

33rd Annual Report 2014-15



**Sree Rayalaseema Alkalies
and Allied Chemicals Limited**

Sree Rayalaseema Alkalies And Allied Chemicals Limited



BOARD OF DIRECTORS

Sri T.G. Venkatesh
Chairman and Managing Director

Sri G. Krishna Murthy

Ms. Shalini Soni
(Nominee of IFCL upto 10.07.2015)

Smt. S. Usha
(Nominee of IFCL upto 30.07.2014)

Sri B. Srinivasa Rao
(Nominee of IDBI from 07.11.2014)

Sri K. Davidson
(Nominee of IDBI upto 07.11.2014)

Sri P.N. Vedanarayanan
Sri O.D. Reddy
Sri K. Karunakar Rao
Executive Director & CEO

Sri N. Jesvanth Reddy
Executive Director (Technical)

Sri Gopal Krishan
Executive Director (Technical from 07.11.2014)

Smt. V. Surekha
(from 25.09.2014)

Sri J. Nagabhushanam
(from 10.07.2015)

CHIEF GENERAL MANAGER & COMPANY SECRETARY

Sri V. Radhakrishna Murthy

BANKERS

Indian Bank

United Bank of India

The South Indian Bank Ltd.

IDBI Bank Ltd.

Canbank Factors Ltd.

SECRETARIAL AUDITOR

Sri N. Rama Swamy
Flat No. 101C, Shourya Apts.,
3-6-159, Urdu Hall Lane
Himayath Nagar, Hyderabad-500 029

AUDITORS

Brahmayya & Co.
Chartered Accountants
21/142-6, S.K.D. Colony Extn.
Adoni – 518 301 (A.P.)

REGISTERED OFFICE & FACTORY

Gondiparla, Kurnool-518 004 (A.P.)

CORPORATE OFFICE

40-304, 2nd Floor, Krishna Jyothsna Complex
Bhagyanagar, Kurnool-518 004 (A.P.)

REGISTRAR & SHARE TRANSFER AGENT

Aarathi Consultants Private Limited
Regd. Office: 1-2-285, Domalguda
Hyderabad-500 029 (Telangana State)
Tel. No. 040-27638111 / 4445
Fax No. 040-27632184
E-mail: infor@aarthiconsultants.com

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## NOTICE

**NOTICE** is hereby given that the **33<sup>rd</sup> Annual General Meeting** of the Members (Equity & CRP Shareholders) of SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED (CIN: L24110AP1981PLC003077) will be held at the Registered Office of the Company at the Factory Premises, Gondiparla, Kurnool - 518 004 (A.P.) on Wednesday, the 16<sup>th</sup> September, 2015 at 4.00 P.M. to transact the following business :

### ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2015 and the Statement of Profit and Loss for the year ended as on that date together with the Reports of Directors and the Auditors attached thereto.
- 2) To appoint a Director in place of Sri K. Karunakar Rao, who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint a Director in place of Sri N. Jesvanth Reddy, who retires by rotation and being eligible offers himself for re-appointment.
- 4) To ratify Auditors appointment and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following as an **Ordinary Resolution**.

“RESOLVED THAT pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder and in terms of Audit Committee recommendation dt.30-07-2014, Board recommendation dated 30-07-2014 and also pursuant to the Resolution passed by the Members at the AGM held on September 25, 2014, the appointment of M/s. Brahmayya & Co, Chartered Accountants as the Auditors of the Company to hold office till the conclusion of the AGM to be held in the Calendar year 2017 (3 consecutive years term-subject to Members’ ratification at each AGM) be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2016 as may be determined by the Audit Committee in consultation with the Auditors.

### SPECIAL BUSINESS:

- 5) **Increase in Authorized Capital**

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

“RESOLVED that pursuant to Section 13, 61 and other applicable provisions, if any, of the Companies Act, 2013, the Authorized Share Capital of the Company be and is hereby increased from the existing Rs. 100,00,00,000 (Rupees Hundred Crores only) divided into 8,10,00,000 (Eight Crore Ten Lacs) of Equity Shares of Rs. 10/- (Rupees Ten only) and 1,90,00,000 (One Crore Ninety lacs) of Preference Shares of Rs. 10/- (Rupees Ten only) to Rs.114,00,00,000 (Rupees One Hundred and Fourteen Crores only) divided into 9,50,00,000 (Nine Crore Fifty Lacs) of Equity Shares of Rs. 10/- (Rupees Ten only) and 1,90,00,000 (One Crore Ninety lacs) of Preference Shares of Rs. 10/- (Rupees Ten only) each, ranking pari passu with the existing Equity Shares of the Company.”

- 6) **Alteration of Capital Clause of Memorandum of Association.**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Special Resolution**.

“RESOLVED THAT pursuant to the provisions of Section 13 and other applicable provisions, if any, of the Companies Act, 2013 proviso (I) to Sub-clause (a) of Clause V of the Memorandum of Association of the company be hereafter replaced by the following Sub-Clause (a) of Clause V.

- V. (a) The Authorized Share Capital of the Company is Rs.1,14,00,00,000 (Rupees One Hundred and Fourteen Crores only) comprising of :
  - i) Equity Share Capital of the Company is Rs.95,00,00,000 (Rupees Ninety Five Crores only) divided into 9,50,00,000 (Nine Crore Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each.
  - ii) Preference Share Capital of Rs. 19,00,00,000 (Rupees Nineteen Crores only) divided into 1,90,00,000 (One Crore Ninety Lacs) Preference Shares of Rs.10/- (Rupees Ten only) each, having a coupon rate of 0.01% redeemable after 15 years.



7) **Alteration of Articles of Association.**

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

“RESOLVED THAT pursuant to Section 14 and other applicable provisions, if any, of the Companies Act, 2013 and the Articles of Association of the Company, the existing Articles of Association of the Company, be altered by substituting the following proviso (I) of Article 7.

The Authorized Share Capital of the Company is Rs. 114,00,00,000 (Rupees One Hundred and Fourteen Crores only) comprising of :

- i) Equity Share Capital of the Company is Rs.95,00,00,000 (Ninety Five Crores only) divided into 9,50,00,000 (Nine Crore Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten only) each.
- ii) Preference Share Capital of Rs. 19,00,00,000 (Rupees Nineteen Crores only) divided into 1,90,00,000 (Rupees One Crore Ninety Lacs) Preference Shares of Rs.10/- (Rupees Ten only) each, having a coupon rate of 0.01% redeemable after 15 years.

8) **Appointment of Sri Gopal Krishan as Rotational Director to pass the following as an Ordinary Resolution.**

“RESOLVED THAT pursuant to the provisions of Section 149 of the Companies Act, 2013 and the Rules made thereunder and the Articles of Association of the Company, Sri Gopal Krishan, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 07-11-2014 and holds office until the date of the AGM, in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Sri Gopal Krishan as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director whose position is liable to retire by rotation.

9) **Appointment of Sri J. Nagabushanam as Independent Director**

To appoint Sri J. Nagabushanam as an Independent

Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolutions as an **Ordinary Resolution**.

“RESOLVED THAT pursuant to the provisions of Sections 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri J.Nagabushanam, who was appointed as additional Director in the Board Meeting held on 10-07-2015 in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act,2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 3 (Three) consecutive years for a term up to the conclusion of the 35<sup>th</sup> Annual General Meeting of the Company in Calendar year 2018.”

10) **Payment of Remuneration to Sri Gopal Krishan, Executive Director (Technical):**

To consider and if thought fit, to pass, with or without modification(s), the following Resolution which is proposed as **Special Resolution**.

“RESOLVED THAT pursuant to Section 196,197 and 198 read with schedule V and other applicable provisions, if any, of the Companies Act, 2013 and subject to required statutory approvals as may be necessary, the members of the company hereby ratify the Board approval to the Company, for payment of the following remuneration to Sri Gopal Krishan (with DIN: 05342348) as Executive Director (Technical) from 07-11-2014 in its meeting held on 07.11.2014 upon the recommendation of Remuneration Committee Meeting held on 06-10-2014 and further noted that this remuneration will be payable for a period of three years from 07-11-2014.”

“RESOLVED FURTHER THAT Sri Gopal Krishan will be paid Rs. 2,00,000/- per month as Consolidated Salary + allowances, perquisites and other benefits as per the Rules of the Company. Perquisites shall be evaluated as per Income Tax Rules or at actual costs. However the following will not be included in the above perquisites limit.



- a) Company's contribution to Provident Fund, Pension and Superannuation Fund will not be included in computation of the ceiling on perquisites to the extent of these either singly or put together are not taxable under the Income Tax Act.
- b) Use of Company Car for official purpose and phone at residence/Cell phone for official purpose (including payment of local and long distance calls).
- c) Earned/privilege leave – on full pay and allowance as per Rules of Company. Leave accumulated and not availed during the tenure may be encashed as per Rules of the Company.

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year the aforesaid remuneration shall be treated as minimum remuneration in pursuance to Schedule V of the Companies Act, 2013 and any amendment thereof from time to time."

**11) Upward Revision of Remuneration to (1) Sri K. Karunakar Rao, Executive Director (F&C) & CEO and (2) Sri N. Jesvanth Reddy, Executive Director (Technical)**

To consider and if thought fit, to pass, with or without modification(s), the following Resolution which is proposed as **Special Resolution**.

"RESOLVED THAT the approval of members hereby accorded for Board approval dated 07-11-2014 upon the consideration of recommendation of Nomination and Remuneration Committee meeting dt.06-10-2014 for increase in consolidated salary payable to Sri K. Karunakar Rao, Executive Director (F&C) & CEO and Sri N. Jesvanth Reddy, Executive Director (Technical) from the existing Rs.1,50,000/- to Rs. 2,00,000/- per month to be effective from 07-11-2014 upto the expiry of their term i.e. upto 07-08-2016

RESOLVED FURTHER THAT there is no change in other terms and conditions approved by the Members in AGM held on 07-08-13 with respect to approval for payment of remuneration."

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

"RESOLVED THAT pursuant to the provisions of Sections 42 and 62 and all other applicable provision, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in accordance with enabling provisions of the Memorandum and Articles of Association of the Company, and the Listing Agreement entered into by the Company with the Stock exchange where the securities of the Company are listed (BSE) and in accordance with the provisions of Guidelines for Preferential Issues contained in Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (referred as 'SEBI (ICDR) Regulations, 2009') and other applicable provisions of SEBI including any amendment(s) to or re-enactment thereof and subject to the approvals, consents, permissions and / or sanctions, as may be required from any appropriate authority, institution or body (hereinafter collectively referred to as the "the appropriate authorities") and subject to such terms, conditions, alterations, corrections, changes, variations and / or modifications, if any as may be prescribed by any one or more or all of them in granting such approvals, consents, permissions and / or sanctions (hereinafter referred to as "the requisite approvals") and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any committee duly constituted by the Board) or any Committee which the Board may have constituted or hereafter constitute, to exercise one or more of its powers including the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board/Committee to offer, issue and allot 1,30,95,272 (4143202 + 4361265 + 4590805) convertible share warrants of face value of Rs.10/- each upon conversion of Promoters (Allottee) Un-secured loans/money into share warrants at an issue price of Rs.17.02 per, convertible Share Warrant (including a premium of Rs. 7.02 per warrant) as computed in accordance with SEBI (ICDR) Regulations, 2009 to M/s. Brilliant Industries Pvt. Ltd., Promoters group of the Company on preferential basis and convertible in equal number of equity shares in three (3) Tranches within a period not exceeding 18 months from the date of allotment of warrants."

"RESOLVED FURTHER THAT each of the aforesaid share warrants be converted at the option of the holder



at anytime within 18 months from the date of issue, into one fully paid-up Equity Share at an issue price of Rs.17.02 divided into Rs.10/- for Capital and Rs.7.02 for premium per share, determined in accordance with the prevailing regulation for Preferential Issue contained in Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements), Regulation, 2009."

"RESOLVED FURTHER THAT the 'Relevant Date' for above mentioned preferential issue as per SEBI (ICDR) Regulations, 2009 for the determination of applicable price for Equity Shares is August 17, 2015 being the date 30 days prior to the date of passing of this Resolution."

"RESOLVED FURTHER THAT the Equity Shares to be issued on conversion of convertible share warrants and allotted in terms of this resolution shall rank pari passu in all respects with the existing equity shares of the Company and be listed on stock exchange where the equity shares of the Company are listed."

"RESOLVED FURTHER THAT the Company do apply for listing of the new Equity Shares to be issued upon conversion of share warrants(in the ratio of 1:1) with BSE."

"RESOLVED FURTHER THAT the Company do make an application to the Depositories (NSDL and CDSL) for admission of new Equity shares."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board (including its committee) be and is hereby authorized on behalf of the Company to take all actions and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient for the issue of Share warrants, conversion of warrants into Equity shares, allotment of aforesaid Equity shares and listing thereof with the Stock Exchanges as appropriate and to resolve and settle all questions and matters that may arise in the proposed issue, offer and allotment of the securities, utilization of the issue proceeds and to do all acts, deeds, matters and things in connection therewith and incidental thereto as the Board / Committee, in its absolute discretion, may deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard for the purpose of giving effect to this resolution in the interest of the company at any stage without requiring the Board to seek any further consent or approval of the Members."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or any other Director(s) or the Company Secretary or executive(s) / officer(s) of the Company to do all such acts, deeds, matters and things and also to execute such documents, writings etc as may be necessary to give effect to the aforesaid resolution."

### 13) Creation of Security in favour of Bank and Financial Institutions

To consider and if thought fit, to pass with or without modification, the following Resolution which is proposed as an **Special Resolution**.

"RESOLVED THAT the consent of the members accorded to the Company in terms of Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013 to mortgage and / charge by the Board of Directors of the Company of all the movable and immovable properties of the Company situated at Gondiparla Kurnool except assets of KOH plant Fatty acids plant assets of Chloromethane plant and assets of Power Plants at Bellary wheresoever situate, present and future, and the whole of undertaking of the Company together with power to take over the management of the business and concern of the Company in certain events, to or in favour of following Banks for creation of first pari passu charge and second pari passu charge

#### ON FIRST PARI PASSU BASIS

|                    | (Rs.in Crores ) |
|--------------------|-----------------|
| 1. IDBI Bank Ltd., | 22.00           |
| 2. Federal Bank    | 4.27            |

#### ON SECOND PARI PASSU BASIS.

|                         |       |
|-------------------------|-------|
| 3. United Bank of India | 16.77 |
| 4. South Indian Bank    | 7.54  |

together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, costs, charges, expenses and other moneys payable by the company to the Lenders under their Loan agreements in respect of the said term loans.

"RESOLVED FURTHER THAT above security are provided pursuant to sanction letter of respective Banks.

### 14) Creation of Security in favour of Bank and Financial Institutions for providing financial assistance to Chloromethanes Project



To consider and if thought fit, to pass with or without modification, the following Resolution which is proposed as an **Special Resolution**.

"RESOLVED THAT the consent of the members accorded to the Company in terms of Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013 to mortgage and / charge by the Board of Directors of the Company of all the movable and immovable properties of the Company with respect to Chloromethanes Project at Gondiparla, Kurnool wheresoever situate, present and future, and the whole of undertaking of the Company together with power to take over the management of the business and concern of the Company in certain events, to or in favour of following for creation of first pari passu charge and second pari passu charge in favour of the following Banks

**ON FIRST PARI PASSU BASIS TO THE FOLLOWING BANKS.**

|                            | (Rs.in Crores ) |
|----------------------------|-----------------|
| Indian Bank                | 24.46           |
| The South Indian Bank Ltd. | 3.40            |

**ON SECOND PARI PASSU BASIS.**

|                            |      |
|----------------------------|------|
| Indian Bank                | 7.64 |
| The South Indian Bank Ltd. | 1.07 |
| United Bank of India       | 6.57 |

Further out of the above, for the following working capital assists 2nd pari passu charge on the existing fixed assets (Except fixed assets of Chloromethanes plant and Bellary plant) has collateral security.

|                            |      |
|----------------------------|------|
| Indian Bank                | 7.64 |
| The South Indian Bank Ltd. | 1.07 |
| United Bank of India       | 6.57 |

together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, costs, charges, expenses and other moneys payable by the company to the Lenders (Indian Bank, South Indian Bank and United Bank of India) under their Loan agreements in respect of the said term loans.

"RESOLVED FURTHER THAT above security are provided pursuant to sanction letter of respective Banks.

**15) To provide security in favour of M/s. IFCI Limited**

To consider and if thought fit, to pass with or without modification(s) the following Resolution which is proposed as an **Special Resolution**.

"RESOLVED THAT the consent of the Members accorded to the Company in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies

Act, 2013 to mortgage and / charge by the Board of Directors of the Company of all the immovable properties of the Company (except Assets of Chloromethanes Plant) subject to the condition that the Charge/Mortgage on the assets Fatty Acid and KOH Plant at Gondiparla and on the assets of Bellary Power Plant will be effective from March, 2016 (i.e. after repayment of Loans) wheresoever situate, present and future, and the whole of undertaking of the Company together with power to take over the management of the business and concern of the Company in certain events, to or in favour of M/s. IFCI Limited for creation of first pari passu charge for their Corporate Term Loan of Rs. 100 crores together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, costs, charges, expenses and other monies payable by the Company to the Lenders under their Loan Agreement in respect of the said Term Loans."

