2013 at 3.05 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 31 March, 2013, Balance Sheet as at that date and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Thiru B. Narendran, 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.

Registered and Principal Office:

"SPIC House",
88, Mount Road, Guindy,
Chennai - 600 032.
27 May 2013

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 and Principal Office of the Company at least 48 hours before the time fixed for the commencement of the meeting.
3. The Members are requested to note the Change of address of the Registered and Principal Office as mentioned above.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 15 July 2013 to 25 July 2013 (both days inclusive).
5. Members are requested to quote their Folio Numbers in all their correspondence.
6. Members are requested to notify changes, if any, in their addresses to the Company or to the Registrar viz., Cameo Corporate Services Limited, Subramanian Buildings, 1, Club House Road, Off Anna Salai, Chennai 600 002, specifying full address in Block Capital with Pin Code.
7. Pursuant to Section 205A (5) of the Companies Act, 1956, all dividends up to the financial year ended 31 March 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.

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 S. Shankar, who was co-opted by the Board as an Additional Director of the Company with effect from 27 May 2013 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.
5. To consider and if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary Resolution:
RESOLVED that Thiru S. Asokan, who was co-opted by the Board as an Additional Director of the Company with effect from 27 May 2013 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.

By Order of the Board
For TUTICORIN ALKALI CHEMICALS
AND FERTILISERS LIMITED
S. RAGHAVAN
COMPANY SECRETARY

8. Members are requested to bring their copies of the Annual Report to the Meeting.
9. Members are requested to bring their Attendance Slips and hand over at the entrance, duly signed by them. Members who hold shares in the DEMATERIALIZED 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 e-mail address provided by them to the Company/Share Transfer Agent/the Depositories.

The Members who hold shares in physical form are requested to intimate/update their e-mail address to the Company/Share Transfer Agent while Members holding shares in demat form can intimate/update their e-mail 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 and 5

Thiru S. Shankar and Thiru S. Asokan were co-opted as Additional Directors with effect from 27 May 2013. In terms of Section 260 of the Companies Act, 1956 the said two Directors will hold office upto the date of this Annual General Meeting. The Company had received notices in writing from two 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. S. Shankar and S. Asokan.

Thiru S Shankar

Thiru S Shankar, aged 70 years, holds a Bachelor of Science Degree and a Degree in Law from the Madras Law College. He has served in the Reserve Bank of India and Unit Trust of India. While at UTI, he was on the Boards of over a dozen prestigious companies during the period 1980-89. Thiru Shankar was the key resource person in the structuring, placing and managing of the first vehicle that enabled Foreign Institutional Investors to access and build a portfolio of Indian Listed Company Equity – the India Fund with London Stock Exchange listing and the India Growth Fund with NYSE listing. In 1990, Thiru Shankar was a Senior Vice-President and later Managing Director Asian Finance and Investment Corporation Limited, Manila a finance company with majority shareholding by Asian Development Bank and

other leading banks and financial institutions from Japan, Europe, East Asia and the USA, as General Counsel and travelled extensively in East and South Asia while negotiating and later monitoring projects that were financed by the Bank. Thiru Shankar also served on the Boards of Cholamandalam Asset Management Company, Weizman Home Finance and Saurashtra Cements.

Thiru S. Asokan

Thiru S. Asokan, aged 63 years, holds a Bachelor Degree in Mechanical Engineering with distinction from Annamalai University. After working briefly for Engineers India and BHEL, Thiru Asokan joined SPIC at its Fertiliser Complex at Tuticorin in 1973. Later from 2001 to 2011 worked for Technip India as Senior Vice President (Projects). Thiru Asokan has wide experience from basic design, detailed design engineering, project management, revamp, failure analysis and repair. After retirement, since 2012, Thiru Asokan renders consultancy to the Industry.

Memorandum of Interest

None of the Directors of the Company are concerned or interested in the resolutions except the two Directors viz, Tvl. S. Shankar and S. Asokan who are interested relating to their appointment as Directors

Registered and Principal Office:

"SPIC House",

88, Mount Road, Guindy,

Chennai - 600 032.

27 May 2013

By Order of the Board

For TUTICORIN ALKALI CHEMICALS

AND FERTILISERS LIMITED

S. RAGHAVAN

COMPANY SECRETARY

Brief Resume of Thiru B. Narendran, Director seeking re-appointment at the 40th Annual General Meeting

Thiru B.Narendran, aged 68 years, holds a Bachelor Degree in Chemical Engineering and an MS in Transportation. He started his career in 1971 with the M A Chidambaram Group as Business Development & Marketing Manager. Later, he was also a Consultant with the State Highways Administration, Baltimore, USA. From 1995, he held various key positions like Manager, Senior General Manager

and Executive Director in various Companies. After his retirement from whole time employment, he was a Consultant with Shell Inc Detroit & Rite-Aid Pharmacy Houston, USA for two years. He has over 40 years of rich experience in Technical, Marketing, Finance and Internal Audit.

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



REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

To

The Members

Your Directors present the 40th Annual Report together with the Audited Accounts of the Company for the year ended 31 March 2013.

Financial Results

The following are the financial highlights:-

(Rupees in Crore)

DESCRIPTION	2012-13	2011-12
Sales Turnover (Net of Excise Duty and Trade Discount)	155.91	<u>216.12</u>
Gross Loss after meeting all expenses but before providing depreciation and interest	9.12	0.54
Add: Interest	7.52	7.66
Cash Loss	16.64	8.20
Add: Depreciation for the year	4.53	4.59
Loss for the year	21.17	12.79
Accumulated Loss	148.93	127.76

The manufacturing activity was restricted to 228 days during the financial year because of the water shortage and the consequent non-availability of Carbon-di-oxide gas from SPIC. The Company incurred loss of Rs.21.17 crores during the year as against the loss of Rs.12.79 crores during the previous year.

The losses are primarily due to the lesser number of days of operation, continuing high cost of Ammonia in the international market and the steep increase in the cost of power. Though the selling prices improved, for both Soda Ash and Ammonium Chloride (Fertiliser) compared to last financial year, because of very low capacity utilisation of the Plant at 49.34%, the overall results could not be improved.

