

## CHAIRMAN'S SPEECH



Dear fellow share holders,

### **TSUNAMI**

The year under review retains the thought of the fury and frenzy of 'Tsunami' that wrecked and ravaged the coastal belt of Tamil Nadu and Pondicherry.

Within the Pondicherry Territory, the epicenter of destruction and desolation was the Kalapet segment where your plant is located.

The speed and swiftness at which His Excellency the Lieutenant Governor, the Honourable Chief Minister, the Respected Chief Secretary and the officials mobilised the entire Government machinery for relief and rehabilitation is an exemplification of efficiency which deserves all the praise.

As human sympathy and instinct might dictate, your Company organised spontaneous relief to provide immediate needs such as food and purified drinking water.

But the humane act of mercy and compassion was manifested by our workers and staff at their voluntary co-operation in the preventive measures to abate pollution, by supplying thro Vector Institute Chlorine in the form of Hypo spray.

It was quite heartening to receive messages for help and solace, from our associates, vendors, consultants and friends all over the world.

Some of our staff lost their relatives in this catastrophe and the Company provided relief for them. Your

Company has contributed Rs.25,00,000/- [Rupees Twenty five lakhs only] to the Pondicherry Chief Minister's Relief Fund for Tsunami relief for Kalapet and neighbouring villages.

### **SLUDGE REDUCTION**

Your Company is also striving hard to bring a further reduction of sludge, although it is already lower than the Industry's standards. National Environment Engineering Research Institute [NEERI] have confirmed that the sludge generated by us is non-hazardous and shall not attract the provisions of The Hazardous Waste Management & Handling Rules.

Your Company is planning to upgrade the technology to bring down the sludge generation to the barest minimum, by adopting various new innovations and thereby setting up a trend in the Industry. This includes another in-house proprietary process of recovery of valuable material from the sludge. Your company hopes to achieve these targets during the current year.

### **SALT**

Your Company's backward integration to manufacture the raw material INDUSTRIAL GRADE SALT has yielded rich dividends. Your Company is adopting novel methods in salt production by conserving heat through development of a new technology. It is hoped the trials will be validated during this year so that production on a commercial scale can be introduced based on this innovation.

This would mean purer salt with lesser Calcium and Magnesium thus paving the way for cost reduction in brine preparation, which, of course, is the basic input for Chlorine production.

Your Company is self sufficient on the salt front and the entire requirement of salt is met from the salt fields of our Company. This Captive production results in significant savings and profits for your Company.

### **UF BRINE**

The unique facility for filtering brine by using ultra filter hollow fibre capillary type membranes have passed yet another year of excellent performance. This has yielded in a sizeable saving, besides the elimination of many conventional filtration systems.

M/s. Membrane Research Technology Singapore Pte Ltd (MRTS) are the proprietors of this technology. M/s. Du Pont U.S.A is the marketing channel. Their global presence and the servicing and training of the new



clients to the UFHF membranes is expected to fetch considerable revenue to your Company through services like commissioning, parts supply globally.

#### **SULPHATE REMOVAL SYSTEM [S.R.S.]**

The Sulphate Removal System [SRS] with Technical Know-how sourced from the Canadian Kverner Chemetics Inc is expected to result in your Company better reduced Solid Waste Generation.

When successful, it will not only cut down sludge production in the whole industry, but also totally eliminate the use of Barium Salt, in the process.

#### **INNOVATION**

Your Company's proprietary process, to recover a value added product, under patenting, is another meritorious effort. This is in addition to the patent, your Company already holds for the production of Barium Sulphate from sludge, which is being implemented leading to production of barium Sulphate.

#### **DESALINATION**

On repeated representations and follow ups, ultimately the Pondicherry Government have agreed to permit your Company to lay the pipeline through the nullah passing adjacent to your Company. Necessary Notification to this effect is being issued by the Government and your Company, on receipt of the formal approval from the Government, will take up the Desal project and will complete the same within twelve months from the date of Government's approval.

Your Company, in addition to meet its captive requirement of water, will be able to supply equivalent quantity of good potable water to the other Industries in Pondicherry.

Once the Desalination Plant is established and stabilized, your Company proposes to diversify into Sea Water Desalination and supply on B.O.O.T. basis and the Desalination business will become a separate Profit Centre for your Company.

#### **DIVERSIFICATION**

It would be obvious to say that Biotechnology has emerged as an exponential field, which in future shall play the most crucial role in the arena of Food, Nutrition and Agriculture. A recent study has identified India as one of the emerging biotech leaders along with Singapore, Japan,

Taiwan and Korea and the industry is expected to expand at least three-fold by the end of the decade to generate \$ six billions in revenue and create more than one million jobs of the intellectual calibre.

As a weather cock of technological developments and a pioneer of innovations, your Company has undertaken a conscious decision to meet the technological challenges and commercial demands of the future and has already done the spade work to employ fruitful application of Biotechnology resulting in the creation of a Life Science Division as a part of your Company.

The Bio-informatics and the bulk of the knowledge supporting them have given the direction for pursuing effective product portfolios on Nutrition and Wellness.

In order to decimate industrial and environmental pollution, the super-critical areas - Bio-separation, Nano-Membranes and Bio-remediation have also been identified. Efforts are afoot to enlist the co-operation of some Academia of excellence in the specified fields.

#### **SUSTAINING AND IMPROVING THE GROWTH**

Your Company has retained Indian Institute of Management (IIM), Bangalore, to advise on diversification strategy and has appointed a high level committee under the Chairmanship of an independent Director. This committee will come out with specific proposals for your approval towards amending the OBJECT CLAUSE of the Memorandum and Articles of Association.

This will enable your Company to focus on emerging as global leaders in the two specific areas - water and health and make your Company stronger in diversifying strategy and improving its assets, turnover and shareholders value.

#### **CORPORATE GOVERNANCE**

The Company has already initiated the re-structuring exercises for a fair compliance of Corporate Governance norms. The Board of Directors and the Committee have been restructured with clear and focused norms on Corporate Governance. The Company has also formulated detailed CODE OF CONDUCT for Directors and Senior Management Executives with a view to usher in greater responsibility, accountability and transparency. The company will have its own governance practices, which will also take care of statutory needs of SEBI



**WEB SITE**

I am pleased to inform that your Company has launched its website: [www.chemfabalkalis.com](http://www.chemfabalkalis.com) and I have already started communicating to the Shareholders through this portal. The Performance of the Company will be regularly updated and be made available on this website.

**PERFORMANCE**

The performance of your Company in the current year has been commendable. I wish to acknowledge the hard and efficient efforts of all the CAL mates, more so in production and marketing.

The Sales Realisation also improved significantly. This was further strengthened by the Company sourcing cheaper funds reducing its financial cost, various cost reduction measures and as a result of this, PROFIT of the year is reasonably good, and your Directors have recommended a 100% Dividend for the first time.

Thank you,

Dr C H Krishnamurthi Rao