**16) Appointment and Remuneration of Cost Auditor :**

To approve the appointment and remuneration payable to the Cost Auditors for the financial year ending March 31, 2016 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolutions as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the appointment of M/s. Aruna Prasad & Co. (Regn. No. 100883) as Cost Auditors of the Company by the Board of Directors of the Company in its meeting held on 07-05-2015 on a remuneration of Rs.1,25,000/- + Service Tax and reimbursement of out of pocket expenses, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016, be and is hereby ratified.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

By Order of the Board

Sd/-

Place : Hyderabad

**CS V. RADHAKRISHNA MURTHY**

Date : 17<sup>th</sup> August, 2015

**C.G.M.&COMPANY SECRETARY**





**NOTES :**

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more Proxies to attend and vote on a poll on his behalf and such proxy need not be a member of the Company. A proxy form is enclosed Proxy Form in order to be effective duly completed, must be received by the company at the Registered Office of the company not less than 48 hours before the schedule time of the Annual General Meeting.
2. Explanatory Statement pursuant Section 102 (1) of the Companies Act, 2013 is annexed hereto in respect to Special Business.
3. Member/Proxies are requested to produce the attendance Slip at the entrance of the Registered Office duly completed and signed for admission to the meeting hall.
4. Pursuant to Sec.91 of the Companies Act, 2013 and Clause-16 of the Listing Agreement, the Register of Members and Share Transfer Books of the Company will remain closed for 9 (Nine) days i.e. from 08-09-2015 to 16-09-2015 (both days inclusive).
5. Non-resident Indian Shareholders are requested to inform us immediately :
  - a) the change in Residential Status on return to India for permanent settlement.
  - b) the particulars of Bank NRE Account, if not furnished earlier.
  - c) Equity & CRP (Cumulative Redeemable Reference) shareholders are provided voting rights to cast their votes on all resolutions placed in the Notice.

**6. E-Voting:**

The Company is pleased to provide E-voting facility through Central Depository Services (India) Limited (CDSL) as an alternative, for all members of the Company to enable them to cast their votes electronically on the resolutions mentioned in the Notice of 33<sup>rd</sup> Annual General Meeting of the Company dated 16<sup>th</sup> September, 2015. The Company has appointed Mr. M. Nirmal Kumar Reddy, B.Com., F.C.A., I.S.A., I.R.M., Practicing Chartered Accountant as the Scrutinizer for conducting the E-voting process in a fair and transparent manner. E-voting is optional.

The E-voting rights of the Shareholders/beneficial owners shall be reckoned on the equity shares are CRP shares held by them as on Tuesday, the 8<sup>th</sup> September, 2015. The instructions for Members for voting electronically are as under:

- (i) The voting period begins on 12.09.2015 at 10.00 A.M. and ends on 15.09.2015 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 08.09.2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

**For Members holding shares in Demat Form and Physical Form**

**PAN** Enter your 10 digit alpha-numeric \*PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).





- Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case of no PAN then use Separate sequence numbers for equity and CRP shares which are printed on address slip. In case of difficulty call Phone No.040-23313842/27638111.
- In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.

If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- After entering these details appropriately, click on "SUBMIT" tab.
- Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN for the relevant SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED on which you choose to vote.
- On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option

"YES/NO" for voting. Select the option YES or NO as desired.

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

- Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Note for Non – Individual Shareholders and Custodians**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).



**EXPLANATORY STATEMENT :**

**ITEM NO. 5, 6 & 7 :**

Alteration of Capital Clause of Memorandum of Association and Articles of Association.

To meet the Capital requirements with respect to implementation of Chloromethanes Project being implemented, the Company has proposed to increase the Authorised Share Capital from the existing Rs.100,00,00,000 (Rupees One hundred crores only) to Rs.114,00,00,000 (One hundred and Fourteen Crores only) by increasing Equity Share Capital of the Company by Rs.14,00,00,000 divided into 1,40,00,000 Equity Shares with a face value of Rs.10/- each.

This will facilitate the company to issue Equity Shares under preferential issue to the promoters after fulfillment of formalities and by conversion of unsecured loans into share warrants. This proposal requires alterations in the Memorandum of Association and Articles of Association as set out in item Nos. 5, 6 & 7 of the agenda accompanying the notice.

The related provisions of the Companies Act, 2013 require the Company to seek approval of the Members for increase in the Authorized Share Capital and for alteration of Capital Clause of Memorandum of Association and Articles of Association of the Company.

The Board of Directors accordingly commend the Resolutions as set out at the item No. 5, 6 & 7 for your approval.

The Memorandum and Articles of Association of the company together with the proposed amendments are available for inspection by the Members at the Registered Office of the Company on any working day between 11.00 a.m. and 1.00 p.m. prior to the date of the meeting.

None of the Directors of the Company is, in any way, concerned or interested in this Resolution.

**Item No.8**

The Board of Directors of the Company had appointed Sri Gopal Krishan as an Additional Director of the Company with effect from 07.11.2014 upon the recommendation of Nomination and Remuneration Committee in its meeting held on 06-10-2014. In terms of Section 161(1) of the Act, Sri Gopal Krishan would hold office upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member alongwith the deposit of

requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Sri Gopal Krishan for the office of Director of the Company. Sri Gopal Krishan is not disqualified from being appointed as a Director in terms of Section 164 of the Act and given his consent to act as a Director.

The Board commends the Resolution for approval by Members. Save and except the above, none of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested in this Resolution.

None of the Directors except Sri Gopal Krishan deemed to be interested in the Resolution.

Your Directors commend the Resolution for your approval

**ITEM NO. 9**

The Board of Directors, at its meeting held on 10-07-2015 upon the recommendation of Nomination and Remuneration committee in its meeting held on 23-06-2015 appointed Sri J. Nagabhushanam as an Additional Director of the Company with effect from 10-07-2015 pursuant to Section 161 of the Companies Act ,2013.

Sri J. Nagabhushanam will hold office upto the date of the ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member, alongwith a deposit of requisite amount, proposing the candidature of Sri J. Nagabhushanam for the office of Independent Director for a term of 3 (Three) consecutive years. The Company has received from Sri J. Nagabhushanam (i) consent in writing to act as Director in Form DIR-2 (ii) intimation in Form DIR-8 to the effect that he is not disqualified under Sub-section (2) 164 of the Companies Act,2013, and (iii) a declaration to the effect that he meets the criteria of Independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Sri J. Nagabhushanam, the Independent Director proposed to be appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he is independent of the Management.

No Director, Key Managerial personnel or their relatives, except Sri J. Nagabhushanam, to whom the Resolution relates, are interested or concerned in the Resolution.

The Board recommends the Resolution set forth in Item no.9 for the approval of the Members.



## Item No. 10

Nomination and Remuneration Committee in its meeting held on 06-10-2014 has considered and recommended the proposal to the Board for payment of remuneration to Sri Gopal Krishan. The Board in its meeting held on 07-11-2014 has given approval for payment of remuneration subject to the members ratification in the AGM as set out in the Resolution for a period of 3 years upto 07.11.2017. Sri Gopal Krishan Resume/Bio-data has been given elsewhere in the Notice of AGM for your kind information.

None of the Directors except Sri Gopal Krishan deemed to be interested in the Resolution.

Your Directors commends the Resolution for your approval

## Item No. 11

The Nomination and Remuneration Committee in its meeting held on 06-10-2014 has considered the proposal for rationalisation of remuneration payable to (1) Sri K. Karunakar Rao, Executive Director (F&C) & CEO, (2) Sri N. Jesvanth Reddy, Executive Director (Technical). Accordingly, the Committee has recommended the proposal for increase in consolidated salary from the existing Rs.1,50,000/- per month to Rs. 2,00,000/- per month to the Board . The Board in its meeting held on 07.11.2014 has given approval for the upward revision subject to the Members approval in the AGM and hence this ordinary Resolution placed in the notice for your approval.

None of the Directors except Sri K. Karunakar Rao and Sri N. Jesvanth Reddy deemed to be interested in the Resolution.

Your Directors commend the Resolution for your approval

## Item No. 12

As per the disclosure norms contained in Regulation 73(1) of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (referred as 'SEBI (ICDR) Regulations, 2009'), the following disclosures were made for the purpose of passing of the said Special resolution by the shareholders at the ensuing Annual General Meeting.

### 1. Objects of the preferential issue :

Your Company is in the process of implementing Chloromethanes Project being financed by Banks to the extent of Rs. 99.86 Crs. (Indian Bank, United Bank of India and South Indian Bank) by way of Term loans and Rs. 26.86 Crores contribution by promoters by way of unsecured loans to be converted into Equity and balance

Rs. 10.39 crore by way of internal accruals. The amount brought by Promoters for fulfillment of their commitment is being utilized for the present preferential issue of share warrants. Earlier (year 2011), Rs.11,22,75,600 was utilized for issue of convertible warrants and the same were converted into Equity and listed. The balance amount in Promoter's contribution i.e. Rs.15.63 Cr. being utilized for the present Preferential issue of convertible share warrants. Further amount brought in for the warrants will be utilised for additional cost of Chloromethanes project and working capital needs.

### 2. Proposal of the Promoters to subscribe:

The preferential issue of share warrants would be made to M/s. Brilliant Industries Pvt. Ltd., being one of the promoter through issue of Share warrants convertible into Equity Shares at the price to be computed in accordance with Regulation 76(1) of SEBI (ICDR) Regulations, 2009 Rs.17.02 per Convertible Share Warrant, the share warrants are convertible into equal number of Equity Shares of Rs. 10/- each fully paid up with a premium of Rs. 7.02 per share at a price at which warrants are issued and conversion shall be made in tranches within overall period of 18 (Eighteen) months from the date of issue of warrants. The proposal is to issue 1,30,95,272 share warrants convertible into equity shares with a premium of Rs. 7.02 per share in three tranches within 18 months from the date of issue of warrants during three financial years i.e., 2015-16, 2016-17 and 2017-18 subject to a maximum of 5% of the post-issue capital per financial year as per stipulation in Reg. 11(2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. The above allottee proposed has given letter dt. 17.08.2015 undertaking to subscribe to the preferential issue of Convertible Share Warrants and to comply with other conditions stipulated in SEBI (ICDR) Regulations, 2009 including applicable lock-in of their pre-preferential holdings of equity shares and proposed preferential allotment of Equity shares with a premium of Rs.7.02 per share upon conversion of share warrants.

### 3. The shareholding Pattern of the Company before and after the Preferential issue in three tranches is as under:

The shareholding pattern of the company before the preferential issue of Convertible Share Warrants and post conversion of warrants into equity shares after each of the three tranches are given below :



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

| Category                       | Pre-Issue       |               |
|--------------------------------|-----------------|---------------|
|                                | No. of Shares   | % of Holding  |
| <b>Promoters Group</b>         |                 |               |
| <b>Individuals</b>             | 862137          | 1.10          |
| <b>Bodies Corporate</b>        |                 |               |
| Brilliant Industries Pvt Ltd:  | 3232041         | 4.10          |
| Others :                       | 35194040        | 44.71         |
| <b>Sub-total (A)</b>           | <b>39288218</b> | <b>49.91</b>  |
| <b>Non-Promoters</b>           |                 |               |
| Mutual Funds / UTI             | 17887           | 0.02          |
| NRIs                           | 1058441         | 1.34          |
| Bodies Corporate               | 8169905         | 10.38         |
| Financial Institutions / Banks | 2101876         | 2.67          |
| Insurance Companies            | 615885          | 0.78          |
| General Public / Others        | 27468634        | 34.90         |
| <b>Sub-total (B)</b>           | <b>39432628</b> | <b>50.09</b>  |
| <b>Total (A + B)</b>           | <b>78720846</b> | <b>100.00</b> |

Note: The above table has been prepared on the basis of the shareholding pattern as on 17.08.2015.

| Category                            | Post-issue Share Holdings                                                       |               |                                                                                                         |               |                                                                                                        |               |
|-------------------------------------|---------------------------------------------------------------------------------|---------------|---------------------------------------------------------------------------------------------------------|---------------|--------------------------------------------------------------------------------------------------------|---------------|
|                                     | After 1 <sup>st</sup> Tranche of conversion before 31 <sup>st</sup> March, 2016 |               | After 2 <sup>nd</sup> Tranche of Conversion of Warrants into Equity before 31 <sup>st</sup> March, 2017 |               | After 3 <sup>rd</sup> Tranche of Conversion of Warrants into Equity before 5 <sup>th</sup> April, 2018 |               |
|                                     | (I Year)                                                                        |               | (II year)                                                                                               |               | (III year)                                                                                             |               |
|                                     | No. of Shares                                                                   | No. of Shares | No. of Shares                                                                                           | No. of Shares | No. of Shares                                                                                          | No. of Shares |
| <b>Promoters' Group</b>             |                                                                                 |               |                                                                                                         |               |                                                                                                        |               |
| Individuals                         | 862137                                                                          | 1.04          | 862137                                                                                                  | 0.99          | 862137                                                                                                 | 0.94          |
| <b>Bodies Corporate :</b>           |                                                                                 |               |                                                                                                         |               |                                                                                                        |               |
| <b>Brilliant Industries Pvt Ltd</b> | 7375243                                                                         | 8.90          | 11736508                                                                                                | 13.45         | 16327313                                                                                               | 17.78         |
| Others                              | 35194040                                                                        | 42.47         | 35194040                                                                                                | 40.35         | 35194040                                                                                               | 38.33         |
| <b>Sub-total (A)</b>                | <b>43431420</b>                                                                 | <b>52.41</b>  | <b>47792685</b>                                                                                         | <b>54.79</b>  | <b>52383490</b>                                                                                        | <b>57.05</b>  |
| <b>Non-Promoters</b>                |                                                                                 |               |                                                                                                         |               |                                                                                                        |               |
| Mutual Funds/ UTI                   | 17887                                                                           | 0.02          | 17887                                                                                                   | 0.02          | 17887                                                                                                  | 0.02          |
| NRIs                                | 1058441                                                                         | 1.28          | 1058441                                                                                                 | 1.21          | 1058441                                                                                                | 1.15          |
| Bodies Corporate                    | 8169905                                                                         | 9.86          | 8169905                                                                                                 | 9.37          | 8169905                                                                                                | 8.90          |
| Financial Institutions / Banks      | 2101876                                                                         | 2.54          | 2101876                                                                                                 | 2.41          | 2101876                                                                                                | 2.29          |
| Insurance Companies                 | 615885                                                                          | 0.74          | 615885                                                                                                  | 0.71          | 615885                                                                                                 | 0.67          |
| General Public / Others             | 27468634                                                                        | 33.15         | 27468634                                                                                                | 31.49         | 27468634                                                                                               | 29.92         |
| <b>Sub-total (B)</b>                | <b>39432628</b>                                                                 | <b>47.59</b>  | <b>39432628</b>                                                                                         | <b>45.21</b>  | <b>39432628</b>                                                                                        | <b>42.95</b>  |
| <b>Total (A + B)</b>                | <b>82864048</b>                                                                 | <b>100.00</b> | <b>87225313</b>                                                                                         | <b>100.00</b> | <b>91816118</b>                                                                                        | <b>100.00</b> |



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

On account of proposed preferential issue and allotment of 1,30,95,272 Convertible Share Warrants at Rs. 17.02 per share warrant of the company to the proposed allottee as set out in the resolution, and upon conversion of share warrants into equal number of shares with a premium of Rs.7.02 per share, the shareholding of the proposed allottee, M/s. Brilliant Industries Pvt. Ltd., are as per following details:

| Particulars<br>(Promotor)          | Pre-Preferential<br>Issue Capital |             | Post-Preferential<br>Issue Capital |              |
|------------------------------------|-----------------------------------|-------------|------------------------------------|--------------|
|                                    | Shares                            | %           | Shares                             | %            |
| M/S. BRILLIANT INDUSTRIES (P) LTD. | 3232041                           | 4.11        | 16327313                           | 17.78        |
| <b>Total</b>                       | <b>3232041</b>                    | <b>4.11</b> | <b>16327313</b>                    | <b>17.78</b> |

#### 4. Proposed time within which the preferential allotment shall be completed :

The allotment of share warrants shall be completed within a period of 15 days from the date of passing of resolution by the shareholders as per SEBI (ICDR) Regulations, 2009. Where the allotment is pending on account of pendency of any approvals from any regulatory authority or the Central Government, the allotment shall be completed by the company within a period of 15 days from the date of such approvals. An amount, as may be decided by the Board of Directors, not being less than 25% of the issue price shall be payable on the date of allotment of the share warrants. The warrants would be allotted on the following terms.

- The holder of warrants will have an option to apply for and be allotted 1 (one) equity share with a premium of Rs.7.02 per share of the Company per warrant, any time after the date of allotment but on or before the expiry of 18 months from the date of allotment in one or more tranches.
- Upon receipt of the payment or upon conversion of unsecured loans of allottees into convertible warrants as mentioned above, and also upon exercising the option by the allottee within 18 months, the Board/Committee shall allot one equity share (with a premium of Rs. 7.02 per share) per Warrant by appropriating Rs.10/- towards equity share capital.
- If the entitlement against the warrants to apply for the equity shares is not exercised within the period specified, the entitlement of the warrant holder to

apply for Equity shares of the company along with the rights attached thereto shall expire and any amount paid on such warrants shall stand forfeited.