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	
	2012-13	2011-12	2012-13	2011-12
Soda Ash (Light)	54,700	77,603	53,253	78,500
Soda Ash (Dense)	2,010	9,252	2,008	9,858
Ammonium Chloride (Fertiliser)	50,226	78,350	51,052	83,483
Sodium Bicarbonate	2,023	3,882	1,992	3,893

As already explained, the lower production was due to the lesser number of days of operation, which resulted in only 49.34% capacity utilisation.

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 marginally improved. However, the prices fell due to lower international prices. Ammonium Chloride prices held steady. The Company could also improve the domestic prices. In spite of consistent request for supply of Ammonium Chloride, due to long periods of non-production, the Company could not meet the entire demand. Soda Ash market became sluggish and is expected to improve in the next financial year.

Future Outlook

Since the southern markets are improving continuously, it is expected that the entire production can be easily marketed in the southern states.

Opportunities and Threats

The continuing slowing down and the global recession related large scale imports into India from China and Europe will continue to depress the selling price.

Risks and Concerns

The Company continues to be solely dependent on SPIC for the supply of one of the vital raw materials Carbon-di-oxide gas. The proposal of SPIC to change over to Natural Gas reforming also is likely to restrict the availability of the gas. This would necessitate an independent Carbon-di-oxide recovery facility. The Company is also solely dependent on the Ammonia importation terminal at Tuticorin Port. Suitable spare facilities may be needed in the course of time.

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, 8.81 lakh units were generated from the Company's five 250 KW Wind Turbine Power Generators at Gudimangalam, Coimbatore District, as against 6.90 lakh units generated in the previous year.

Captive Salt Works

21,249 Tonnes of industrial grade raw salt was produced at the Company's salt works at Thoothukudi as against 21,290 Tonnes produced during the previous year. The target of 30,000 Tonnes could not be achieved due to unexpected rains and unfavourable conditions.

BIFR

ICICI Bank Limited & IDBI Bank Limited have assigned their outstanding dues from your Company to Edelweiss ARC, who in turn have now offered a settlement plan. To avail the settlement, BIFR has directed sale of the Corporate Office space situated at "East Coast Centre", 534, Anna Salai, Teynampet, Chennai 600 018, adopting the BIFR Guidelines. IDBI Bank, the Operating Agency, has initiated action in this regard. It is expected that substantial portion of the loan can be settled with the proceeds of the sale of office space in the building. To facilitate this, the Corporate/Principal Office has been shifted to SPIC House at 88, Mount Road, Guindy, Chennai 600 032, with effect from 15 April 2013.



Fixed Deposit

There was no outstanding deposit as at 31 March 2013. However an amount of Rs.0.14 lakh 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:

- in the preparation of the accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgements 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 31 March 2013 and of the loss of the Company for the year ended on that date;
- 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
- the Directors had prepared the annual accounts on a 'going concern' basis.

Industrial Relations

The Company employs around 280 employees on its roll, including Engineers, Technicians and Trainees. 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:

IDBI Bank have assigned their portion of the loan to Edelweiss ARC and hence rescinded their right to nominate a Director. Accordingly IDBI Bank withdrew Tmt. Vatsala Krishnakumar with effect from 13 April 2013.

Thiru M Jayasankar resigned as a Director from the Board of the Company with effect from 25 April 2013.

Thiru S Shankar and Thiru S Asokan were co-opted as Additional Directors of the Company with effect from 27 May 2013.

Chennai
27 May 2013

The Board wishes to place on record the valuable services rendered by Tmt. Vatsala Krishnakumar and Thiru M Jayasankar during their tenure as Directors of the Company.

In terms of Section 256 of the Companies Act, 1956 Thiru B Narendran 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 in 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 31st March, 2013 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, Edelweiss ARC 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
B. NARENDRAN G. RAMACHANDRAN
Director VP/Whole Time Director



ANNEXURE TO DIRECTORS' REPORT

A. Conservation of Energy

Details required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31 March 2013.

Steps are constantly being taken to conserve energy on all the areas. Energy Audit is being carried out to reduce the expenditure on energy.

Form A

Form for disclosure of particulars with respect to conservation of energy

A. Power and Fuel Consumption

		2012-13	2011-12
1. Electricity			
a) Purchase:			
Unit	Kwh	2,94,31,496	4,21,46,781
Total Amount	Rs. in Lakh	1,990.51	2,064.30
Rate/Unit	Rs./Kwh	6.76	4.90
b) Own Generation:			
i) Through Diesel Generator:			
Unit	Kwh	22,340	32,160
Units/Ltr. of Diesel Oil	Kwh/Ltr.	2.25	2.53
Cost/Unit	Rs./Kwh	19.36	16.22
Diesel		<u>2.28</u>	<u>1.00</u>
Maintenance		21.64	17.22
ii) Through Steam Turbine/Generator			
Units per litre of Fuel Oil/Gas Cost/Unit		Nil	Nil
iii) Wind Mill Power Generation:			
Unit	Kwh	8,81,304	6,89,719
Credit given by TNEB per Unit	Rs./Kwh	5.40	3.90
2. Coal			
Quantity	Tonnes	22,000.00	31,788.00
Total Cost	Rs.in Lakh	1,112.41	1,479.86
Average Rate	Rs./Tonne	5,056.42	4,655.40
3. Furnace Oil *			
Quantity	KL	146.45	956.40
Total Cost	Rs.in Lakh	63.55	386.03
Average Rate	Rs./KL	43,393.01	40,363.39
4. Charcoal			
Quantity	Tonnes	1,303.75	Nil
Total Cost	Rs.in Lakh	108.22	Nil
Average Rate	Rs./Tonne	8300.86	Nil
5. Others/Internal Generation			
Quantity			
Total Cost		Nil	Nil
Average Rate			

* Due to Gassifier Maintenance, Furnace Oil System was lined up at that time.

**B. Consumption per Unit of Production**

Products		2012-13 Soda Ash/ Ammonium Chloride	2011-12 Soda Ash/ Ammonium Chloride
Electricity	Kwh/Te	538.27	488.71
Furnace Oil	Ltr/Te	12.18	12.21
Charcoal	Te/Te	0.029	NIL
Coal	Te/Te	0.35	0.32
Others		NIL	NIL

Remarks and Reasons for Variations

The specific consumption level was higher than the budgeted due to low on stream days.

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 Boiler Flue Gases & Lime Kiln.
- Benefits from the above efforts :
This would augment the supply of CO₂ to the Company
- Imported Technology :
 - Technology imported Nil
 - Year of import)
 - Has technology been fully absorbed) N.A.
 - If not fully absorbed, reasons and future course of action)

C. Foreign Exchange Earnings and Outgo

Total Foreign Exchange earned and used:

(Rupees in Lakh)

	<u>2012-13</u>	<u>2011-12</u>
Earned	2,849.48	3,855.78
Used	5,371.20	1,620.53

Chennai
27 May 2013

For and on behalf of the Board of Directors
B. NARENDRAN G. RAMACHANDRAN
Director 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 31 March 2013 is as follows:

2. Board of Directors**❖ Composition**

As on 31 March 2013, 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 judgement 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 1st April, 2012 to 31st March, 2013, four Board Meetings were held on the following dates:

Date of the Board Meeting	Strength of the Board	No. of Directors present
25/05/2012	5	5
25/07/2012	5	5
30/10/2012	5	5
23/01/2013	5	4

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 31st March, 2013 are given below:

Sl. No.	Director Tvl./Tmt.	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	4	Yes	Director - 4	3	---
2.	B. Narendran Non-Executive Independent	4	Yes	Director - 2	3	4
3.	Dr. RM. Krishnan Non-Executive Independent	4	Yes	Director - 3	---	4
4.	G. Ramachandran VP/Whole time Director Executive Non-Independent	4	Yes	Director - 1	---	---
5.	Vatsala Krishnakumar IDBI Bank Limited Nominee Non- Executive Independent	3	Yes	Director - 1	---	---

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.

As on 31 March 2013, the Chairman of the Committee is Thiru B.Narendran, Director 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

Four Meetings of the Audit Committee were held during the year. The dates are 25 May 2012, 25 July 2012, 30 October 2012 and 23 January 2013. The attendance of each Member of the Committee is given below:

Names of Directors	No. of meetings attended
Thiru B.Narendran	4
Thiru M. Jayasankar	4
Tmt Vatsala Krishnakumar	3



❖ 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 15 March 2002 to formulate and recommend to the Board, from time to time the compensation structure for Directors of the Board. The Members as on 31 March 2013 are Tvl. B. Narendran (Chairman of the Committee), M. Jayasankar and Tmt.Vatsala Krishnakumar, Nominee of IDBI Bank Limited

❖ Remuneration to Directors

Thiru G. Ramachandran, was appointed as Vice President & Whole Time Director (WTD) of the Company for a period of two years with effect from 12 December 2011. The remuneration package comprises of salary and perquisites. The WTD has been paid remuneration amounting to Rs.36.00 lakhs for the year ended 31 March 2013.

The Non-Executive Directors are being remunerated by way of Sitting Fees. The Sitting Fees paid to Non-Executive Directors for the year ended 31 March 2013 is as follows:

Sl.No.	Name of the Director	Sitting Fees Paid (Rs.)
1.	Thiru M. Jayasankar	22,000
2.	Thiru B. Narendran	16,000
3.	Dr.RM.Krishnan	8,000
4.	Tmt Vatsala Krishnakumar	12,000
	Total	58,000

5. Shareholders'/Investors' Grievance Committee:

❖ Details of the Members, Compliance Officer, number of complaints received and pending transfers as on 31 March 2013

The Chairman of the Committee is Thiru M. Jayasankar, Director and the other member is Thiru G. Ramachandran, Vice President/Whole Time Director. 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 days of receipt of the investors' requests.

The only complaint received during the year under review, has been resolved.

The Company had no pending documents for transfer as on 31 March 2013.

6. Code of Conduct

The Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management of the Company who have affirmed compliance with the Code of Conduct. A declaration signed

by the Managing 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 K.R. Anandan, 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 27 May 2013.

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
37th AGM 2009 - 2010	Abirami Chidambaram Community Hall, Kotturpuram, Chennai – 600 085.	9 Aug 2010 3.00 p.m.
38th AGM 2010 - 2011	Rajah Annamalai Hall, Esplanade, Chennai – 600 108.	12 Sep 2011 3.00 p.m.
39th AGM 2011 - 2012	Rajah Annamalai Hall, Esplanade, Chennai – 600 108.	25 Jul 2012 3.00 p.m.

11. Disclosures

- During the year ended 31 March 2013, 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	Thursday, 25 July 2013 at 3.05 p.m. Rajah Annamalai Hall Esplanade Chennai – 600 108.
2.	Financial Calendar April 2013 – March 2014	First Quarter Results - Fourth Week of July 2013 Half-Yearly Results - First Week of November 2013 Third Quarter Results - Last Week of January 2014 Annual Results for the year ended 31st March'14 - Last Week of May 2014
3.	Record Date Book Closure Date	Nil 15 July 2013 to 25 July 2013
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 2012-13
5.	Registrar and Transfer Agents	Cameo Corporate Services Limited Subramanian Buildings 1, Club House Road, Off. Anna Salai, Chennai – 600 002
6.	Stock Code Demat ISIN No.	506808 - Bombay Stock Exchange Limited. INE 400A01014
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' / Investor's Grievance Committee. Share Transfer requests are processed within a period of 10 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	43.36% equivalent to 64,16,102 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 the Public. Not Issued Cameo Corporate Services Limited Subramanian Buildings, 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 'SPIC House', 88 Mount Road, Guindy, Chennai – 600 032. Telephone No. 49030500 : Fax No. 49030550 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 K R Anandan, 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 31 March 2013.

For and on behalf of the Board of Directors

Chennai
27 May 2013

K.R. ANANDAN G. RAMACHANDRAN
Chief Financial Officer VP/Whole Time Director



DISTRIBUTION OF HOLDINGS

Share holding of nominal value of Rs.10/- Range - Shares	Share Holders		Number of Shares	
	Number	%	Number	%
Upto - 500	18,501	92.99	21,64,331	14.63
501 - 1,000	846	4.25	7,15,403	4.84
1,001 - 2,000	323	1.62	4,98,785	3.37
2,001 - 3,000	80	0.40	2,03,346	1.37
3,001 - 4,000	34	0.18	1,20,210	0.81
4,001 - 5,000	38	0.19	1,79,022	1.21
5,001 - 10,000	36	0.18	2,56,425	1.73
10,001 and above	38	0.19	1,06,58,308	72.04
TOTAL	19,896	100.00	1,47,95,830	100.00