- The warrant holder shall also be entitled to any future bonus/rights issue(s) of equity shares or other securities convertible into equity shares by the company, in the same proportion and manner as any other shareholders of the company for the time being.
- The warrants by itself do not give to the holders thereof any rights of the shareholders of the Company.

#### 5. The identity of the proposed allottee and the percentage of post preferential issue capital change in control consequent to the issue:

##### Identity of the proposed allottee :

The shareholding of the acquirer (M/s. Brilliant Industries Pvt. Ltd.) would increase from ~~3232041~~ Equity Shares to **16327313** in 3 Financial Years and that of the total Promoters' Group holding will increase from 3,92,88,218 to 5,23,83,490 Equity shares and percentage from 49.91% to 57.05%.

Further identity of the proposed allottee is furnished hereunder:

| Sl. No. | Name of the Company                                               | Nature of Business           |
|---------|-------------------------------------------------------------------|------------------------------|
| 1)      | M/s. BRILLIANT INDUSTRIES (P) LTD.<br>CIN : U55101TG1988PTC008262 | Real Estate & Infrastructure |

The proposed preferential allotment of resultant equity shares upon conversion of convertible share warrants to the proposed allottee would not result in change in control and management of the company. Voting right shall change according to the change in shareholding pattern as mentioned above.

#### 6. Undertaking to Recompute the Issue Price:

The Board of Directors of the target company had recommended the Preferential Issue of equity shares under section 42 and 62 of the Companies Act, 2013 and seek the approval of the shareholders by means of a Special Resolution at their ensuing Annual General Meeting for the proposed allotment of 1,30,95,272 convertible Share warrants of the target company at a price worked out as per the Securities and Exchange



Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. In the event where it is required to do so in terms of the SEBI (ICDR) Regulations, 2009, the company has undertaken that the issue price would be recomputed for the proposed preferential issue.

**7. Undertaking to pay the amount due on recomputation of price:**

An Undertaking was executed by the Promoter (Proposed allottee) i.e. M/s. Brilliant Industries Pvt. Ltd., to effect that if the amount payable on account of the recomputation of price of the preferential issue was not paid in time as stipulated in the SEBI (ICDR) Regulations, 2009, the Equity shares and convertible share warrants allotted to the said Promoter shall continue to be locked in till the time such amount was paid by the Promoter.

**8. Certificate of Statutory Auditors:**

The Certificate from M/s. Brahmayya & Co., Chartered Accountants, Statutory Auditors of the Company as to pricing of the issue and that this preferential issue of shares is being made in accordance with the requirements of SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009. The Auditors' certificate will be available for inspection at the Registered office of the company by members during 11.00 AM to 1.00 PM on all working days upto the date of Annual General Meeting and will be placed before the Meeting.

**9. Pricing of Equity Shares:**

The issue price of Convertible Share Warrants shall be at a price not less than higher of the following:

- (a) The average of the weekly high and low of (volume weighted average price) the Company's shares quoted on the Stock Exchanges (BSE) during six months preceding the "Relevant date."
- (b) The average of the weekly high and low of (volume weighted average price) the Company's shares quoted on the Stock Exchange (BSE) during the two weeks preceding the "Relevant date".

**10. Lock-in period of shares :**

In accordance with the Regulation 78(1) of the SEBI (ICDR) Regulations, 2009, the new Equity Shares to be allotted on preferential basis to the Promoter viz. M/s.

Brilliant Industries Pvt. Ltd. shall be subject to a lock in period of three years from the date of the trading approval given by M/s. BSE Limited. In the event of price recomputation and additional price payable by the allottees and delay in payment of under additional price, the lock-in of Equity shares allotted under preferential issue shall continue till payment of under additional price.

**11. Approvals**

Section 42 and 62 of the Companies Act, 2013 provides inter alia, that when it is proposed to increase the issued capital of a Company by allotment of further shares, etc., such further shares shall be offered to the existing shareholders of the company in the manner laid down in Section 42 and 62 unless the shareholders in general meeting decide otherwise by passing a special resolution.

Hence, consent of the shareholders by way of Special Resolution is being sought pursuant to the provisions of Sections 42 and 62 and all other applicable provisions of the Companies Act, 2013, and in terms of the provisions of the SEBI (Issue of Capital and Disclosure Requirements), Regulations, 2009 and the listing agreements executed by the company with the Stock Exchange where the company's shares are listed.

The company is taking necessary steps to obtain the required approvals from the stock exchanges, or any other regulatory agency as may be applicable for the proposed preferential issue of convertible share warrants and allotment of equity shares upon conversion of the warrants.

The promoters of the company are allowed to increase their stake/holding by 5% of post issue capital every year to a certain limit. If allottee as part of Promoters increases its holding by more than 5% of post-issue capital in a year, then provisions of Regulation 11 of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 will become applicable.

**12. Other conditions:**

- a) The entire shareholding of the proposed allottee in the company are held in dematerialized form.
- b) The entire pre-preferential shareholdings of such allottee shall be under lock-in from the relevant date upto a period of six months from the date of preferential allotment.



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

- c) The shareholders who have sold their shares during the six months period prior to the relevant date shall not be eligible for allotment of shares on preferential basis.
- d) The proposed allottee have complied with all conditions to be eligible for the preferential allotment.

### 13. Documents

The relevant documents will be available for inspection at the Registered office of the company by members during 11.00 AM to 1.00 PM on all working days upto the date of Annual General Meeting and during the Meeting.

### 14. Interest of Directors

None of the Directors except Sri T.G. Venkatesh, Chairman and Managing Director is concerned or interested in the Resolution.

Your Directors commend the resolution for approval of the members in pursuance to Sec. 42 and 62 of the Companies Act, 2013.

### Item No. 13

The Company has availed Soft Term Loan facilities to meet Working Capital needs sanctioned by (1) M/s. IDBI Bank Limited vide their letter Ref. No.2223/CBG-1/SRAACL, dated 25.03.2015 (2) M/s. Federal Bank vide their letter Ref. No. HYDB/2015, dated 19.06.2015 (3) M/s. United Bank of India vide their letter Ref. No.UBI/HYD/ADV/SRAACL/412/2015-16, dated 24.06.2015 and (4) M/s. The South Indian Bank Ltd. Vide their letter Ref. No. Abids/Gen/108/2015-16, dated 27.06.2015 and the details of financial assistance as mentioned in the Resolution. As per the terms of respective Banks sanction letters, the Company has to create security by way of Mortgage by way of deposit of Title Deeds by way of extension on the Assets (as clearly mentioned in Resolution) of the Company on first pari passu basis in favour of (1) M/s. IDBI Bank Limited (2) M/s. The Federal Bank Ltd. for the financial assistance sanctioned by them.

The Company has also to provide security by way of Mortgage by deposit of Title Deeds by way of extension on the Assets (as clearly mentioned in Resolution) of the Company on second pari passu basis in favour of (1) M/s. United Bank of India (2) The South Indian Bank Limited for the financial assistance sanctioned by them. For creation of security as explained above, your approval is required, for which the Resolution is placed in the Notice.

None of the Directors are deemed to be interested in the Resolution.

Your Directors commend the Special Resolution for your approval

### Item No.14

The Company has received Term Loans, to meet additional Project cost for the Chloromethanes Project from M/s. Indian Bank Rs.24.46 Crores vide their sanction letter CO/CDN/ GROUP-V/ 3712/2014-15, dated 20-12-2014 and from M/s. The South Indian Bank Rs.3.40 Crores vide their Sanction letter Ref No.Abids/Gen/108/2014-15 dated 27-06-2015. For this financial assistance, the Company has to provide security by way of Mortgage by deposit of Title Deeds by way of extension on the Assets (as clearly mentioned in the Resolution) of the Company on first pari passu basis.

Further the Company has to provide security by way of Mortgage by deposit of Title Deeds by way of extension on the Assets (as clearly mentioned in Resolution) of the Company on second pari passu basis in favour of (1) M/s. Indian Bank Rs.7.64 Crores, (2) M/s. The South Indian Bank Rs. 1.07 Crores, (3) M/s. United Bank of India Rs. 6.57 Crores, sanctioned (UBI/Hyd/ADV/ SRAACL/ 412/ 2015-16 dated 26-04-2015).

None of the Directors are deemed to be interested in the Resolution.

Your Directors commend the Special Resolution for your approval

### Item No.15

The Company has approached M/s. IFCI Limited for providing financial assistance to meet long term Working Capital needs of the Company. On consideration of Company's application favourably, M/s. IFCI Limited has sanctioned Rs.100 Crores Corporate Term Loan vide their sanction letter, Ref. No. IFCI/ HRO/SRAACL/2016/1272, dated 14.08.2015 In terms of the sanction letter, the Company has to provide security to M/s. IFCI Limited as clearly mentioned in the Resolution on the Assets of the Company.

Your Directors recommended the Special Resolution as set out in the Notice for your approval.

None of the Directors is deemed to be interest in the Ordinary Resolution.





## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### Item No.16

The Board of Directors on consideration of the recommendation of Audit Committee in its meeting held on 10-07-2015 has appointed M/s. Aruna Prasad & Co. (Regn. No. 100883) as Cost Auditor for the Financial year 2015-16 on a remuneration of Rs.1,25,000/- + Service Tax and reimbursement of out of pocket expenses in its meeting held on 10-11-2015 to conduct Cost Audit of cost records of the Company in compliance of MCA Notification Ref. No. 52/56/CAB-2010, Dated 06-11-2012. As per the provisions of Section 148 of the Act, payment of remuneration and appointment of Cost Auditors needs Members ratification for the action taken by the Board as explained above.

None of the Directors /Key Managerial Personnel of the Company / their relatives are, in any way, concerned or in passing the Resolution set out in Item No.14 of the Notice.

The Board of Directors placed the Resolution for your approval /ratification.

### REQUEST TO THE MEMBERS :

1. Queries, if any, on Annual Accounts may please be forwarded to the Registered Office of the Company atleast 7 days before the date of the Annual General Meeting to enable us to prepare the answers well in advance.
2. Members are requested to quote Folio No. / Client ID No. In all correspondence.
3. Since the company's shares are permitted for trading under compulsory demat mode, hareholders holding shares in physical form are requested to dematerialize the same immediately to avoid any inconvenience in future. Company's Equity Shares ISIN No. INE284B01028 and CRPS ISIN No. INE284B04014.
4. Members are requested to note the following "e-mail Id" for any clarification on shares and other related matters"sralkalies@tgvmail.net".

By Order of the Board

Sd/-

Place : Hyderabad **CS V. RADHAKRISHNA MURTHY**  
Date : 17<sup>th</sup> August, 2015 C.G.M. & COMPANY SECRETARY

### ADDITIONAL INFORMATION

| Sl.No. | Name of the Director                                                                    | Sri K. Karunakar Rao                                                     | Sri N. Jesvanth Reddy                                  |
|--------|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------|
| 1.     | Date of Birth                                                                           | 14.06.1950                                                               | 11.061954                                              |
| 2.     | Date of Appointment                                                                     | May 11, 2010                                                             | May 11, 2010                                           |
| 3.     | Experience in Specific areas<br>Finance & Accounts of listed<br>and unlisted companies. | More than 40 years in the field<br>of finance in<br>Chemical Industries. | More than 35 years in paper<br>and chemical industries |
| 4.     | Qualifications                                                                          | B.com., ACA                                                              | B.E. (Mech)                                            |
| 5.     | Shareholding in the Company                                                             | 50 Equity Shares                                                         | Nil                                                    |
| 6.     | Directorships in other public Ltd.,<br>Companies                                        | Nil                                                                      | Nil                                                    |
| 7.     | Membership in other public Ltd.,<br>Company committees                                  | Nil                                                                      | Nil                                                    |

| Sl. No. | Name of the Director                                                                                               | Sri Gopal Krishan                                                                                                    | Sri J. Nagabhushanam                                                                                                           |
|---------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| 1.      | Date of Birth                                                                                                      | 01.02.1950                                                                                                           | 18.06.1957                                                                                                                     |
| 2.      | Date of Appointment                                                                                                | 07.11.2014                                                                                                           | 10.07.2015                                                                                                                     |
| 3.      | Experience in Specific areas<br>in fields of chlor-Alkali,<br>Petrochemicals, Power Plants<br>and Allied Chemicals | More than 40 years of experience<br>experience in Marketing,<br>Distribution and Finance of<br>Business Enterprises. | More than 40 years of experience in<br>castor oil marketing and<br>financing film industry &<br>petroleum products distributon |
| 4.      | Qualifications                                                                                                     | B.E. (Chemical)                                                                                                      |                                                                                                                                |
| 5.      | Shareholding in the Company                                                                                        | Nil                                                                                                                  | Nil                                                                                                                            |
| 6.      | Directorships in other public Ltd.,<br>Companies                                                                   | Nil                                                                                                                  | Nil                                                                                                                            |
| 7.      | Membership in other public Ltd.,<br>Company committees                                                             | Nil                                                                                                                  | Nil                                                                                                                            |



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### DIRECTORS' REPORT

Dear Members,  
(Equity & CRP Shareholders)

Your Directors' have pleasure in presenting the Annual Report and the Audited statements of Accounts of the Company for the year ended 31<sup>st</sup> March, 2015.

#### Operations :

The turnover for the year under review is Rs. 83784 lakhs as compared to Rs. 85095 lakhs in the previous year. The 1.5% marginal decrease is on account of the following changes in respective Divisions performance.

#### Division / Segment Wise Operations :

The Caustic unit has produced 141336 MTs of Caustic Soda as against 136882 MTs for the previous year representing a marginal increase of 3%. As against net sales of Rs.42635 lakhs for previous year, the current year sales comes to Rs. 42627 lakhs, which is almost all stable.

The Potassium plant has produced 11508 MTs of Potassium Hydroxide as against 12483 MTs for the previous year representing a decrease of 5%. As against net sales of Rs. 9297 lakhs for previous year, the current sales comes to Rs. 8877 lakhs representing decrease of 5% attributed to stressed market.

The Castor Oil Plant has processed 11709 MTs of oil as against 12526 MTs for the previous year representing a decrease of 6%. As against net sales of Rs.12490 lacs for the previous year, the current year sales stood at Rs.11200 lakhs representing decrease of 10 %, which is mainly attributed to adverse market.

The Fatty Acid Plant has processed 18852 MTs for the current year as against 13711 MTs for the previous year representing an increase of 37%. The net sales of this division has increased from Rs. 10245 lakhs to Rs. 11102 lakhs representing an increase of 8%, which is mainly attributed to favourable market.

There are no commercial operations at Bellary Power Plant due to expiry of Power Purchase Agreement (PPA) by KPTCL. The Company is looking out for other options including its sale or relocation of the Plant.

The Wind Farm at Ramagiri has generated 25.91 lakh/KWH power in the current year as against previous year generated of 29.41 lakh/KWH representing a decrease of 12% when compared to previous year. The power generated is wheeled through State Grid to the Company for captive use. The generation of Power depends upon Wind velocity.

### Outlook For The Current Year :

Segment-wise discussion is furnished in Management Discussion and Analysis annexed to this report in "ANNEXURE – E".

### FINANCIAL RESULTS

### YEAR ENDED

(Rs.in lakhs)

|                                                  | 31.03.2015 | 31.03.2014 |
|--------------------------------------------------|------------|------------|
| Profit before Finance Costs & depreciation       | 10724.94   | 9712.61    |
| Less: Finance Cost                               | 3339.51    | 3420.65    |
| Profit before Depreciation                       | 7385.43    | 6291.96    |
| Less: Depreciation                               | 3643.19    | 3553.30    |
| Profit (Loss) before Exceptional items and Tax   | 3742.24    | 2738.66    |
| Less: Exceptional Items                          | —          | 1345.71    |
| Profit/Loss Before Tax                           | 3742.24    | 1392.95    |
| Tax Expense:                                     |            |            |
| Less:- Current Tax                               | 696.35     | 186.49     |
| - Deferred Tax                                   | 247.52     | (231.74)   |
| Profit for the period from continuing operations | 2798.37    | 1438.20    |
| Less: Loss from discounting operations           | 583.22     | 961.02     |
| Profit for the period                            | 2215.15    | 477.18     |
| Add: Balance Carried from Previous year          | 2864.61    | 3887.43    |
| Profit available for Appropriation               | 5079.76    | 4364.61    |
| Less: Transfer to General Reserve                | 1500.00    | 1000.00    |
| Less: Transfer to Capital Redemption reserve     | —          | 500.00     |
| Surplus carried to Balance Sheet                 | 3579.76    | 2864.61    |

Profit for the Current year at Rs. 2215.15 Lakhs shows an increase of 364% compared to previous year Profit of Rs.477.18 Lakhs. The increase in Profit is on account of better performance and absence of exceptional items.

#### Dividend :

In view of the need for strengthening the financial base of the company, your Directors have decided not to declare any dividend for the year 2014-15.