SHAREHOLDING PATTERN AS ON MARCH 31, 2013

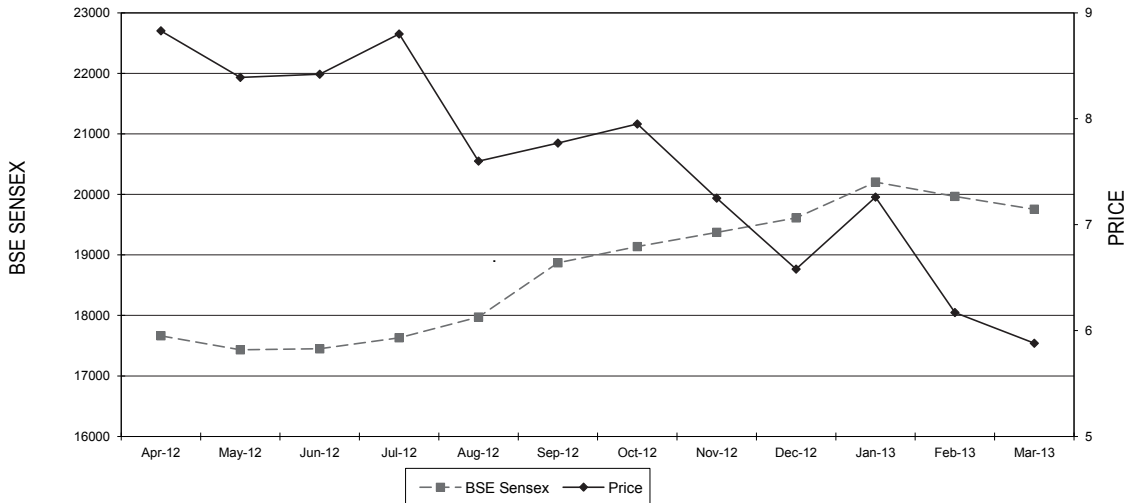
Sl.No.	Category	Number of Shares	Percentage
1.	Indian Promoters	66,80,113	45.15
2.	Mutual Funds	2,450	0.02
3.	Banks, Financial Institutions, Insurance Companies	1,550	0.01
4.	Foreign Institutional Investors	300	Negligible
5.	Private Corporate Bodies	22,06,866	14.91
6.	Indian Public	56,35,360	38.09
7.	NRIs/OCBs	2,69,191	1.82
	TOTAL	1,47,95,830	100.00

Market / Share Price Data
Bombay Stock Exchange Limited, Mumbai

Month	High (Rs.)	Low (Rs.)
April 2012	8.83	7.45
May 2012	8.39	6.71
June 2012	8.42	6.82
July 2012	8.80	7.10
August 2012	7.60	6.67
September 2012	7.77	6.51
October 2012	7.95	6.30
November 2012	7.25	5.88
December 2012	6.58	5.85
January 2013	7.26	5.66
February 2013	6.17	5.23
March 2013	5.88	3.90

**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 31 March 2013, 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.

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

Chennai
27 May 2013



INDEPENDENT AUDITOR'S REPORT

To the Members of Tuticorin Alkali Chemicals and Fertilisers Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Tuticorin Alkali Chemicals and Fertilisers Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

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

Opinion

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

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

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;

(b) in the case of the Statement of Profit and Loss, of the LOSS for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. 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;

c. 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;

d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and

e. on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For CNGSN & ASSOCIATES

Chartered Accountants

Firm Regn. No.: 004915S

C.N. GANGADARAN

Partner

Membership No. 11205

Chennai

27 May 2013

**ANNEXURE REFERRED TO IN PARAGRAPH 1 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 any major part of the plant and machinery
2. a. Physical verification of inventories other than those held by third parties have 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 lakh 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 lakh.
- 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 31 March 2013 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 Lakh)

SL No	Name of Bank	Principal Overdue	Interest Overdue	Period outstanding
1	TMB	718.14	535.94	Oct 07 – March 13
2	HDFC	346.16	232.62	Oct 07 – March 13
		1064.30	768.56	

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.

For CNGSN & ASSOCIATES

Chartered Accountants

Firm Regn. No.: 004915S

C.N. GANGADARAN

Partner

Membership No. 11205

Chennai

27 May 2013



BALANCE SHEET AS AT 31 MARCH 2013

(Rupees in Lakh)

Particulars	Note No	As at 31 March 2013	As at 31 March 2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	3,782.75	3,782.75
(b) Reserves and Surplus	2	(14,448.35)	(12,331.75)
(c) Money received against share warrants		---	---
(2) Share application money pending allotment			
		---	---
(3) Non-Current Liabilities			
(a) Long-term borrowings	3	1,047.30	1,353.79
(b) Deferred tax liabilities (DTL)	4	2,456.60	3,226.07
(c) Other Long term liabilities		---	---
(d) Long-term provisions	5	709.86	618.10
(4) Current Liabilities			
(a) Short-term borrowings	6	617.12	402.81
(b) Trade payables	7	5,126.21	3,612.08
(c) Other current liabilities	8	11,528.47	9,768.28
(d) Short-term provisions		---	---
TOTAL		10,819.96	10,432.13
II.Assets			
(1) Non-current assets			
(a) Fixed assets	9		
(i) Tangible assets		3,169.07	3,596.76
(ii) Intangible assets		---	---
(iii) Capital work-in-progress		66.53	49.80
(iv) Intangible assets under development		---	---
(b) Non-current investments		---	---
(c) Deferred tax assets (Restricted to DTL)	4	2,456.60	3,226.07
(d) Long-term loans and advances	10	608.02	499.60
(e) Other non-current assets		---	---
(2) Current assets			
(a) Current investments	11	0.05	0.05
(b) Inventories	12	2,143.17	1,476.54
(c) Trade receivables	13	725.60	975.85
(d) Cash and cash equivalents	14	177.48	319.27
(e) Short-term loans and advances	15	1,473.44	288.19
(f) Other current assets		---	---
TOTAL		10,819.96	10,432.13
III. Contingent Liabilities and Commitments	16	3,635.54	3,245.81

Notes 1 to 30 form part of these financial statements.

S. RAGHAVAN

Company Secretary

K.R. ANANDAN

Chief Financial Officer

G. RAMACHANDRAN

VP/Whole Time Director

B. NARENDRAN

RM. KRISHNAN

S. SHANKAR

S. ASOKAN

Directors

This 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. 11205

Chennai

27 May 2013



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2013

(Rupees in Lakh)

Particulars	Note No	Year ended 31 March 2013	Year ended 31 March 2012
I. Revenue from operations	17	15,591.16	21,611.57
II. Other Income	18	277.55	137.87
III. Total Revenue (I +II)		15,868.71	21,749.44
IV. Expenses:	19		
Cost of materials consumed		9,395.41	12,008.15
Purchase of Stock-in-Trade	20	---	---
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		(15.07)	1,031.99
Employee benefit expense		1,409.63	1,416.27
Financial costs		751.64	765.84
Depreciation and amortization expense		453.12	459.10
Other expenses		5,990.58	7,346.74
Total Expenses		17,985.31	23,028.09
V. Profit / (Loss) before exceptional and extraordinary items and tax (III - IV)		(2,116.60)	(1,278.65)
VI. Exceptional Items		---	---
VII. Profit / (Loss) before extraordinary items and tax (V - VI)		(2,116.60)	(1,278.65)
VIII. Extraordinary Items		---	---
IX. Profit / (Loss) before tax (VII - VIII)		(2,116.60)	(1,278.65)
X. Tax expense:			
(1) Current tax		---	---
(2) Deferred tax (Net)		---	---
XI. Profit / (Loss) for the period from continuing operations (IX - X)		(2,116.60)	(1,278.65)
XII. Profit / (Loss) from discontinuing operations		---	---
XIII. Tax expense of discounting operations		---	---
XIV. Profit / (Loss) from discontinuing operations (XII - XIII)		---	---
XV. Profit/(Loss) for the year (XI + XIV)		(2,116.60)	(1,278.65)
XVI. Earning per equity share:			
(1) Basic	28	(15.14)	(9.48)
(2) Diluted		(15.14)	(9.48)

Notes 1 to 30 form part of these financial statements.

S. RAGHAVAN
Company SecretaryK.R. ANANDAN
Chief Financial OfficerG. RAMACHANDRAN
VP/Whole Time DirectorB. NARENDRAN
RM. KRISHNAN
S. SHANKAR
S. ASOKAN
DirectorsThis 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
27 May 2013



1. Shareholders' Funds

(Rupees in Lakh)

Particulars	As at 31 March 2013		As at 31 March 2012	
	No. of Shares	Amount	No. of Shares	Amount
Authorised Share Capital				
a) Equity Shares of Rs.10 each	1,50,00,000	1,500.00	1,50,00,000	1,500.00
b) Redeemable Cumulative Preference Shares of Rs.100 each	24,00,000	2,400.00	24,00,000	2,400.00
		3,900.00		3,900.00
Issued Share Capital				
a) Equity Shares of Rs.10 each	1,48,90,430	1,489.04	1,48,90,430	1,489.04
b) 12% Redeemable Cumulative Preference Shares of Rs.100 each *	1,00,000	100.00	1,00,000	100.00
c) 8 % Redeemable Cumulative Preference Shares of Rs.100 each	3,00,000	300.00	3,00,000	300.00
d) 5 % Redeemable Cumulative Preference Shares of Rs.100 each	20,00,000	2,000.00	20,00,000	2,000.00
		3,889.04		3,889.04
Subscribed and Paid up Capital				
a) Equity Shares of Rs.10 each fully paid up Add : Forfeited Shares	1,47,95,830	1,479.58 3.17	1,47,95,830	1,479.58 3.17
b) 8 % Redeemable Cumulative Preference Shares of Rs.100 each **	3,00,000	300.00	3,00,000	300.00
c) 5% Redeemable Cumulative Preference Shares of Rs.100 each ***	20,00,000	2,000.00	20,00,000	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 held by The South Indian Bank Limited amounting to Rs.100 lakh were converted into Equity shares of Rs.10/- each at a premium of Rs.7.67 per share in the year 2006.

** Preference Shares amounting to Rs. 150 lakh rolled over upto January 2015. The balance Shares for Rs. 150 lakh rolled over up to February 2014 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 March 2013		As at 31 March 2012	
	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				
Twinshield Consultants Private Limited / 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 Lakh)

Particulars	As at 31 March 2013		As at 31 March 2012	
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	(13,075.95)		(11,797.30)	
Additions during the period	(2,116.60)	(15,192.55)	(1,278.65)	(13,075.95)
Closing Debit balance in the Statement of Profit and Loss		(15,192.55)		(13,075.95)
Total Reserves and Surplus		(14,448.35)		(12,331.75)

3. Long Term Borrowings

(Rupees in Lakh)

Particulars	As at 31 March 2013	As at 31 March 2012
Secured Loans		
a) Term Loan from Banks *	---	292.92
Total Secured Loans	---	292.92
Unsecured Loans		
a) Term Loan from Banks	---	13.57
b) Loans and Advances received from related parties (SPIC Ltd)	1,047.30	1,047.30
Total Unsecured Loans	1,047.30	1,060.87
Total Long term Borrowings	1,047.30	1,353.79

* 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.7,149.97 lakh which are fallen due and due within a period of next twelve months are shown in other current liabilities. (Refer Note No.8). Interest accrued and due on term loans amounting to Rs.851.78 lakh is also shown in other current liabilities.

The Company has entered into a Restructuring Agreement with Edelweiss Asset Reconstruction Company Limited post assignment of IDBI and ICICI term loans.

**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 31 March 2013 are as under:

Deferred Tax Asset	(Rupees in Lakh)	Deferred Tax Liability	(Rupees in Lakh)
Unabsorbed Depreciation/(Loss)	9,682.46	Depreciable Fixed Assets	2,456.60
Provision for Doubtful Debts	50.37		
Total	9,732.83		2,456.60

As a matter of prudence the Company has recognised Deferred Tax Asset of Rs.2,456.60 lakhs to the extent of Deferred Tax Liability.