#### Capital Expenditure :

During the year the Company has incurred an amount of Rs.5,393 lakhs on Capital Expenditure which is mainly towards Chloromethanes Project and other normal capital



## Sree Royalaseema Alkalies and Allied Chemicals Limited

expenditure. The funds required for the above is met from Term loans and internal accruals.

### Safety and Environment Protection :

Your Company gives utmost importance to safety as well as development of green environment. All out efforts are made to ensure safety in all activities of the company. The steps taken by the management to develop green environs around the factory has given desired results. A separate cell has been entrusted with the responsibility of ensuring safety with a team of officials working with the motto of continuous "SAFETY FOR MEN, MACHINE AND MATERIAL". The Company is conducting mock drills and proper training to staff at regular intervals in the safety aspects.

### Listing Fees :

The Company has paid Listing Fee for the year 2015-16 to Bombay Stock Exchange vide its letter dated 17.04.2015.

### Insurance :

Assets of the Company are adequately insured.

### Fixed Deposits :

The Company has not accepted any fixed deposits during the year and there are no fixed deposits outstanding as on 31.3.2015.

### Directors and Key Managerial Personnel :

Sri K. Karunakar Rao and Sri N. Jesvanth Reddy are retiring by rotation at the ensuing Annual General Meeting (AGM) being eligible for re-election, they have given their consent. Sri Gopal Krishan was appointed as Additional Director by the Board in its meeting held on 07.11.2014, whose term will expire on the date of this AGM. The Company has received necessary deposits from a Shareholder proposing Sri Gopal Krishan candidature as Director, whose position is subject to retire by rotation. Necessary Resolutions alongwith Explanatory statement is placed in the Notice of AGM for your approval. Besides Sri Gopal Krishan has been appointed as Executive Director (Technical) by the Board in its meeting held on 07.11.2014. Sri. J Nagabhushanam was co-opted as

Additional Director by the Board in its meeting held on 10.07.2015 and whose term will expire on the date of this Annual General Meeting. The Company has received necessary deposit from a shareholder proposing Sri. J Nagabhushanam as **INDEPENDENT DIRECTOR** for a term of 3 consecutive years. Appropriate resolution is placed in the notice of Annual General Meeting for members approval.

(a) M/s. IDBI Bank Ltd. vide their letter Ref. No. CBG-SSCB.53/212/Nom.8, dated 18.10.2014 has appointed Sri Badri Srinivasa Rao as their nominee in place of Sri K. Davidson. M/s. IFCI Limited vide their letter Ref. No. IFCI/NDC/2014-140718311, dated 18.07.2014 withdrawn the nomination of Ms. Shalini Soni. The Board placed on its records its appreciation for the valuable advises and suggestions provided by Sri K. Davidson and Ms. Shalini Soni during their term on the Board and Audit Committee and authorised the Chairman to convey the message suitably.

As regards to Key Managerial Personnel (KMP), Sri C. Rajesh Khanna has been declared as C.F.O. in place of Sri M.V. Kumara Swamy in the Board meeting held on 26.05.2014. Apart from the above, there is no change in K.M.P.

### Industrial Relations :

Your Company's Industrial Relations continue to be harmonious and cordial.

### Energy Conservation Technology Absorption And Foreign Exchange Earnings And Outgo :

Particulars required to be disclosed under Section 134 of the Companies Act, 2013 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed hereto as **Annexure - A** to this report.

### Directors' Responsibility Statement :

As required by the provisions of Section 134 of the Companies Act, 2013, Directors' Responsibility Statement is attached as **Annexure - B**.



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### Corporate Governance – Clause- 49 of Listing Agreement :

A separate report on Corporate Governance (**Annexure - C**) is incorporated as a part of the Annual Report along with a certificate from the Auditors of the Company (**Annexure - D**) regarding compliance of the conditions of Corporate Governance. The” **Annexure C and D**” are attached to this report.

### Management Discussion and Analysis Report :

Further to comply with Clause-49 of listing agreement “Management Discussion and Analysis” has been given as “**Annexure - E**” to the Directors’ Report.

### Auditors :

M/s. Brahmayya & Co., Chartered Accountants, Adoni were appointed as Statutory Auditors for a term of 3 years upon the recommendation of Audit Committee in its meeting held on 30.07.2014 by the Board in its meeting held on 30.07.2014 subject to the Members’ ratification every year to comply with Section 143 of the Companies Act, 2013. Accordingly, a Resolution for ratification by the Members in this AGM and will be effective upto the next AGM.

### Cost Audit :

Products manufactured by the Company are coming under Central Govt. order Letter Ref. No. 52/26/CAB-2010 dated 06.11.2012. To comply with statutory provisions, Cost Audit Report has been filed in Form-1 in XBRL format vide SRN: S31416605 dt.27.09.2014 with MCA portal for financial year 2013-14 and similarly would be effected for 2014-15 also, soon.

### Audit Committee:

An Audit Committee continues to function to comply with provisions of Clause-49 of Listing Agreement and other statutory provisions. The Audit Committee was reconstituted on 07.11.2014 with the following Members Sri Badri Srinivasa Rao, Sri G. Krishna Murthy and Sri O.D. Reddy as members with Sri P.N. Vedanarayanan as Chairman of the Audit Committee.

### Material changes and commitment if any affecting the Financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of the Report

There are no material changes which are to be affected to the financial position of the company according to the date of Financial year and the date of its Report.

### Statement concerning development and implementation of Risk Management Policy of the Company

A Special Team with Senior Executives has been formed which has been entrusted with the responsibility to assist Chairman and Managing Director in (a) Overseeing and approving the Company’s enterprise risk management framework, and (b) Overseeing that all the risks that the organisation faces such as strategic, financial, credit market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company’s management systems, organisational structures, processes, standards, code of conduct and behaviors together form the Management and business of the Company.

The Company has introduced several improvements to Integrated Enterprise Risk Management, Internal Controls Management and Assurance Frameworks and processes to drive a common integrated view of risks, optimal risk mitigation responses and efficient management of internal control and assurance activities. This integration is enabled by all three being fully aligned across Company wide Risk Management, Internal Control and Internal Auditor methodologies and processes.

### Details of Policy developed and implemented by the Company on its Corporate Social Responsibility initiatives

The Company has taken various Corporate Social Responsibility (CSR) activities around the Factory site since its inception. The Company has taken appropriate steps to the possible extent to implement CSR activities for the development



of areas surrounding the Company in particular and other areas in general. Since its inception, a well documented CSR Policy has been drafted by a Team of Senior Executives of the Company and the same was approved by the Board in its meeting held on 26.05.2014. For the financial year ending 31.03.2015, the Company has to spend Rs. 45.89 lakhs as against this the Company has spent Rs. 49.78 lakhs. The CSR activities implementation will be a continuous process as far as the Company is concerned and the Team of Senior Executives taking all necessary steps for its implementation under the guidance of C.S.R. Committee. A Board sub-committee has been formed by the Board on 26.05.2014 under the name "Corporate Social Responsibility Committee to monitor the implementation of C.S.R. activities.

Details of C.S.R. activities are given as Annexure - G.

**Particulars of Loans, Guarantees or Investments made under Section 186 of the Companies Act, 2013**

Not applicable.

**Particulars of Contracts or Arrangements made with Related Parties**

During the course of its business, the Company is dealing with the Group Companies which are Related Parties pursuant to the Section 188 of the Companies Act, 2013, Accounting Standard 18 and Clause 49 of Listing Agreement for Sale, Purchase, Lease Rental Transactions, services availed / provided and monetary values of its transactions are mentioned in notes to Accounts point no. 24-11-1 & 24-11-2 to comply with Accounting Standards 18 and other applicable provisions of the Companies Act, 2013. All the Related party transactions were on arm-length.

**Explanation or comments on qualifications, reservations or adverse remarks or disclaimers made by the Auditors and the Practicing Company Secretary in their Reports**

Statutory Auditors of the Company and the Practicing Company Secretary, who have conducted statutory audit and Secretarial Audit, have not made any adverse comments on the activities of the Company for the financial year 2014-15.

**Company's Policy relating to Directors appointment, payment of Remuneration and discharge of their duties**

The Nomination and Remuneration Committee has been constituted by the Board in its meeting held on 25.09.2014 to ensure the appointment of persons having wide exposure in their fields, having independence as defined in the Act to be available for appointment as Director. (The Committee always keeps a list of eminent persons having independence available for Company's requirement depending upon vacancy on the Board). As regards remuneration payable to whole-time Directors including Chairman and Managing Director, the Board will take collective decision within the parameter of various statutes including Companies Act, 2013 and Listing Agreement. The Committee will follow the Company's policy to discharge its duties whenever necessity arises. It will not be out of place to mention that the set policy being followed since inception of the Company to ensure transparency.

**Internal Financial Controls**

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

**Secretarial Auditor**

The Board has appointed Sri N. Rama Swamy, Practicing Company Secretary to conduct Secretarial Audit for the financial year 2014-15. The Secretarial Auditor Report for the financial year ended March 31, 2015, is annexed herewith marked as Annexure - I to this Report. The Secretarial Auditor Report does not contain any qualification, reservation or adverse remark.

**Annual Return in Form MGT-9 format:**

The details of Annual Return in MGT-9 format is enclosed as Annexure-F.

**Subsidiaries, Joint Ventures and Associate Companies**

The Company is not having any Subsidiaries, Joint Ventures and Associated company.



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### Declaration of Independent Directors

The Company has received the necessary declaration from each Independent Director in accordance with Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

### Evaluation

The Board evaluated the effectiveness of its functioning and that of the Committees and of individual Directors by seeking their inputs on various aspects of Board/Committee Governance.

The aspects covered in the evaluation included the contribution to and monitoring of corporate governance practices, participation in the long-term strategic planning and the fulfillment of Directors' obligation and fiduciary responsibilities, including but not limited, to, active participation at the Board and Committee meetings.

The Chairman of the Board had one-on-one meetings with the Independent Directors and the Chairman of the Nomination and Remuneration Committee had one-on-one meetings with the Executive and non-Executive Directors. These meetings were intended to obtain Directors' inputs on effectiveness of Board/Committee processes.

The Board considered and discussed the inputs received from the Directors.

Further, the Independent Directors at their meeting, reviewed the performance of Board, Chairman of the Board and of Non-Executive Directors.

### Disclosure as per the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

The Company has no such cases of sexual harassment at workplace.

### Vigil Mechanism

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Listing Agreement, includes an Ethics and Compliance Task Force comprising Senior Executives of the Company. Protected disclosures can be made by a whistle blower through an e-mail or a letter to the Task Force or to the Chairman of the Audit Committee. The Policy on Vigil Mechanism and whistle blower policy may be accessed on the Company's website at the link: <http://www.tgvgroup.com>.

### Provision of voting rights to equity and CRP shareholder

Pursuant to section 47 of the companies Act, 2013 voting rights have been provided to equity shareholder as well as CRP shareholder to cast their votes on all the Resolutions placed in the notice.

### Acknowledgement :

Your Directors wish to express their sincere thanks to Financial Institutions, Bankers, Distributors and Customers for their continued support to the Company. The Directors also acknowledge with gratitude the continued help and support received from the various departments of the Government of India and the Government of Andhra Pradesh and Government of Telangana.

The Directors place on record their appreciation of the sincerity, commitment and contribution made by the Employees at all levels and this was mainly responsible to carry on the business of the Company during the year.

On behalf of the Board of Directors

Place : Hyderabad  
Date : 17<sup>th</sup> August, 2015

Sd/-  
**CA. K. KARUNAKAR RAO**  
Executive Director & CEO



**ANNEXURE 'A' TO THE DIRECTORS' REPORT**

Particulars pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

**A. Conservation of Energy :**

- 28 Nos. Of high energy intensive pumps replaced with latest energy saving pumps in cooling towers to reduce consumption.
- 2 Nos. (4416 KVAR AR) HT capacitor banks are installed to further improve power factor to 0.999.
- 80 Nos. CTMM meshes are replaced in DD 350 elements in place of high voltage CTMM meshes to reduce power consumption.
- Hcl furnace 'E' is converted to produce low pressure steam thereby reduction in cooling water requirement.

**FORM – A**

| Disclosure of Particulars with respect to conservation of energy                                                      | <b>Current Year<br/>31.03.2015</b>                 | Previous Year<br>31.03.2014   |
|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|-------------------------------|
| <b>a. Power and Fuel Consumption :</b>                                                                                |                                                    |                               |
| <b>1. Electricity :</b>                                                                                               |                                                    |                               |
| a) i) Electricity from APCPDCL<br>Units (KWH)<br>Total Amount (Rs. In lakhs) including FSA charges<br>Rate/Unit (Rs.) | <b>337315719</b><br><b>19357.87</b><br><b>5.74</b> | 270655741<br>17732.31<br>6.55 |
| ii) Electricity from APGPCL<br>Units (KWH)<br>Total Amount (Rs. In lakhs)<br>Rate/Unit (Rs.)                          | <b>9166499</b><br><b>380.77</b><br><b>4.15</b>     | 17086457<br>595.37<br>3.48    |
| iii) Electricity from IEX<br>Units (KWH)<br>Total Amount (Rs. In lakhs)<br>Rate/Unit (Rs.)                            | <b>34255329</b><br><b>1277.16</b><br><b>3.73</b>   | 56660093<br>2020.32<br>3.57   |
| b) Own Generation :                                                                                                   |                                                    |                               |
| i) Through Wind farm<br>Units(KWH)<br>Cost/Unit (Rs.)                                                                 | <b>2590596</b><br><b>2.58</b>                      | 2941460<br>2.80               |
| ii) Through Co-Gen plant<br>Units(KWH)<br>Cost/Unit (Rs.)                                                             | <b>25513100</b><br><b>6.40</b>                     | 56948946<br>6.15              |
| <b>2. Coal :</b>                                                                                                      |                                                    |                               |
| Quantity (MT)                                                                                                         | <b>150453</b>                                      | 213089                        |
| Total amount (Rs. In lakhs)                                                                                           | <b>4967.36</b>                                     | 7001.35                       |
| Average Rate (Rs./MT)                                                                                                 | <b>3302</b>                                        | 3285                          |
| <b>3. Husk :</b>                                                                                                      |                                                    |                               |
| Quantity (MT)                                                                                                         | <b>7819</b>                                        | 3048                          |
| Total amount (Rs. In lakhs)                                                                                           | <b>202.65</b>                                      | 88.38                         |
| Average Rate (Rs./MT)                                                                                                 | <b>2592</b>                                        | 2820                          |
| <b>4. Fuel Oil :</b>                                                                                                  |                                                    |                               |
| Qty (KL) (consist of HSD & FO)                                                                                        | <b>262</b>                                         | 418                           |
| Total Amount (Rs. In lakhs)                                                                                           | <b>116.82</b>                                      | 207.45                        |
| Average Rate (Rs./MT)                                                                                                 | <b>44535</b>                                       | 49629                         |
| <b>b. Consumption per MT of Caustic Soda Lye Production :</b>                                                         |                                                    |                               |
| No. of Units (KWH) (AC Power)                                                                                         | <b>2438</b>                                        | 2448                          |





## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### B. Technology Absorption:

Efforts made in technology absorption are provided in "Form - B" as follows:

#### FORM – B

### Research and Development (R & D) :

#### 1. Specific areas in which R&D carried out by the Company :

- Pilot plant studies of Sulphate Removal by membrane process is carried out and results are encouraging. Planning to install sulphate removal system by membrane process..
- Pilot plant studies are in progress to remove glycerine and sulphate from castor oil plant effluent by membrane distillation. This process requires less steam when compared to conventional evaporation.

#### 2. Benefits derived as a result of R & D :

- By installing Sulphate Removal system, there will be substantial reduction of barium chemicals consumption and same will improve life of membranes.
- By installing membrane distillation process for castor oil effluent will facilitate reduction of steam consumption required for evaporation.

#### 3. Future Plans :

- Elimination of usage of barium chemicals to improve membrane life.
- Reduction of overall effluent by installation of latest version R.O. Membranes and membrane distillation unit.

#### 4 Technology Absorption, Adoption and Innovation :

There is no technology innovation, absorption and adoption during the year.

### C. Foreign Exchange Earnings and Outgo :

- a) Activities relating to exports; initiatives taken to increase exports, development of new export markets for products and services, and export plans:
- i) Exported Hydrogenated Castor Oil, 12 Hydroxy Stearic Acid, Caustic Potash and planning to enlarge exports by increasing export quantity and exploring export possibility in new markets and export of other products.
- b) Total Foreign Exchange used and earned (Rs. in lakhs)
- |                             |         |
|-----------------------------|---------|
| i) Foreign Exchange used    | 2564.21 |
| ii) Foreign Exchange earned | 7450.18 |



ANNEXURE 'B' TO THE DIRECTORS' REPORT

**Directors' Responsibility Statement**

**Yours Directors Further Confirm that :**

- (i) In the presentation of the Annual Accounts, applicable Accounting Standards have been followed.
- (ii) The accounting policies are consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the company for that period.
- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors had prepared the Annual Accounts on a going concern basis.