5. Long Term Provisions

(Rupees in Lakh)

Particulars	As at 31 March 2013	As at 31 March 2012
Provision for Employee Benefits *	709.86	618.10
Total Long Term Provisions	709.86	618.10

* Represents Leave and Retirals

6. Short Term Borrowings

(Rupees in Lakhs)

Particulars	As at 31 March 2013	As at 31 March 2012
Secured Loans		
a) Loan repayable on demand from Banks *	617.12	402.81
Total Secured Loans	617.12	402.81
Unsecured Loans		
Total Unsecured Loans	---	---
Total Short Term Borrowings	617.12	402.81

* 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 Lakh)

Particulars	As at 31 March 2013	As at 31 March 2012
Trade Payables		
(a) Amount due on account of goods supplied	4,128.15	2,545.42
(b) Amount due on account of goods traded	329.02	329.02
(c) Amount due on account of services rendered	669.04	737.64
Total Trade Payables	5,126.21	3,612.08

8. Other Current Liabilities

(Rupees in Lakh)

Particulars	As at 31 March 2013	As at 31 March 2012
a) Current maturities of long term debt *	7,149.97	4,485.30
b) Interest accrued and due on borrowings *	851.78	2,657.08
c) Unpaid matured deposits and interest accrued thereon	0.16	0.16
d) Employee Provisions	240.93	297.75
e) Advance received for Start up expenses	625.04	633.00
f) Amount due to VOC Port Trust	440.51	420.18
g) Deferred Sales Tax	243.72	243.72
h) Payable TNVAT / CST	41.84	19.80
i) Other payables	1,934.52	1,011.29
Total Other Current Liabilities	11,528.47	9,768.28

Trade Payable includes Re. Nil (Previous Year - Re. 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.

(Rs. in Lakh)

Name of Bank	Principal Overdue	Interest Overdue **	Period outstanding
TMB	718.14	535.94	Oct 07 – March 13
HDFC	346.16	232.62	Oct 07 – March 13
Total	1,064.30	768.56	

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



9. Fixed Assets

(Rupees in Lakh)

Particulars	Cost			Depreciation			Net Book Value		
	As at 01 Apr 2012	"Additions/ Adjustments"	Deletions	As at 31 Mar 2013	As at 01 Apr 2012	"For the Year"	Deduction	As at 31 Mar 2013	As at 31 Mar 2012
1. 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	851.43	38.39	---	893.32	931.71
(c) Roads, Culverts, Fencing and Compound Wall	78.38	---	---	78.38	35.76	1.45	---	41.17	42.62
(d) Plant & Machinery (including Windmill)	11,972.33	6.34	---	11,978.67	9,598.30	345.83	---	2,034.54	2,374.03
(e) Handling Equipment	65.40	---	---	65.40	58.40	0.44	---	6.56	7.00
(f) Electrical Equipment, Fittings & other Installations	1,213.23	11.31	11.00	1,213.54	1,085.42	48.82	9.72	89.02	127.81
(g) Furniture, Fixtures and other Equipments	403.77	6.96	15.66	395.07	350.27	12.66	14.15	46.29	53.50
(h) Vehicles	48.56	1.87	9.08	41.35	27.40	5.53	10.82	19.24	21.16
Total Tangible Assets	15,603.74	26.48	35.74	15,594.48	12,006.98	453.12	34.69	3,169.07	3,596.76
2. Intangible Assets									
Total Intangible Assets	---	---	---	---	---	---	---	---	---
3. Capital Work in Progress**									
Capital work in progress excluding Capital Advances	49.80	16.73	---	66.53	---	---	---	66.53	49.80
Total Capital Work in Progress	49.80	16.73	---	66.53	---	---	---	66.53	49.80
Total Fixed Assets	15,653.54	43.21	35.74	15,661.01	12,006.98	453.12	34.69	12,425.41	3,646.56
Previous Year	15,562.51	47.33	6.10	15,603.74	11,553.31	459.10	5.43	12,006.98	4,058.73

* 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) - Re. Nil (Previous year Re. Nil)

**10. Long term Loans and Advances**

(Rupees in Lakh)

Particulars	As at 31 March 2013	As at 31 March 2012
Secured - Considered Good		
a) Security Deposits	463.66	350.78
b) MAT Credit entitlement	57.32	57.32
c) Other loans and advances	87.04	91.50
Total Secured Loans	608.02	499.60
Unsecured - Considered Good		
Total Unsecured - Considered Good	---	---
Doubtful		
Less: Provision		
Total Doubtful	---	---
Total Long term Loans and Advances	608.02	499.60

11. Current Investments

(Rupees in Lakh)

Particulars	As at 31 March 2013	As at 31 March 2012
Investment in Government or Trust Securities		
National Savings Certificate		
- Non-traded Unquoted Investment (At Cost) (lodged with Government Department as Security Deposit)	0.05	0.05
Total Non-current Investments	0.05	0.05

12. Inventories

(Rupees in Lakh)

Particulars	As at 31 March 2013	As at 31 March 2012
Raw Materials	1,200.75	667.98
Work in Progress	210.85	155.22
Finished Goods	10.41	49.95
Stores & Spares	721.16	603.39
Total Inventories	2,143.17	1,476.54

**13. Trade Receivables**

(Rupees in Lakh)

Particulars	As at 31 March 2013	As at 31 March 2012
Secured - Considered Good		
Short term trade receivables	---	---
Total Secured Loans	---	---
Unsecured - Considered Good		
Outstanding for a period exceeding six months	164.61	177.04
Other trade receivables	560.99	798.81
Total Unsecured - Considered Good	725.60	975.85
Doubtful		
Short term trade receivables	50.37	40.59
Less: Provision	50.37	40.59
Total Doubtful	---	---
Total Trade Receivables	725.60	975.85

14. Cash and Cash Equivalents

(Rupees in Lakh)

Particulars	As at 31 March 2013	As at 31 March 2012
Balance with Banks		
- On Current Accounts	4.94	5.77
- Margin Money	152.17	292.46
- On Fixed Deposit	20.00	20.00
Cash on hand	0.37	1.04
Total Cash and Cash Equivalents	177.48	319.27

15. Short term Loans and Advances

(Rupees in Lakh)

Particulars	As at 31 March 2013	As at 31 March 2012
Secured - Considered Good		
a) Advance to suppliers	54.49	160.91
b) Advance Tax and Tax Deducted at Source	56.65	49.95
c) Statutory Dues	6.48	15.77
d) Other short term loans and advances	1,355.82	61.56
Total Secured Loans	1,473.44	288.19
Unsecured - Considered Good		
Total Unsecured - Considered Good	---	---
Doubtful		
Less: Provision		
Total Doubtful	---	---
Total Short term Loans and Advances	1,473.44	288.19

**16. Contingent Liabilities and Commitments**

(Rupees in Lakh)