On behalf of the Board of Directors

Place : Hyderabad  
Date : 17.08.2015

**CA K. KARUNAKAR RAO**  
**Executive Director & CEO**

ANNEXURE 'C' TO THE DIRECTORS' REPORT

**Report On Corporate Governance :**

The Management of SRAAC Ltd., hereby confirm and certify that the relevant provisions of Clause-49 of Listing Agreement dealing with "Corporate Governance" as amended from time to time by SEBI and BSE have been complied for the year 2014-15. The Corporate Governance compliance details are furnished hereunder:

**(1) Company's Philosophy :**

The company's philosophy is to provide transparency in all activities of the company.

The company is firmly committed to fulfill the objective of efficient Corporate Governance. The company has complied with almost all the provisions of Corporate Governance before its enactment in the Listing Agreement by BSE on the order of SEBI. This shows the commitment of the management of the company for fair and efficient Corporate Governance. The company's humble philosophy is "SERVING SOCIETY THROUGH HARMONIOUS AND CORDIAL INDUSTRY ACTIVITIES AND RELATIONS" synchronizing socio, economic and human objectives which are backed by principles of concern, commitment, ethics, excellence and learning in all its activities and harmonious relationships with stakeholders, customers, associates and community at large which has always propelled the Company towards higher horizons.

**(2) Board Procedure :**

All the mandatory information as mentioned in **Annexure-1A** for Clause-49 of Listing Agreement is being placed before the Board during its meetings.

**(3) Board of Directors :**

The Composition of the Board is in compliance with the guidelines given in Clause-49 of the Listing Agreement. The Board comprises of Seven Directors and majority of Directors are independent/nominee Directors. Except three Executive Directors, the other Directors are non-Executive Directors. The day-to-day management of the Company is conducted by Executive Director & CEO and Executive Director (Technical) subject to the superintendence and control of the Board of Directors. The details of Directors attending the Meetings and Date of the Meetings are further furnished hereunder :



| S.No. | Name of Director                          | Category                        | FY.2014-15 attendance at |          |                     |                     |        |
|-------|-------------------------------------------|---------------------------------|--------------------------|----------|---------------------|---------------------|--------|
|       |                                           |                                 | BM                       | Last AGM | No. of Directorship | Committee Positions |        |
|       |                                           |                                 |                          |          |                     | Chairman            | Member |
| 1.    | Sri T.G.Venkatesh<br>(from 26.05.2014)    | Chairman &<br>Managing Director | 4                        | Yes      | -                   | -                   | -      |
| 2.    | Sri G. Krishna Murthy                     | Director                        | 5                        | Yes      | -                   | -                   | 3      |
| 3.    | Smt. S. Usha<br>(upto 30.07.2014)         | Director<br>(IFCI Nominee)      | 1                        | No       | 5                   | -                   | -      |
| 4.    | Ms. Shalini Soni<br>(from 30.07.2014)     | Director<br>(IFCI Nominee)      | 1                        | No       | -                   | -                   | -      |
| 5.    | Sri K. Davidson<br>(upto 07.11/2014)      | Director<br>(IDBI Nominee)      | 1                        | No       | -                   | -                   | -      |
| 6.    | Sri B. Srinivasa Rao<br>(from 07.11.2014) | Director<br>(IDBI Nominee)      | 2                        | -        | -                   | -                   | -      |
| 7.    | Sri P.N. Vedanarayanan                    | Director<br>(Independent)       | 5                        | Yes      | -                   | 1                   | -      |
| 8.    | Sri O.D. Reddy                            | Director<br>(Independent)       | 5                        | Yes      | 1                   | -                   | 3      |
| 9.    | Sri K. Karunakar Rao                      | E.D & CEO                       | 5                        | Yes      | -                   | -                   | -      |
| 10.   | Sri N. Jesvanth Reddy                     | E.D (Technical)                 | 4                        | Yes      | -                   | -                   | -      |
| 11.   | Sri Gopal Krishan<br>(from 07.11.2014)    | E.D.<br>(Technical)             | 2                        | No       | -                   | -                   | -      |
| 12.   | Smt. V. Surekha<br>(from 07.11.2014)      | Director<br>(Independent)       | 2                        | No.      | -                   | -                   | -      |

During the financial year ended 31<sup>st</sup> March, 2015, Five Board Meetings were held on (1) 26.05.2014 (2) 30.07.2014 (3) 25.09.2014 (4) 07.11.2014 and (5) 03.02.2015.

#### (4) Audit Committee :

The composition of the Audit Committee is in accordance with the Corporate Governance guidelines and the provisions of 177 of the Companies Act, 2013. The main terms of reference of the Audit Committee are;

1. Oversight of the Company's financial reporting process to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board with regard to appointment, re-appointment, fixation of fees etc. of Statutory Auditors, Cost Auditors etc.
3. Reviewing with management the annual Financial Statement before submitting to the Board with particular reference to Directors Responsibility statement, Changes in Accounting Policies, major accounting entries involving estimates, compliance with other Listing Agreement, disclosure of other related party transactions.



4. Qualifications in draft Audit Report.
5. Reviewing with management quarterly financial statements.
6. The adequacy of internal audit functions.
7. Discussion with statutory auditors before the audit commences.
8. Reviewing the findings of any investigations by the internal auditors etc.
9. Appointment of CFO.

In addition to quarterly and yearly Un-audited/Audited financial results the Committee deliberate upon the relevant matters mentioned in Listing Agreement, Companies Act and Cost Audit Report Rules etc. The Committee is headed by Sri P.N. Vedanarayanan, the Senior most independent Director. Majority of the committee members are independent Directors or Nominee Directors of Financial Institutions viz., IDBI and IFCI. The Audit Committee was reconstituted by the Board in its meeting held on 07.11.2014 with the following Directors as its members (1) Sri P. N. Vedanarayanan, Chairman (2) Ms. Shalini Soni, Member (3) Sri Badri Srinivasa Rao, Member (4) Sri G. Krishna Murthy, Member and (5) Sri O.D. Reddy, Member.

**Details of Audit Committee - Members attendance in Committee meetings.**

| Sl. No. | Name of the Director                     | Designation | No. of Meetings |          |
|---------|------------------------------------------|-------------|-----------------|----------|
|         |                                          |             | Held            | Attended |
| 1.      | Sri P.N. Vedanarayanan                   | Chairman    | 4               | 4        |
| 2.      | Sri G. Krishna Murthy                    | Member      | 4               | 4        |
| 3.      | Sri O.D. Reddy                           | Member      | 4               | 4        |
| 4.      | Smt. S. Usha(upto 30.07.2014)            | Member      | 4               | 1        |
| 5.      | Ms. Shalini Soni(from 30.07.2014)        | Member      | 4               | 1        |
| 6.      | Sri K. Davidson(upto 07.11.2014)         | Member      | 4               | 1        |
| 7.      | Sri Badri Srinivasa Rao(from 07.11.2014) | Member      | 4               | 2        |

During the financial year ended 31<sup>st</sup> March, 2015, Four Board Audit Committee Meetings were held on (1) 26.05.2014 (2) 30.07.2014 (3) 07.11.2014 and (4) 03.02.2015.

**(5) Nomination and Remuneration Committee :**

The Nomination and Remuneration Committee was reconstituted by the Board in its Meeting held on 26.05.2014 with the following Directors as its members. The committee comprises of the following Directors as its members (1) Sri G. Krishna Murthy, Chairman (2) Sri P. N. Vedanarayanan, Member and (3) Sri O. D. Reddy, Member.

The Non-Executive Directors will be paid sitting fee of Rs.5,000/- per meeting of Board and Audit Committee and Rs.1,500/- for other Sub-committees of the Board. The Executive Directors will not be paid any sitting fee for attending the Board/ Committee meetings.

**(6) Stakeholders Relationship and Shareholders / Investors Grievance Committee :**

To review the actions taken by the company in relieving Investor's Grievances and its response to Stock Exchange, SEBI and other related Government correspondence Stakeholders Relationship Committee and Shareholders/Investors Grievance Committee was constituted by the Board on 26.05.2014. The details of the committee meetings and composition are detailed hereunder:



| S. No. | Name of the Director   | Designation | No. of Meetings |          |
|--------|------------------------|-------------|-----------------|----------|
|        |                        |             | Held            | Attended |
| 1.     | Sri P.N. Vedanarayanan | Chairman    | 4               | 4        |
| 2.     | Sri G. Krishna Murthy  | Member      | 4               | 4        |
| 3.     | Sri O.D. Reddy         | Member      | 4               | 4        |

During the financial year ended 31<sup>st</sup> March, 2015, Four Stakeholders Relationship Committee and Shareholders / Investors Grievance Committee Meetings were held on (1) 10.04.2014 (2) 10.07.2014 (3) 27.10.2014 and (4) 12.01.2015.

The Committee is vested with the requisite powers and authorities to specifically look into redressal of shareholder and investor grievances.

| No. of Investor Queries/complaints received in the year 2014-15 | Pending at the end of the year | No. of pending Share Transfers |
|-----------------------------------------------------------------|--------------------------------|--------------------------------|
| 07                                                              | NIL                            | NIL                            |

Sri V.Radhakrishna Murthy, CGM and Company Secretary, being the Compliance Officer of the Company act as the Secretary to all the above Committees.

#### (7) General Body Meetings :

The last three Annual General Meetings were held as follows :

| Financial Year | Day & Date            | Time      | Venue                              |
|----------------|-----------------------|-----------|------------------------------------|
| 2011-12        | Friday, 28.09.2012    | 4.00 P.M. | Regd. Office : Gondiparla, Kurnool |
| 2012-13        | Wednesday, 07.08.2013 | 3.15 P.M. | Regd. Office : Gondiparla, Kurnool |
| 2013-14        | Thursday, 25.09.2014  | 4.00 P.M. | Regd. Office : Gondiparla, Kurnool |

All Resolutions moved at the last Annual General Meeting (except AGM for 2013-14, Resolutions were passed by physical, postal + e-voting to comply with the provisions of the Companies Act, 2013) were passed unanimously by a show hands by the members attending the meeting. The last Annual General Meeting of the Company was held on 25.09.2014 and it was attended by Sri T.G. Venkatesh, Chairman and Managing Director besides other Directors viz. Sri P.N. Vedanarayanan, Sri O.D. Reddy, Sri K. Karunakar Rao and Sri N. Jesvanth Reddy.

The special business transacted and approved by the members at the previous 3 Annual General Meetings are as follows:

#### (a) 2011-2012

1. Increase in Authorised Share Capital from Rs.87 Crs to Rs.100 Crs.
2. Alteration of Capital Clause of Memorandum of Association.
3. Alteration of Articles of Association.
4. To execute Mortgage and / or charge in favour of Indian Bank (Lead Bank).
5. To execute Mortgage and / or charge in favour of IDBI (Lead Financial Institution).
6. Increase in Borrowing powers upto Rs.750 Crores.
7. Issue of convertible Share warrants to be converted into equity with in 18 months.



**(b) 2012-2013**

1. Re-appointment of Sri K. Karunakar Rao as Executive Director (Finance & Commercial) and fixation of remuneration.
  2. Re-appointment of Sri N. Jesvanth Reddy as Executive Director (Technical) and fixation of remuneration.
- Postal Ballot : No Postal Ballot was conducted during the year 2013-14.

**(c) 2013-14**

1. Adoption of Articles of Association with regard to changes and modifications in conformity with the Companies Act, 2013
2. Appointment of Smt. V. Surekha as Woman Director
3. Appointment of Sri T.G. Venkatesh as Director
4. Appointment of Sri P.N. Vedanarayanan as Independent Director
5. Appointment of Sri G. Krishna Murthy as Independent Director
6. Appointment of Sri O.D. Reddy as Independent Director
7. Increase in Borrowing Powers under Section 180 (1) (c) of the Companies Act, 2013
8. Appointment and payment of remuneration to Sri T.G. Venkatesh as Chairman and Managing Director
9. Appointment and payment of remuneration to Cost Auditors for the financial year 2014-15

**(8) Disclosures :**

None of the transactions with any of the related parties were in conflict with the interests of the Company at large. The details of related party transactions are furnished under Point No. 24.11 - Notes to Accounts of Balance Sheet and Statement of Profit & Loss to comply with Accounting Standard 18. The company has not received any notices from Stock Exchange or SEBI regarding non compliance of statutory provisions. The Company is complying with all mandatory requirements stipulated in Clause-49 and non-mandatory requirements are not yet adopted by the Company.

**(9) Means of Communication :**

The Company publishes its quarterly, half yearly and annual results in the (1) Business Standard (English) (2) Andhra Prabha (Telugu) newspapers generally.

In addition to this the company is communicating its results to all the Stock Exchanges where the shares are listed. Further quarterly results, shareholding pattern and other related information is placed on the company's website. The company is also making presentations to the Financial Institutions with all the details relating its quarterly results. Further to confirm that the management discussion and analysis report is communicated to shareholders and all the concerned the report has been made part and of parcel of Annual Report. Further the Quarterly/Half yearly Results are generally posted in Company's Website [www.tgvgroup.com](http://www.tgvgroup.com).

**(10) General Shareholder Information :**

- |                                         |   |                                                                                                                                                                    |
|-----------------------------------------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>a) AGM Date, time and Venue</b>      | : | 16 <sup>th</sup> September, 2015 at 4.00 P.M.<br>at Regd. Office : Gondiparla, Kurnool - 518 004 (A.P).                                                            |
| <b>b) Financial Calendar</b>            | : | The next financial year covers the period<br>from 1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016                                                      |
| <b>Un-Audited Financial results for</b> | : | First Quarter - July / August, 2015<br>Second Quarter - October / November, 2015<br>Third quarter - January / February, 2016<br>Fourth quarter - April / May, 2016 |



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

- c) **Book Closure period** : 08.09.2015 to 16.09.2015 (Both days inclusive)
- d) **Dividend payment date** : - Not Applicable -
- e) **The Shares of the Company is listed on** : Bombay Stock Exchange Limited, Dalal Street, Mumbai.  
 ISIN No : INE 284B01028, SCRIP CODE : 507753 for EQUITY SHARES  
 ISIN No : INE 284B04014, SCRIP CODE : 700102 for C.R.P.S
- f) **Market Price Data: The Monthly High And Low of Stock Quotations during the Financial Year 2014-15.**

| MONTH & YEAR    | EQUITY SHARES |           | C.R.P.S    |           |
|-----------------|---------------|-----------|------------|-----------|
|                 | HIGH (Rs.)    | LOW (Rs.) | HIGH (Rs.) | LOW (Rs.) |
| April, 2014     | 10.02         | 7.72      | 6.50       | 4.25      |
| May, 2014       | 10.42         | 7.42      | 10.80      | 4.44      |
| June, 2014      | 11.99         | 8.80      | 8.96       | 5.74      |
| July, 2014      | 12.80         | 9.16      | 8.40       | 5.86      |
| August, 2014    | 12.39         | 9.81      | 8.15       | 5.82      |
| September, 2014 | 18.50         | 11.71     | 13.85      | 6.16      |
| October, 2014   | 14.80         | 12.70     | 12.15      | 7.80      |
| November, 2014  | 16.40         | 12.00     | 16.33      | 8.48      |
| December, 2014  | 13.18         | 10.45     | 15.90      | 7.27      |
| January, 2015   | 12.98         | 10.54     | 11.39      | 6.94      |
| February, 2015  | 13.30         | 10.70     | 11.00      | 6.47      |
| March, 2015     | 12.69         | 10.00     | 1.37       | 6.01      |

- g) **Distribution of Shareholding pattern for Equity Shares and CRPS as on 31<sup>st</sup> March, 2015.**

| S.<br>No. | CATEGORY                                            | EQUITY SHARES   |            | C.R.P.S(*)     |            |
|-----------|-----------------------------------------------------|-----------------|------------|----------------|------------|
|           |                                                     | SHARES          | %          | SHARES         | %          |
| 1.        | Promoter                                            | 39288218        | 49.91      | 8448145        | 44.74      |
| 2.        | Mutual Funds and UTI                                | 17937           | 0.02       | 17937          | 0.09       |
| 3.        | Banks & Financial Institution & Insurance Companies | 6279196         | 7.98       | 2424694        | 12.84      |
| 4.        | Corporate Bodies                                    | 5054747         | 6.42       | 260308         | 1.38       |
| 5.        | Indian Public                                       | 26787103        | 34.03      | 7210115        | 38.19      |
| 6.        | NRIs / OCB                                          | 1293645         | 1.64       | 521133         | 2.76       |
|           | <b>TOTAL</b>                                        | <b>78720846</b> | <b>100</b> | <b>1882332</b> | <b>100</b> |

(\*) CRPS .... Cumulative Redeemable Preference Shares

- h) **Share Transfer Agents :**

M/s. Aarthi consultants Pvt. Ltd., Regd.Office : 1-2-285, Domalguda, Hyderabad – 500 029 has been acting as Share Transfer Agent (STA) to the Company. Shareholders who desire to transfer (Physical) or dematerialise their shares are requested to send their shares along with supporting documents to the above Share Transfer Agent (STA).





## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### i) Dematerialisation of Shares And Liquidity :

As on 31<sup>st</sup> March, 2015, out of 78720846 Equity Shares 77021024 No. of Shares were dematerialised (97.84%). Out of 18882332 No. of 0.01% CRP Shares 16633726 (88.09%) CRPS were dematerialized. Since the company's shares are trading under compulsory De-mat mode shareholders are requested to take necessary steps to dematerialise their shares held in physical form.