Particulars	As at 31 March 2013	As at 31 March 2012
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.	350.26	345.82
b) Disputed claims for Interest on rent dues of VOC Port Trust, Tuticorin	1,869.73	1,800.54
c) Arrears of dividend on Preference Shares	1,223.45	1,099.45
d) Excise and Service Tax dues on appeal by the Department	192.10	---
Total Contingent Liabilities and Commitments	3,635.54	3,245.81

17. Revenue from Operations

(Rupees in Lakh)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Sales Revenue		
Light Soda Ash	10,596.44	13,913.33
Dense Soda Ash	407.81	1,625.62
Sodium Bi-Carbonate	398.63	678.55
Ammonium Chloride Fertiliser Grade	5,420.02	6,883.72
Other products	22.07	12.83
Gross Sales Revenue	16,844.97	23,114.05
Less: Excise Duty	1,253.81	1,502.48
Net Sales Revenue	15,591.16	21,611.57

18. Other Income

(Rupees in Lakh)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Interest Income	47.02	29.55
Others		
i) Rent	66.32	62.57
ii) Sale of scrap	60.65	39.72
iii) Profit on sale of fixed assets	0.66	---
iv) Others	102.90	6.03
Total Other Income	277.55	137.87



19. Manufacturing and Other Expenses

(Rupees in Lakh)

Particulars	Year ended 31 March 2013		Year ended 31 March 2012	
Raw Material Cost				
Salt	1,081.79		1,750.22	
Ammonia	7,550.75		9,275.13	
Carbon-di-oxide	359.68		486.98	
Lime	367.98		454.69	
Process Chemicals	27.91		36.35	
Lab chemicals	7.30		4.78	
Total		9,395.41		12,008.15
Changes in Inventories of Finished Goods, Work-in-process and stock-in-trade				
Opening Stock				
Finished Goods	49.95		1,124.11	
Work-in-Process	155.21	205.16	177.68	1,301.79
Closing Stock				
Finished Goods	10.41		49.95	
Work-in-Process	210.85	221.26	155.21	205.16
Movement of Excise Duty on Finished Goods		1.03		(64.64)
Total		(15.07)		1,031.99
Employee Benefit Expense				
Salaries and Wages	1,020.28		1,022.24	
Contribution to Provident Fund and Superannuation Fund	138.46		148.01	
Contribution to Gratuity Fund	37.08		36.93	
Staff Welfare Expenses	213.81		209.09	
Total		1,409.63		1,416.27
Financial Cost				
On Fixed Loans	662.87		681.50	
On Others	88.77		84.34	
Total		751.64		765.84
Depreciation				
Depreciation on Fixed Assets		453.12		459.10
Other Expenses				
Power and Fuel				
Coal	1,112.41		1,479.86	
Power	2,007.47		2,075.98	
Furnace Oil	63.55		386.03	
Charcoal	108.22		---	
Diesel	5.44		4.56	
Diesel - Generator set	1.48		1.27	
Firewood	0.14	3,298.71	0.15	3,947.85



(Rupees in Lakh)

Particulars	Year ended 31 March 2013		Year ended 31 March 2012	
Water		162.53		106.22
Rent		56.98		55.51
Rates and Taxes		81.04		73.39
Insurance		29.99		26.53
Repairs and Maintenance				
Plant and Machinery	853.97		659.72	
Buildings	233.84		91.08	
Others	161.80	1,249.61	129.21	880.01
Total				
Packing, Transportation and Handling (Net of Recoveries)		507.86		895.70
Commission and Discount on sales		319.98		1,125.22
Payment to Auditors				
Audit	5.77		4.96	
Reimbursement of Expenses	---	5.77	---	4.96
Loss on sale of fixed assets		---		0.13
Exchange Variation (Net)		(10.75)		19.48
Miscellaneous Expenses		288.86		211.74
		5,990.58		7,346.74
Total Manufacturing and Other Expenses		17,985.31		23,028.09

20. Purchase of Stock - in - Trade

(Rupees in Lakh)

Particulars	Year ended 31 March 2013		Year ended 31 March 2012	
Purchase of Finished Goods		---		---
Transferred from Stock Account		---		---
Total Purchase of Stock - in - Trade		---		---

NOTES ON ACCOUNTS:**21. Raw Material Consumption**

Raw Material	2012-13		2011-12	
	Quantity (Tonnes)	Value (Rupees in Lakh)	Quantity (Tonnes)	Value (Rupees in Lakh)
Salt *	96,144.115	1,081.79	145,006.850	1,750.22
Ammonia	19,439.563	7,550.75	30,377.870	9,275.13
Carbon-di-oxide	37,036.980	359.68	54,290.410	486.99
Quick Lime	5,248.292	367.98	7,520.000	454.69

* including handling loss



(Rupees in Lakh)

22	Description	2012-13	2011-12
a.	Value of Imports during the financial year calculated on CIF basis:		
	Raw Materials and Chemicals	5,361.82	8,267.60
	Components and Spare Parts	6.69	---
	Capital Goods	---	---
b.	Expenditure in Foreign Currency during the financial year:		
	i) Travel	1.31	---
	ii) Subscription	1.38	---
c.	Amount remitted in Foreign currency during the year on account of dividends	---	---
d.	Earnings in Foreign Exchange during the financial year: FOB		
	Exports of goods	2,849.48	3,855.78

e. Value of Raw Materials, Spare parts and Components consumed during the year:				
	2012-13		2011-12	
	Value (Rupees in Lakh)	% to total Consumption	Value (Rupees in Lakh)	% to total Consumption
Imported	7,929.71	79	9,683.75	77
Indigenous	2,093.71	21	2,814.35	23

(Rupees in Lakh)

f. Stores consumed included under repairs and maintenance:	2012-13	2011-12
Plant and Machinery	596.41	500.76
Buildings	55.87	27.54

**23. Related Party disclosure under Accounting Standard –18**

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

Associates:

Southern Petrochemical Industries Corporation Limited

Key Management Personnel of the Company:

G. Ramachandran, Vice President and Whole Time Director

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

(Rupees in Lakh)

Sl. No.	Particulars	2012-13	2011-12
1	Purchase of goods	424.60	562.47
2	Sale of Goods	1.74	518.41
3	Receiving of Services	5.35	259.52
4	Rendering of Services	5.12	---
5	Proportion of outstanding		
	- Receivable	5.58%	8.10 %
	- Payable	9.36%	6.65 %
III. Amounts written off during the year in respect of amounts due from related party:		NIL	NIL