### j) Outstanding GDR / ADRs / Warrants / Convertible Instruments :

- Not Applicable -

### k) Code of Conduct :

In pursuance to the Clause-49 of the listing agreement "Code of Conduct" applicable to (1) Directors (2) Senior Management has been approved by the Board and the same has been placed on the company's website. Copy of the code of conduct circulated to all the concerned and obtained their affirmation.

#### DECLARATION BY CEO

As provided in Clause 49 of the Listing Agreement with Stock Exchanges the Directors and Senior Management personnel have confirmed compliance with code of conduct for the period ended 31.03.2015.

On behalf of the Board of Directors

Place : Hyderabad  
Date : 17.08.2015

Sd/-  
**CA K. KARUNAKAR RAO**  
Executive Director & CEO

### l) Plant Location :

Regd.Office : Gondiparla, Kurnool – 518 004 (A.P).  
Bellary Power Plant : Tagginabudihalli, Bellary, Karnataka.  
Wind Farm : Ramagiri, Ananthapur Dist., (A.P.)

### m) For all matters, address for Correspondance at any of the following addresses :

- (A) Registrar and Share Transfer Agent : Aarthi Consultants Private Limited  
Regd.Office : 1-2-285, Domalguda, Hyderabad – 500 029 (T.G)  
Tel.No. : 040 – 27638111, 27634445, 27642217, 66611921 Fax No. : 040 – 27632184  
E-mail : info@aarthisconsultants.com
- (B) Sree Rayalaseema Alkalies and Allied Chemicals Limited  
(CIN: L24110AP1981PLC003077)  
6-2-1012, II Floor, TGV Mansion,  
Opp. Institute of Engineers, Khairatabad, Hyderabad – 500 004 (T.G)  
Tel No. : 040 – 23313843 Fax No.: 040 - 23313875

### n) E-mail ID : sralkalies@tgvmail.net

On behalf of the Board of Directors

Place : Hyderabad  
Date : 17.08.2015

Sd/-  
**CA K. KARUNAKAR RAO**  
Executive Director & CEO



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### ANNEXURE 'D' TO THE DIRECTORS' REPORT

#### Auditor's Certificate on Corporate Governance :

(Under Clause 49 of the Listing Agreement the Auditor's Certificate is given for the Corporate Governance as annexure to the Directors' Report)

To

The Members of

**M/s. SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED**

**(CIN: L24110AP1981PLC003077)**

We have examined the compliance of conditions of Corporate Governance by Sree Rayalaseema Alkalies and Allied Chemicals Ltd., Kurnool for the year ended March 31, 2015 as stipulated in Clause-49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of 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 generally no Investor Grievances are pending for a period exceeding 15 days against the Company as per the records maintained by the Company.

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 Brahmayya & Co.,**  
Chartered Accountants  
Firm Regn. No. 000514S

Sd/-  
**CA B.DAIVADHEENAM REDDY**  
Partner  
Membership No.026450

Place : Hyderabad

Date : 17.08.2015



ANNEXURE 'E' TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS :

The Company is having mainly three Business Divisions namely:-

- (1) Chemicals Division
- (2) Oils and Fats Division
- (3) Power Division

Division wise analysis of Industry Structure, Opportunity and Threats and Out Look are discussed hereunder for information of the members.

1. CHEMICALS DIVISION :

Under the Chemicals division mainly the products viz., Caustic Soda, Potassium Hydroxide, Chlorine, Hydrochloric Acid etc. are manufactured. Chlorine is produced as a joint product along with Caustic Soda and Potassium Hydroxide. Caustic Soda is used in industrial products like paper, pulp, aluminium, pvc, pharmaceuticals etc, chlorine is used in water treatment, pigments, pulp, paper, textiles etc. and Hydrochloric Acid is used in pesticides, cleaning purposes of metal etc. Potassium Hydroxide is used in the manufacture of cellulose power, magnafloc and sodium sulphate.

Basically Chlor Alkali Industry is cyclical in nature. Caustic Soda is a basic chemical and is used in almost all manufacturing processes. The performance of alkali industry is reflected in the performance of the industry in general and also country's GDP. The Chlor Alkali industry being power intensive, any increase in power cost and its availability would affect its performance. The commercial disposal of chlorine is the main concern for any caustic unit. Unseasonal rains have affected salt availability in the market and as a result the cost of main raw material has gone up. So also the case with power front. To achieve optimum utilization of resources and to take advantages of market situation the company will change the product mix between Caustic Soda and Caustic Potash.

2. OILS AND FATS DIVISION :

Wide fluctuations in raw materials mainly vegetable and non-vegetable oils is the basic nature of this division. In view of the agricultural based raw materials procurement process will stress the liquidity of the Industry in general. Transportation from agricultural markets and farmers is one of the problem due to uneconomic sizes in procurement. However export oriented finished goods will ease this problem. Castor oil derivatives (comprising of Hydrogenated Castor Oil, 12 Hydroxy Stearic Acid and Ricinolic Acid), Fatty Acids, Soap noodles, Glycerine and bathing / toilet soap forms part of this division. The raw materials namely Castor Oil, various industrial vegetable oils and crude glycerine are highly volatile in their prices in view of this procurement of raw materials is to be planned properly. India is a leading country in exporting castor oil derivatives with abundant availability of raw material. Being a composite plant, many inputs like caustic soda, steam, Hydrogen are available internally and the same is main advantage and an opportunity for the company. During the year the market for fatty acids is encouraging and it is hoped that the same will prevail in future. Frequent fluctuations in Castor Oil prices is the main concern for this division. The Company has utilized the service of contract manufacturer for Soap production because of small market share. The Company's products are basically Industrial Chemicals which does not require big marketing budget and hence cannot spend more on Soap marketing and advertising which resulted into low penetration into the market.

3. POWER DIVISION:

The Power Plant at Bellary has been stopped its commercial operation due to non-renewal of Power Purchase Agreement by KPTCL. The Company is looking out at other options including sale or lease or relocation.



**GENERAL-SEGMENT-WISE PERFORMANCE TOGETHER WITH DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE :**

Segment-wise performance together with discussion on financial performance with respect to operational performance has been dealt with in the Directors' Report which should be treated as forming part of this Management Discussion and Analysis.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :**

The Company has established an appropriate system of internal control to ensure that there exists a proper control over all the transactions and that all its assets are properly safeguarded and not exposed to risk arising out of unauthorised use or disposal. The Internal Audit conducted at all divisions for all the key areas of business. The Internal Control System is supplemented by a programme of Internal Audits to ensure that the assets are properly accounted for and the business operations are conducted in adherence to laid down policies and procedures. The Internal Audit is oriented towards review of controls and operational improvements.

**MATERIAL DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED :**

Relations with the employees remained cordial in general throughout the year. In order to optimise the contribution of the employees to the Company's business and operations, in-house training is given to the employees to induce contribution to productivity increase and development programmes for all levels of employees have been devised. Occupational Health Safety and Environmental Management are given utmost importance. As at 31<sup>st</sup> March, 2015 the employee strength (on permanent rolls) of the Company was 916.

**CAUTIONARY STATEMENT :**

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations and such forward-looking statements involve risks and uncertainties. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the Countries in which the Company conducts business and other incidental factors. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new informations, future events, or otherwise. Readers are cautioned not to place undue reliance on these forward looking statements that speaks only as of their dates.

On behalf of the Board of Directors

Place : Hyderabad  
Date : 17.08.2015

**CA K. KARUNAKAR RAO**  
Executive Director & CEO



**ANNEXURE - F  
FORM MGT - 9**

**EXTRACT OF ANNUAL RETURN**

**as on the Financial Year Ended on 31.03.2015**

**(Pursuant of Section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014)**

|                                                      |                                                                                                                                                                                                                     |
|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CIN                                                  | L24110AP1981PLC003077                                                                                                                                                                                               |
| Registration Date                                    | 24.06.1981                                                                                                                                                                                                          |
| Name of the Company                                  | Sree Rayalaseema Alkalies and Allied Chemicals Limited                                                                                                                                                              |
| Category / Sub-Category of the Company               | Public Company / Limited by Shares                                                                                                                                                                                  |
| Address of the Registered Office and Contact Details | Regd.Office: Gondiparla, Kurnool - 518 004 (A.P)<br>(Tel:Nos.91-08518 280006, 280007, 280008)<br>Fax 08518-280098 Cell : 09848304999                                                                                |
| Wheter Listed Company                                | Yes                                                                                                                                                                                                                 |
| Name & Address of the Registrar and Transfer Agent   | M/s Aarthi Consultants Private Limited<br>Regd.Office: 1-2-285, Domalguda,<br>Hyderabad - 500059 (Telangana State)<br>Contact Nos.040-27638111 / 27634445<br>Fax: 040-27632184<br>email: info@aarthiconsultants.com |

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

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

| Sl.No | Name and Description of main product/services | NIC Code of the Product/Service | % To total turn over the company |
|-------|-----------------------------------------------|---------------------------------|----------------------------------|
| 1     | Caustic Soda Lye / Flakes                     | 24117                           | 50%                              |
| 2     | Caustic Potash Lye / Flakes                   | 24117                           | 11%                              |

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

| Sl.No | Name and Address of the Company                                                    | CIN/GLN               | Holding/Subsidiary/ Associates | % of Shares | Applicable |
|-------|------------------------------------------------------------------------------------|-----------------------|--------------------------------|-------------|------------|
| 1     | M/s Sree Rayalaseema Hi-Strength Hypo Limited, Gondiparla, Kurnool - 518 004 (A.P) | L24110AP2005PLC045726 | Associate                      | 26.10       | 2 (6)      |



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) as on 31-3-2015.

#### i) Category - wise Shareholding

|           | Category of Shareholders                                                     | No. of Shares held at the beginning of the year |                |                   | No. of Shares held at the end of the year |                 |                |                   | % of Change during the year |               |
|-----------|------------------------------------------------------------------------------|-------------------------------------------------|----------------|-------------------|-------------------------------------------|-----------------|----------------|-------------------|-----------------------------|---------------|
|           |                                                                              | Physical                                        | Total          | % of Total Shares | Demat                                     | Physical        | Total          | % of Total Shares |                             |               |
| <b>A.</b> | <b>Promoters</b>                                                             |                                                 |                |                   |                                           |                 |                |                   |                             |               |
| <b>1</b>  | <b>Indian</b>                                                                |                                                 |                |                   |                                           |                 |                |                   |                             |               |
| g)        | Individual/ HUF                                                              | 862137                                          | 0              | 862137            | 1.15                                      | 862137          | 0              | 862137            | 1.10                        | -0.05         |
| h)        | Central Govt.                                                                |                                                 |                |                   |                                           |                 |                |                   |                             |               |
| i)        | State Govt (s)                                                               |                                                 |                |                   |                                           |                 |                |                   |                             |               |
| j)        | Bodies Corp.                                                                 | 34490039                                        | 0              | 34490039          | 46.12                                     | 38426081        | 0              | 38426081          | 48.81                       | 2.69          |
| k)        | Banks/ FI                                                                    |                                                 |                |                   |                                           |                 |                |                   |                             |               |
| l)        | Any Other...                                                                 |                                                 |                |                   |                                           |                 |                |                   |                             |               |
|           | <b>Sub Total (A) (1) :</b>                                                   | <b>35352176</b>                                 | <b>0</b>       | <b>35352176</b>   | <b>47.27</b>                              | <b>39288218</b> | <b>0</b>       | <b>39288218</b>   | <b>49.91</b>                | <b>2.64</b>   |
| <b>2</b>  | <b>Foreign</b>                                                               |                                                 |                |                   |                                           |                 |                |                   |                             |               |
| a)        | NRIs - Individuals                                                           | 0                                               | 0              | 0                 | 0                                         | 0               | 0              | 0                 | 0                           | 0             |
| b)        | Other - Individuals                                                          | 0                                               | 0              | 0                 | 0                                         | 0               | 0              | 0                 | 0                           | 0             |
| c)        | Bodies Corp.                                                                 | 0                                               | 0              | 0                 | 0                                         | 0               | 0              | 0                 | 0                           | 0             |
| d)        | Banks/ FI                                                                    | 0                                               | 0              | 0                 | 0                                         | 0               | 0              | 0                 | 0                           | 0             |
| e)        | Any Other...                                                                 | 0                                               | 0              | 0                 | 0                                         | 0               | 0              | 0                 | 0                           | 0             |
|           | <b>Sub Total (A) (2) :</b>                                                   | <b>0</b>                                        | <b>0</b>       | <b>0</b>          | <b>0</b>                                  | <b>0</b>        | <b>0</b>       | <b>0</b>          | <b>0</b>                    | <b>0</b>      |
|           | <b>Total Shareholding of Promoter (A)= (A) (1) + (A) (2)</b>                 | <b>35352176</b>                                 | <b>0</b>       | <b>35352176</b>   | <b>47.27</b>                              | <b>39288218</b> | <b>0</b>       | <b>39288218</b>   | <b>49.91</b>                | <b>2.64</b>   |
| <b>B</b>  | <b>Public Shareholding</b>                                                   |                                                 |                |                   |                                           |                 |                |                   |                             |               |
| <b>1</b>  | <b>Institutions</b>                                                          |                                                 |                |                   |                                           |                 |                |                   |                             |               |
| a)        | Mutual Funds                                                                 | 8837                                            | 8950           | 17787             | 0.02                                      | 8987            | 8950           | 17937             | 0.02                        | 0             |
| b)        | Bank/ FI                                                                     | 18448748                                        | 850            | 18449598          | 24.67                                     | 5662861         | 450            | 5663311           | 7.19                        | -17.48        |
| c)        | Central Govt.                                                                | 0                                               | 0              | 0                 | 0                                         | 0               | 0              | 0                 | 0                           | 0             |
| d)        | State Govt (s)                                                               | 0                                               | 0              | 0                 | 0                                         | 0               | 0              | 0                 | 0                           | 0             |
| e)        | Venture Capital Funds                                                        | 0                                               | 0              | 0                 | 0                                         | 0               | 0              | 0                 | 0                           | 0             |
| f)        | Insurance Companies                                                          | 615885                                          | 0              | 615885            | 0.82                                      | 615885          | 0              | 615885            | 0.78                        | -0.04         |
| g)        | FIs                                                                          | 0                                               | 0              | 0                 | 0                                         | 0               | 0              | 0                 | 0                           | 0             |
| h)        | Foreign Venture Capital Funds                                                | 0                                               | 0              | 0                 | 0                                         | 0               | 0              | 0                 | 0                           | 0             |
| i)        | Others (specify)                                                             | 0                                               | 0              | 0                 | 0                                         | 0               | 0              | 0                 | 0                           | 0             |
|           | <b>Sub Total (B) (1) :</b>                                                   | <b>19073470</b>                                 | <b>9800</b>    | <b>19083270</b>   | <b>25.51</b>                              | <b>6287733</b>  | <b>9400</b>    | <b>6297133</b>    | <b>7.99</b>                 | <b>-17.52</b> |
| <b>2</b>  | <b>Non-Institutions</b>                                                      |                                                 |                |                   |                                           |                 |                |                   |                             |               |
| a)        | Bodies Corp.                                                                 | 2958436                                         | 43630          | 3002066           | 4.01                                      | 5011317         | 43430          | 5054747           | 6.42                        | 2.41          |
| i)        | Indian                                                                       | 0                                               | 0              | 0                 | 0                                         | 0               | 0              | 0                 | 0                           | 0             |
| ii)       | Overseas                                                                     | 0                                               | 0              | 0                 | 0                                         | 0               | 0              | 0                 | 0                           | 0             |
| b)        | Individuals                                                                  |                                                 |                |                   |                                           |                 |                |                   |                             |               |
| i)        | Individual Shareholders holding nominal share capital upto Rs.1 Lakh         | 8366826                                         | 1409305        | 9776131           | 13.07                                     | 11507515        | 1368302        | 12875817          | 16.36                       | 3.29          |
|           | Individual Shareholders holding nominal share capital in excess of Rs.1 Lakh | 6315330                                         | 0              | 6315330           | 8.46                                      | 13877986        | 33300          | 13911286          | 17.67                       | 9.21          |
| c)        | Others (specify) NRIs                                                        | 1005541                                         | 250290         | 1255831           | 1.68                                      | 1048255         | 245390         | 1293645           | 1.64                        | -0.04         |
|           | <b>Sub-total (B) (2):</b>                                                    | <b>18646133</b>                                 | <b>1703225</b> | <b>20349358</b>   | <b>27.22</b>                              | <b>31445073</b> | <b>1690422</b> | <b>33135495</b>   | <b>42.09</b>                | <b>14.87</b>  |
|           | <b>Total Public shareholding (B)= (B)(1)+(B)(2)</b>                          | <b>37719603</b>                                 | <b>1713025</b> | <b>39432628</b>   | <b>52.73</b>                              | <b>37732806</b> | <b>1699822</b> | <b>39432628</b>   | <b>50.09</b>                | <b>-2.64</b>  |
| <b>C)</b> | <b>Shares held by Custodian for GDRs&amp;ADRs</b>                            | <b>0</b>                                        | <b>0</b>       | <b>0</b>          | <b>0</b>                                  | <b>0</b>        | <b>0</b>       | <b>0</b>          | <b>0</b>                    | <b>0</b>      |
|           | <b>Grand Total (A+B+C)</b>                                                   | <b>73071779</b>                                 | <b>1713025</b> | <b>74784804</b>   | <b>100.00</b>                             | <b>77021024</b> | <b>1699822</b> | <b>78720846</b>   | <b>100.00</b>               | <b>0</b>      |



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### ii) Shareholding of Promoters as on 31-3-2015

| Sl. No. | Name of the shareholder                                                  | No of Shares at the beginning the year |                                  |                                                | Share holding at the end of the year |                                  |                                                |                                      |
|---------|--------------------------------------------------------------------------|----------------------------------------|----------------------------------|------------------------------------------------|--------------------------------------|----------------------------------|------------------------------------------------|--------------------------------------|
|         |                                                                          | No. of shares                          | % of total shares of the company | % of shares pledged/en cumbered to total share | No. of shares                        | % of total shares of the company | % of shares pledged/en cumbered to total share | % of change in share during the year |
| 1       | M/s Sree Rayalaseema Hi-Strength Hypo Limited                            | 19544496                               | 26.13                            | 0.02                                           | 20544496                             | 26.10                            | 0.02                                           | -0.04                                |
| 2       | M/s TGV Projects and Investments Pvt Ltd                                 | 8758206                                | 11.71                            | 0                                              | 11694248                             | 14.86                            | 0                                              | 3.14                                 |
| 3       | M/s Sree Rayalaseema Dutch Kassenbouw Ltd                                | 1881109                                | 2.52                             | 0                                              | 1881109                              | 2.39                             | 0                                              | -0.13                                |
| 4       | M/s Gowri Gopal Hospitals Pvt Ltd                                        | 1005375                                | 1.34                             | 0                                              | 1005375                              | 1.28                             | 0                                              | -0.07                                |
| 5       | M/s Sree Rayalaseema Galaxy Projects Pvt Ltd                             | 54662                                  | 0.07                             | 0                                              | 54662                                | 0.07                             | 0                                              | 0.00                                 |
| 6       | M/s TGV Securities Pvt Ltd                                               | 14150                                  | 0.02                             | 0                                              | 14150                                | 0.02                             | 0                                              | 0.00                                 |
| 7       | M/s Brilliant Industries Pvt Ltd (Formerly Brilliant Bio-Pharma Pvt Ltd) | 3232041                                | 4.32                             | 0.24                                           | 3232041                              | 4.11                             | 0.22                                           | -0.22                                |
| 8       | Sri.T G Venkatesh                                                        | 303848                                 | 0.41                             | 0.41                                           | 303848                               | 0.39                             | 0.39                                           | -0.02                                |
| 9       | Smt.T G Rajyalakshmi                                                     | 322384                                 | 0.43                             | 0.43                                           | 322384                               | 0.41                             | 0.41                                           | -0.02                                |
| 10      | Sri.T G Bharath                                                          | 129744                                 | 0.17                             | 0.17                                           | 129744                               | 0.16                             | 0.16                                           | -0.01                                |
| 11      | Smt.Jyothsna S Mysore                                                    | 13361                                  | 0.02                             | 0.02                                           | 13361                                | 0.02                             | 0.02                                           | 0.00                                 |
| 12      | Smt.Boda Mourya                                                          | 92800                                  | 0.12                             | 0.12                                           | 92800                                | 0.12                             | 0.12                                           | -0.01                                |
|         | Total                                                                    | 35352176                               | 47.27                            | 1.41                                           | 39288218                             | 49.91                            | 1.34                                           | 2.64                                 |

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

| S. No. | Name of the Shareholder               | Shareholding                                                                     |                                  | Date     | Increase in Share-holding | Reason                 | Cumulative shareholding during the year (01.04.14) to (31.03.15)<br>No. of shares | % of total shares of the Company |
|--------|---------------------------------------|----------------------------------------------------------------------------------|----------------------------------|----------|---------------------------|------------------------|-----------------------------------------------------------------------------------|----------------------------------|
|        |                                       | No. of Share at the beginning of the year (01.04.14)/ end of the year (31.03.15) | % of total shares of the Company |          |                           |                        |                                                                                   |                                  |
| 1      | TGV Projects & Investments Pvt Ltd    | 8758206                                                                          | 11.71                            | 05.04.14 | 2936042                   | Preferential Allotment | 11694248                                                                          | 14.86                            |
| 2      | Sree Rayalaseema Hi-Strength Hypo Ltd | 19544496                                                                         | 26.13                            | 05.04.14 | 1000000                   | Preferential Allotment | 20544496                                                                          | 26.10                            |
|        |                                       |                                                                                  |                                  |          |                           |                        | 32238744                                                                          | 40.96                            |





## Sree Rayalaseema Alkalies and Allied Chemicals Limited

iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs) as on 31-3-2015

| S. No. | Name of the Shareholder                | Shareholding                                                                     |                                  | Increase / Decrease in Shareholding (during the year 01.04.15 to 31.03.15) | Reason    | Cumulative shareholding during the year (01.04.14) to (31.03.15)<br>No. of shares | % of total shares of the Company |
|--------|----------------------------------------|----------------------------------------------------------------------------------|----------------------------------|----------------------------------------------------------------------------|-----------|-----------------------------------------------------------------------------------|----------------------------------|
|        |                                        | No. of Share at the beginning of the year (01.04.14)/ end of the year (31.03.15) | % of total shares of the Company |                                                                            |           |                                                                                   |                                  |
| 1      | IFCI Ltd                               | 12143528                                                                         | 16.24                            | 12143128                                                                   | Sale      | 400                                                                               | 0.00                             |
|        |                                        | <b>400</b>                                                                       | <b>0.00</b>                      |                                                                            |           |                                                                                   |                                  |
| 2      | IDBI Bank Ltd                          | 6305620                                                                          | 8.43                             | 643159                                                                     | Sale      | 5662461                                                                           | 7.19                             |
|        |                                        | <b>5662461</b>                                                                   | <b>7.19</b>                      |                                                                            |           |                                                                                   |                                  |
| 3      | Life Insurance Corp- oration of India  | 537885                                                                           | 0.72                             | 537885                                                                     | No Change | 537885                                                                            | 0.68                             |
|        |                                        | <b>537885</b>                                                                    | <b>0.68</b>                      |                                                                            |           |                                                                                   |                                  |
| 4      | Ricky Ishwardas Kirpalani              | 373819                                                                           | 0.50                             | 0                                                                          | Sale      | 0                                                                                 | 0.00                             |
|        |                                        | <b>0</b>                                                                         | <b>0.00</b>                      |                                                                            |           |                                                                                   |                                  |
| 5      | Jayashri Suresh                        | 0                                                                                | 0.00                             | 369564                                                                     | Purchase  | 369564                                                                            | 0.47                             |
|        |                                        | <b>369564</b>                                                                    | <b>0.47</b>                      |                                                                            |           |                                                                                   |                                  |
| 6      | Raviraj Developers Ltd                 | 0                                                                                | 0.00                             | 358682                                                                     | Purchase  | 358682                                                                            | 0.46                             |
|        |                                        | <b>358682</b>                                                                    | <b>0.46</b>                      |                                                                            |           |                                                                                   |                                  |
| 7      | Lal Tolani                             | 339834                                                                           | 0.45                             | 339834                                                                     | No Change | 339834                                                                            | 0.43                             |
|        |                                        | <b>339834</b>                                                                    | <b>0.43</b>                      |                                                                            |           |                                                                                   |                                  |
| 8      | IL & FS Trust Company Ltd              | 332858                                                                           | 0.45                             | 332858                                                                     | No Change | 332858                                                                            | 0.42                             |
|        |                                        | <b>332858</b>                                                                    | <b>0.42</b>                      |                                                                            |           |                                                                                   |                                  |
| 9      | Setu Securities Pvt Ltd                | 0                                                                                | 0.00                             | 780000                                                                     | Purchase  | 780000                                                                            | 0.99                             |
|        |                                        | <b>780000</b>                                                                    | <b>0.99</b>                      |                                                                            |           |                                                                                   |                                  |
| 10     | Bharti Chetan Cholera                  | 0                                                                                | 0.00                             | 500000                                                                     | Purchase  | 500000                                                                            | 0.64                             |
|        |                                        | <b>500000</b>                                                                    | <b>0.64</b>                      |                                                                            |           |                                                                                   |                                  |
| 11     | Shailaja Prakash Mutha                 | 0                                                                                | 0.00                             | 374707                                                                     | Purchase  | 374707                                                                            | 0.48                             |
|        |                                        | <b>374707</b>                                                                    | <b>0.48</b>                      |                                                                            |           |                                                                                   |                                  |
| 12     | Kadayam Ramanathan Bharat              | 0                                                                                | 0.00                             | 346972                                                                     | Purchase  | 346972                                                                            | 0.44                             |
|        |                                        | <b>346972</b>                                                                    | <b>0.44</b>                      |                                                                            |           |                                                                                   |                                  |
| 13     | Prakash Babulal Mutha                  | 544378                                                                           | 0.73                             | 0                                                                          | Sale      | 0                                                                                 | 0.00                             |
|        |                                        | <b>0.00</b>                                                                      |                                  |                                                                            |           |                                                                                   |                                  |
| 14     | Mili Consultants & Invest ment Pvt Ltd | 441300                                                                           | 0.59                             | 0                                                                          | Sale      | 0                                                                                 | 0.00                             |
|        |                                        | <b>0</b>                                                                         | <b>0.00</b>                      |                                                                            |           |                                                                                   |                                  |
| 15     | Parag Gases & Chem- icals Pvt Ltd      | 410896                                                                           | 0.55                             | 0                                                                          | Sale      | 0                                                                                 | 0.00                             |
|        |                                        | <b>0</b>                                                                         | <b>0.00</b>                      |                                                                            |           |                                                                                   |                                  |
| 16     | Prakash B Mutha (HUF)                  | 297597                                                                           | 0.40                             | 0                                                                          | Sale      | 0                                                                                 | 0.00                             |
|        |                                        | <b>0</b>                                                                         | <b>0.00</b>                      |                                                                            |           |                                                                                   |                                  |
|        |                                        |                                                                                  |                                  |                                                                            |           | <b>9603363</b>                                                                    | <b>12.20</b>                     |



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

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

| S. No. | For each of the Directors and KMP | Shareholding at the beginning of the year                                        |                                  | Date wise Increase / Decrease in Shareholding specifying for increase / decrease (e.g., Allotment / Transfer / Bouns / Sweat Equity etc.) (during the year 01.04.15 to 31.03.15) | Reason    | Cumulative shareholding during the year (01.04.14) to (31.03.15)<br>No. of shares | % of total shares of the Company |
|--------|-----------------------------------|----------------------------------------------------------------------------------|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------------------------------------------------------------------------------|----------------------------------|
|        |                                   | No. of Share at the beginning of the year (01.04.14)/ end of the year (31.03.15) | % of total shares of the Company |                                                                                                                                                                                  |           |                                                                                   |                                  |
| 1      | Sri.O D Reddy                     | 2850                                                                             | 0.00                             | 0                                                                                                                                                                                | No Change | 2850                                                                              | 0.00                             |
| 2      | Sri.K Karunakar Rao               | 50                                                                               | 0.00                             | 0                                                                                                                                                                                | No Change | 50                                                                                | 0.00                             |
| 3      | Sri.V Radhakrishna Murthy         | 48                                                                               | 0.00                             | 40                                                                                                                                                                               | Sale      | 8                                                                                 | 0.00                             |
|        | <b>At the end of the Year</b>     | <b>2948</b>                                                                      | <b>0.00</b>                      | <b>40</b>                                                                                                                                                                        | <b>-</b>  | <b>2908</b>                                                                       | <b>0.00</b>                      |

### (V) INDEBTEDNESS

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

(Rupees in lakhs)

|       | Description                                             | Secured Loans excluding deposits | Unsecured Loans | Deposit  | Total Indebtedness |
|-------|---------------------------------------------------------|----------------------------------|-----------------|----------|--------------------|
|       | Indebtedness at the beginning of the financial year     |                                  |                 |          |                    |
| (i)   | Principal Amount                                        | 27612.15                         | 2735.34         |          | 30347.49           |
| (ii)  | Interest due but not paid                               | 0                                | 0               | 0        | 0                  |
| (iii) | Interest accrued but not due                            | 983.32                           | 0               | 0        | 983.32             |
|       | <b>Total (i+ii+iii)</b>                                 | <b>28595.47</b>                  | <b>2735.34</b>  | <b>0</b> | <b>31330.81</b>    |
|       | <b>Change in Indebtedness during the financial year</b> |                                  |                 |          |                    |
| *     | Addition                                                | 6998.16                          | 1552.00         | 0        | 8550.16            |
| *     | Reduction                                               | 5858.25                          | 1327.74         | 0        | 7185.99            |
|       | Indebtedness at the end of the financial year           |                                  |                 |          |                    |
| (i)   | Principal Amount                                        | 29735.38                         | 2959.60         | 0        | 32694.98           |
| (ii)  | Interest due but not paid                               | 0                                | 0               | 0        |                    |
| (iii) | Interest accrued but not due                            | 0                                | 0               | 0        |                    |
|       | <b>Total (i+ii+iii)</b>                                 | <b>29735.38</b>                  | <b>2959.6</b>   | <b>0</b> | <b>32694.98</b>    |



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A) Remuneration to Managing Director, Whole-time Directors and /or Manager:

| Sl.No. | Particulars of Remuneration                                                      | Name of MD/WTD/Manager |                                    |                                     |                                  | Total Amount Rs. |
|--------|----------------------------------------------------------------------------------|------------------------|------------------------------------|-------------------------------------|----------------------------------|------------------|
|        |                                                                                  | Sri T G Venkatesh CMD  | Sri K Karunakar Rao ED (F&C) & CEO | Sri N Jesvanth Reddy ED (Technical) | Sri Gopal Krishan ED (Technical) |                  |
| 1      | Gross Salary                                                                     |                        |                                    |                                     |                                  |                  |
|        | (a) Salary as per provisions contained in section 17(1) of the Income -tax, 1961 | 5096774                | 1702570                            | 1602970                             | 1109677                          | 9511991          |
|        | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                          | 509677                 | 69600                              | 69600                               | 60000                            | 708877           |
|        | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961           |                        |                                    |                                     |                                  |                  |
| 2      | Stock Option                                                                     |                        |                                    |                                     |                                  |                  |
| 3      | Sweat Equity                                                                     |                        |                                    |                                     |                                  |                  |
| 4      | Commission - as % of Profit others, specify                                      | 11300000               | 0.00                               | 0.00                                | 0.00                             | 11300000         |
| 5      | Others, please specify Total (A) Ceiling as per the Act (*)                      | 16906451               | 1772170                            | 1672570                             | 1169677                          | 21520868         |

(\*) Rs. 338 lakhs (being 10% of the profits of the Company as per Section 198 of the Companies Act, 2013)

#### B. Remuneration to Other Directors

| Sl. No. | Particulars of Remuneration during the period 01.04.2014 to 31.03.2015 | Name of the Directors                            | Fee for attending Board / Committee Meetings | Commission | * Others (Please Specify) | Total Amount (in Rs.) |
|---------|------------------------------------------------------------------------|--------------------------------------------------|----------------------------------------------|------------|---------------------------|-----------------------|
| 1       | Independent Directors                                                  |                                                  |                                              |            |                           |                       |
|         |                                                                        | Sri.G Krishna Murthy                             | 72000                                        | 0          | 0                         | 72000                 |
|         |                                                                        | Sri.P N Vedanarayanan                            | 49500                                        | 0          | 0                         | 49500                 |
|         |                                                                        | Sri.O D Reddy                                    | 70500                                        |            |                           | 70500                 |
|         |                                                                        | Total (1)                                        | 192000                                       |            |                           | 192000                |
| 2       | Other Non-Executive Directors                                          |                                                  |                                              |            |                           |                       |
|         |                                                                        | (*) Smt.S Usha (IFCI) (upto 30.07.2014)          | 10000                                        | 0          | 0                         | 10000                 |
|         |                                                                        | (*) Ms.Shalini Soni (IFCI) (from 30.07.2014)     | 10000                                        | 0          | 0                         | 10000                 |
|         |                                                                        | (*) Sri.K Davidson (IDBI) (upto 07.11.2014)      | 10000                                        | 0          | 0                         | 10000                 |
|         |                                                                        | (*) Sri.B Srinivasa Rao (IDBI) (from 07.11.2014) | 20000                                        | 0          | 0                         | 20000                 |
|         |                                                                        | Smt.V Surekha                                    | 10000                                        | 0          | 0                         | 10000                 |
|         | Total (2)                                                              |                                                  | 60000                                        | 0          | 0                         | 60000                 |
|         | Total (B) =( 1+2)                                                      |                                                  | 252000                                       | 0          | 0                         | 252000                |
|         | Total Managerial Remuneration                                          |                                                  | 0                                            | 0          | 0                         | 0                     |
|         | Overall Ceiling as per the Act                                         |                                                  | 0                                            | 0          | 0                         | (*)                   |

**Note:** Sitting Fees payable to Nominee Directors (IDBI & IFCI) paid to the appointing Institute i.e., (IDBI & IFCI) instead of the Directors in pursuance to the Institutional Nominee Directors Appointment Terms & Conditions.