24.	Production, Sales and Closing Stock:	(in Tonnes)	
		2012-13	2011-12
a)	Production:		
	Soda Ash (Light) *	54,700.000	77,603.000
	Soda Ash (Dense)	2,010.000	9,252.000
	Ammonium Chloride (FG)	50,226.000	78,350.000
	Sodium Bicarbonate	2,023.000	3,882.000

* includes Soda Ash Light used for production of Sodium Bi carbonate.

b)	Sales *	2012-13	2011-12
	Soda Ash (Light)	53,253.000	78,500.000
	Soda Ash (Dense)	2,008.000	9,858.000
	Ammonium Chloride (FG)	51,052.000	83,483.000
	Sodium Bicarbonate	1,992.300	3,893.000

* includes samples, internal consumption and shortages.



c)	Closing Stock	2012-13	2011-12
	Soda Ash (Light)	7.451	77.951
	Soda Ash (Dense)	6.320	4.320
	Ammonium Chloride (FG)	1.180	*827.180
	Ammonium Chloride (PG)	0.050	0.050
	Sodium Bicarbonate	31.140	0.440

* includes defective material of 452.030 MT

25. Retirement Benefits

- Retirement benefits in the form of Provident Fund / Superannuation Fund are defined contribution schemes and the contributions are charged to Profit and Loss Account 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.
- Actual gain / losses are charged to Statement of Profit and Loss.

26. SEGMENTAL REPORTING FOR THE PERIOD ENDED 31 MARCH 2013

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 31 March 2012 are prepared under revised Schedule VI. Accordingly, current year financial statements have also been prepared on similar lines.

(Rupees in Lakh)

28. Earnings per share:	2012-13	2011-12
Profit / (Loss) as per Statement of Profit and Loss	(2,116.60)	(1,278.65)
Number of Equity shares paid up	14,795,830	14,795,830
Earnings per share – Basic & Diluted (in Rupees)	(15.14)	(9.48)
Face Value per share (in Rupees)	10.00	10.00

29. Accounting Policies

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



30. CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2013

(Rupees in Lakh)

		Year Ended 31 March 2013	Year Ended 31 March 2012
A.	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit / (Loss) Before Tax and Extraordinary Items	(2,116.60)	(1,278.65)
	Adjustments for:		
	(Profit) / Loss on Sale of Assets	(0.66)	0.13
	Depreciation	453.12	459.10
	Exchange difference	(10.75)	19.48
	Interest	751.64	765.84
	(Profit) / Loss on sale of Investments		---
	OPERATING PROFIT / (LOSS) BEFORE WORKING CAPITAL CHANGES	(923.25)	(34.10)
	Adjustments for:		
	Trade and Other Receivables	(903.14)	(329.53)
	Inventories	(666.62)	1,235.41
	Trade and Other Payables	2,506.71	(380.22)
	Exchange difference	10.75	(19.48)
	CASH GENERATED FROM OPERATIONS	24.45	472.08
	Direct Taxes Paid	---	---
	NET CASH FLOW FROM OPERATING ACTIVITIES (A)	24.45	472.08
B.	CASH FLOW FROM INVESTING ACTIVITIES:		
	Purchase of Fixed Assets (including increase in Capital Work in progress)	(45.51)	(47.60)
	Sale of Fixed Assets (Sale Value)	4.01	0.54
	Purchase of Investments		---
	Sale / Redemptions of Investments		---
	NET CASH USED IN INVESTING ACTIVITIES (B)	(41.50)	(47.06)
C.	CASH FLOW FROM FINANCING ACTIVITIES:		
	Proceeds from Long term Borrowings	767.19	336.93
	Interest Paid	(751.64)	(765.84)
	NET CASH USED IN FINANCING ACTIVITIES (C)	15.55	(428.91)
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(1.50)	(3.89)
	Opening Cash and Cash Equivalents	26.81	30.70
	Closing Cash and Cash Equivalents	25.31	26.81

S. RAGHAVAN
Company Secretary
K.R. ANANDAN
Chief Financial Officer
Chennai
27 May 2013

G. RAMACHANDRAN
VP/Whole Time Director

B. NARENDRAN
RM. KRISHNAN
S. SHANKAR
S. ASOKAN
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 Profit and Loss Account.

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

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 converted 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 Profit and Loss account.

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 realisation, supported by convincing evidence. Deferred tax assets on account of other timing difference are recognised 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.

TUTICORIN ALKALI CHEMICALS AND FERTILISERS LIMITED

Registered and Principal Office: "SPIC House" 88 Mount Road, Guindy, Chennai - 600 032.

ATTENDANCE SLIP

PLEASE BRING THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF "RAJAH ANNAMALAI HALL", ESPLANADE, CHENNAI - 600 108.

NAME & ADDRESS OF THE SHAREHOLDER

Folio No:

DP. ID*

Client ID*

* Applicable to investors holding shares in electronic form

I hereby record my presence at the 40th Annual General Meeting at "Rajah Annamalai Hall", Esplanade, Chennai - 600 108 on Thursday, 25 July 2013 at 3.05 p.m.

SIGNATURE OF THE MEMBER OR PROXY

SHARES HELD

TUTICORIN ALKALI CHEMICALS AND FERTILISERS LIMITED

Registered and Principal Office: "SPIC House" 88 Mount Road, Guindy, Chennai - 600 032.

PROXY FORM

I/ We of

..... in the district of being a member(s) of the above named company hereby appoint

Thiru of in the district of

.....or, failing him, Thiru of

..... in the district of as my / our proxy to attend and vote for me/us and on

my/our behalf at the 40th Annual General Meeting of the Company to be held at 3.05 p.m. on Thursday,

25 July 2013 and at any adjournment thereof.

Signed this day of July 2013.

Affix
15 paise
Revenue
Stamp

Folio No:

DP. ID*

Client ID*

NOTE: The proxy form duly completed must be deposited at the Registered and Principal Office of the Company at "SPIC House" 88 Mount Road, Guindy, Chennai - 600 032, not less than 48 hours before the time for holding the Meeting

Book - Post



If undelivered, please return to:

Tuticorin Alkali Chemicals and Fertilisers Limited

“SPIC House”,

88, Mount Road,

Guindy,

Chennai - 600 032.

Tamil Nadu, India