(\*) Rs.33.80 lakhs (being 1% of the net profit of the Company calculated under Section 198 of the Companies Act, 2013)



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### C) Remuneration to Key Managerial Personnel other than MD / MANAGER / WTD.

| Sl. No. | Particulars of Remuneration                                                         | Key Managerial Personnel   |                                              | Total Amount (in Rs.) |
|---------|-------------------------------------------------------------------------------------|----------------------------|----------------------------------------------|-----------------------|
|         |                                                                                     | Sri C. Rajesh Khanna (CFO) | Sri V. Radhakrishna Murthy Company Secretary |                       |
| 1       | Gross Salary                                                                        |                            |                                              |                       |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 565840                     | 664724                                       | 1230564               |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 38400                      | 38400                                        | 76800                 |
|         | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | 0                          | 0                                            | 0                     |
| 2       | Stock Option                                                                        | 0                          | 0                                            | 0                     |
| 3       | Sweat Equity                                                                        | 0                          | 0                                            | 0                     |
| 4       | Commission                                                                          | 0                          | 0                                            | 0                     |
|         | - as % of Profit                                                                    | 0                          | 0                                            | 0                     |
|         | others, specify                                                                     | 0                          | 0                                            | 0                     |
| 5       | Others, please specify                                                              | 0                          | 0                                            | 0                     |
|         | Total (C)                                                                           | 604240                     | 703124                                       | 1307364               |
|         | Grand Total (A+B+C) =                                                               |                            |                                              | 23080232              |

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

| Type                               | Section of the Companies Act | Brief Description | Details of penalty / Punishment / Compounding fees imposed | Authority (RD / NCLT/ COURT) | Appeal made if any (give details) |
|------------------------------------|------------------------------|-------------------|------------------------------------------------------------|------------------------------|-----------------------------------|
| <b>A.COMPANY</b>                   |                              |                   |                                                            |                              |                                   |
| Penalty                            | -                            | -                 | -                                                          | -                            | -                                 |
| Punishment                         | -                            | -                 | -                                                          | -                            | -                                 |
| Compounding                        | -                            | -                 | -                                                          | -                            | -                                 |
|                                    | -                            |                   |                                                            |                              |                                   |
| <b>B.DIRECTORS</b>                 |                              |                   |                                                            |                              |                                   |
| Penalty                            | -                            | -                 | -                                                          | -                            | -                                 |
| Punishment                         | -                            | -                 | -                                                          | -                            | -                                 |
| Compounding                        |                              |                   |                                                            |                              |                                   |
|                                    | -                            | -                 | -                                                          | -                            | -                                 |
| <b>C.OTHER OFFICERS IN DEFAULT</b> |                              |                   |                                                            |                              |                                   |
| Penalty                            | -                            | -                 | -                                                          | -                            | -                                 |
| Punishment                         | -                            | -                 | -                                                          | -                            | -                                 |
| Compounding                        | -                            | -                 | -                                                          | -                            | -                                 |



## ANNEXURE – “G”

|   |                                                                            |                                                                          |
|---|----------------------------------------------------------------------------|--------------------------------------------------------------------------|
| 1 | The Composition of the CSR Committee                                       | 1. Sri G. Krishna Murthy<br>2. Sri O.D. Reddy<br>3. Sri K. Karunakar Rao |
| 2 | Average net profit of the Company for last three financial years           | Rs. 1862.80 lakhs                                                        |
| 3 | Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) | Rs. 45.89 lakhs                                                          |
| 4 | Details of CSR spent for the financial year                                | Rs. 49.78 lakhs                                                          |
|   | a. Total amount to be spent for the financial year                         | Rs. 45.89 lakhs                                                          |
|   | b. Amount unspent, if any                                                  | Rs. 3.89 lakhs (excess spent)                                            |

| Sl. No. | CSR Project or activity identified | Sector in which the Project is covered | Projects or programs (1) Local area or (2) Specify the State and District where projects or programs was undertaken | Amount outlay (Budget) project or programs wise (in Rs.) | Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (in Rs.) | Cumulative expenditure upto the reporting period (in Rs.) | Amount spent Director or through implementing agency (in Rs.) |
|---------|------------------------------------|----------------------------------------|---------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|---------------------------------------------------------------|
| 1       | Safe drinking water supply         | Provision of Drinking Water            | Local area                                                                                                          | 18,98,101                                                | 18,98,101                                                                                                                 | 18,98,101                                                 | 18,98,101                                                     |
| 2       | Education to Nearby pupil          | Provision of Education                 | Local area                                                                                                          | 14,01,622                                                | 14,01,622                                                                                                                 | 14,01,622                                                 | 14,01,622                                                     |
| 3       | Community Welfare                  | Social Project                         | Local area                                                                                                          | 2,10,000                                                 | 2,10,000                                                                                                                  | 2,10,000                                                  | 2,10,000                                                      |
| 4       | Education to Women                 | Gender Equality                        | Local area                                                                                                          | 11,40,000                                                | 11,40,000                                                                                                                 | 11,40,000                                                 | 11,40,000                                                     |
| 5       | Pollution control                  | Environmental Stability                | Local area                                                                                                          | 3,28,000                                                 | 3,28,000                                                                                                                  | 3,28,000                                                  | 3,28,000                                                      |
|         |                                    |                                        | <b>Total Rs.</b>                                                                                                    | <b>49,77,723</b>                                         | <b>49,77,723</b>                                                                                                          | <b>49,77,723</b>                                          | <b>49,77,723</b>                                              |



## Sree Royalaseema Alkalies and Allied Chemicals Limited

### ANNEXURE – H

Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- (1) Role of the remuneration of each Director/KMP to the median remuneration of all the employees of the Company for the financial year:

|                                                                                                  |           |
|--------------------------------------------------------------------------------------------------|-----------|
| Median remuneration of all the employees of the Company for the Financial year 2014-15           | Rs. 21291 |
| The percentage increase in the median remuneration of employees in the Financial year            | 5%        |
| The number of permanent employees on the rolls of the Company as on 31 <sup>st</sup> March, 2015 | 916       |

| Name of Director               | Ratio of remuneration to median remuneration of all employees | % increase in remuneration in the Financial year 2014-15 |
|--------------------------------|---------------------------------------------------------------|----------------------------------------------------------|
| <b>Non-Executive Directors</b> |                                                               |                                                          |
| Smt. V. Surekha                | 0.04                                                          | —                                                        |
| <b>Independent Directors</b>   |                                                               |                                                          |
| Sri G. Krishna Murthy          | 0.30                                                          | —                                                        |
| Sri P.N. Vedanarayanan         | 0.21                                                          | —                                                        |
| Sri O.D. Reddy                 | 0.30                                                          | —                                                        |
| <b>Executive Directors</b>     |                                                               |                                                          |
| Sri T.G. Venkatesh             | 66.00                                                         | —                                                        |
| Sri K. Karunakar Rao           | 7.00                                                          | 34                                                       |
| Sri N. Jesvanth Reddy          | 7.00                                                          | 36                                                       |
| Sri Gopal Krishan              | 11.00                                                         | —                                                        |

- Notes :
1. Sri T.G. Venkatesh was appointed as Chairman and Managing Director w.e.f. 26.05.2014. Accordingly, the disclosure with respect to increase in his salary is not made.
  2. Sri Gopal Krishan was appointed as Executive Director (Technical) w.e.f. 07.11.2014. Accordingly, the disclosure with respect to increase in his salary is not made.
  3. The ratio of remuneration to median remuneration is based on remuneration paid during the period 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015.

- (2) Comparison of the remuneration of the KMP against the performance of the Company:

| Particulars                                             | Rs. In lakhs |
|---------------------------------------------------------|--------------|
| Aggregate remuneration of KMP in Financial year 2014-15 | 228.28       |
| Revenue                                                 | 78235        |
| Remuneration of KMPs (as % of revenue)                  | 0.29         |
| Profit before Tax (PBT)                                 | 3159         |
| Remuneration of KMPs (as % PBT)                         | 7.23         |



ANNEXURE - "I" – FORM NO. MR-3

**Secretarial Audit Report for the Financial Year ended 31 March, 2015  
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,  
The Members,  
M/s. Sree Rayalaseema Alkalies and Allied Chemicals Ltd,  
Hyderabad.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Sree Rayalaseema Alkalies and Allied Chemicals Ltd. (SRAACL) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of M/s. SRAACL books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 generally complied with the statutory provisions listed here under and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by M/s. SRAAC Ltd for the financial year ended on 31 March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 (SCRA) and the rules made the reunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed the reunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made the reunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act)
  - a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992;
  - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009;
  - c) The Securities and Exchange Board of India (Issue of Capital and Listing of Debt Securities) Regulation, 2008;
  - d) The other regulations of the Securities and Exchange Board of India as may be applicable to the Company.
- (vi) Other laws applicable to the Company as per the representations made by the Company. We have also examined compliance with the applicable clauses of the following.
  - (i) Secretarial Standards with respect to Board and general meetings of The Institute of Company Secretaries of India which are not in force as on the date of this Report.
  - (ii) The Listing Agreements entered into by the Company with BSE limited and National Stock Exchange of India Limited.

During the period under review and as per the explanations and representations made by the management and subject to clarifications given to us, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

We further report that

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

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

Decisions at the Board Meetings, as represented by the management, were taken unanimously.

We further report that as represented by the Company and relied upon by us there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company had following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.:

1. Redemption of NCDS during the year - 649.96 lakhs
2. Repayment of OFCDS during the year - 32.05 lakhs

Place : Hyderabad

Date : 17<sup>th</sup> August, 2015

**N. RAMA SWAMY**  
Practicing Company Secretary  
PCS 5052

### Annexure-"A"

To,  
The Members

**M/s. Sree Rayalaseema Alkalies and Allied Chemicals Ltd.**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable Law, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Hyderabad

Date : 17<sup>th</sup> August, 2015

**N. RAMA SWAMY**  
Practicing Company Secretary  
PCS 5052





## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
**Sree Rayalaseema Alkalies And Allied Chemicals Limited**

#### **(1) Report on the Standalone Financial Statements**

We have audited the accompanying financial statements of **M/s.Sree Rayalaseema Alkalies and Allied Chemicals Ltd., Kurnool** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **(2) Management's Responsibility for the Standalone Financial Statements**

The management and Board of Directors of the company are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **(3) Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

#### **(4) Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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<sup>st</sup> March, 2015;
- b) in the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**(5) Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
- c) the Balance Sheet, 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 aforesaid standalone financial statements comply with the applicable Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) on the basis of written representations received from the Directors as on 31<sup>st</sup> March, 2015 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2015, from being appointed as a director in terms of Section 164 (2) of the Act;
- f) in our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014;
  - (i) The company does not have any pending litigations which would impact its financial position.
  - (ii) The company did not have any long term contracts including derivative contracts; as such there were no material foreseeable losses thereon.
  - (iii) During the year under report there are no amounts that require to transfer to the Investor Education and Protection Fund; therefore, delay in transferring such sums does not arise.

**For Brahmayya & Co.,**  
Chartered Accountants  
Firm Regn. No. 000514S

Sd/-  
**CA B.DAIVADHEENAM REDDY**  
Partner  
Membership No.026450

Place : Hyderabad (Camp)  
Date : 7<sup>th</sup> May, 2015



ANNEXURE TO AUDITOR'S REPORT

Re: Sree Rayalaseema Alkalies and Allied Chemicals Ltd., Kurnool.

Referred to in Paragraph (5) of our report of even date;

- (i) In respect of fixed assets;
  - a. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. As explained to us, the Company has a regular programme of physical verification of its fixed assets and have been physically verified by the management in a phased manner during the year, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were noticed on such physical verification.
- (ii) In respect of inventory;
  - a. The physical verification of inventory has been conducted by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable.
  - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory 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 has maintained proper records of inventory and as explained to us, no material discrepancies were noticed on physical verification and the small discrepancies, if any, have been properly dealt with in the books of account.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act').
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in the internal control system.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public specified under the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) In our opinion and according to the information and explanations given to us, the Central Government has prescribed for the maintenance of Cost records under sub section (1) of Section 148 of the Companies Act, 2013 in respect of the products manufactured by the company and such accounts and records have been made and maintained by the Company.
- (vii) In respect of statutory dues;
  - a. According to the information and explanations given to us and based on the records of the company examined by us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income-Tax, Wealth Tax, Service Tax, Sales Tax, Value Added Tax, duty of Customs, duty of Excise, Cess and other statutory dues, as applicable, with the appropriate authorities. There were no arrears of statutory dues outstanding as at 31.03.2015 for a period of more than six months from the date they became payable.
  - b. According to the information and explanations given to us, there are no material dues of Income Tax, Wealth Tax, Service Tax and Cess, which have not been deposited on account of any dispute. However, the following dues of Sales Tax, Value Added Tax, Duty of Excise and Duty of Customs have not been deposited by the company on account of disputes pending;



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

| Sl. No. | Name of the Statute                                              | Nature of dues                                                          | Amount (Rs. in lakhs)             | Period to which the amount relates                                                         | Forum where dispute is pending                                                                                                                                                                                        |
|---------|------------------------------------------------------------------|-------------------------------------------------------------------------|-----------------------------------|--------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.      | The Central Excise Act, 1944                                     | CENVAT Credit disallowed on input services                              | 85.62<br><br>238.40<br><br>11.91  | April, 2005 to Feb, 2008<br><br>Mar, 2008 to March, 2014<br><br>April, 2011 to March, 2013 | Central Excise and Service Tax Appellate Tribunal, Bengaluru.<br><br>Additional Commissioner<br>Commissioner of Central Excise and Customs, Tirupati.<br><br>Asst Commissioner of Central Excise and Customs, Kumool. |
| 2.      | The Central Excise Act, 1944                                     | CENVAT Credit availed against manufacture of exempted goods disallowed. | 95.41                             | 2008-09                                                                                    | Central Excise and Service Tax Appellate Tribunal, Bengaluru.                                                                                                                                                         |
| 3.      | A.P.VAT Act, 2005                                                | Input tax credit on furnace oil & coal disallowed (Paid)                | 53.91<br>(53.91)                  | April, 2005 to Dec, 2005                                                                   | High Court of Andhra Pradesh.                                                                                                                                                                                         |
| 4.      | AP VAT Act, 2005                                                 | Interest on delay payment of deferred sales tax (Paid).                 | 132.11<br>(44.04)                 | 2005-06                                                                                    | High Court of Andhra Pradesh.                                                                                                                                                                                         |
| 5.      | KERALA VAT Act, 2005                                             | VAT on estimated turnover (paid). VAT on stock transfer price (Paid)    | 20.51<br>(5.13)<br>6.69<br>(1.81) | 2008-09<br><br>2010-11                                                                     | Sales tax Appellate Tribunal, Emakulam.<br><br>Sales tax Appellate Tribunal, Emakulam.                                                                                                                                |
| 6.      | KERALA VAT Act, 2005                                             | Disallowance of input tax on sales returns.                             | 4.41<br><br>2.68                  | August, 2009<br><br>2009-10                                                                | Sales tax Appellate Tribunal, Emakulam.<br><br>Deputy Commissioner of Appeals, Palakkad                                                                                                                               |
| 7.      | KERALA VAT Act, 2005                                             | Late submission of Form-F                                               | 9.95                              | 2009-10                                                                                    | Deputy Commissioner of Appeals, Palakkad.                                                                                                                                                                             |
| 8.      | Karnataka Tax on Entry of Goods Act, 1979                        | Entry tax on purchase of machinery items and interest ( paid)           | 3.88<br>(2.10)                    | 2006-07<br>2007-08<br>2008-09                                                              | Joint Commissioner of Commercial Taxes, Davangeri.                                                                                                                                                                    |
| 9.      | Indian Customs Act, 1962                                         | Differential customs duty on raw material purchases (Paid)              | 1161.14<br>(125.00)               | 2000 to 2006                                                                               | Commissioner of Customs, Chennai.                                                                                                                                                                                     |
| 10.     | Indian Customs Act, 1962                                         | Finalisation of assessed Bill of Entries pertaining to KCL.             | 16.06                             | 2006-07                                                                                    | Commissioner of Customs (Appeals), Mumbai.                                                                                                                                                                            |
| 11.     | Indian Customs Act, 1962                                         | Penalty on classification of goods disputed                             | 9.90                              | 2008-09                                                                                    | High Court of Andhra Pradesh, Hyderabad.                                                                                                                                                                              |
| 12.     | Indian Customs Act, 1962                                         | Anti dumping duty on import of Barium Carbonate                         | 32.69                             | 2010-11                                                                                    | Deputy Commissioner of Customs, Chennai.                                                                                                                                                                              |
| 13.     | Indian Customs Act, 1962                                         | Differential duty on classification of goods disputed (Lauric Acid)     | 3.62                              | 2014-15                                                                                    | Deputy Commissioner of Customs, Chennai.                                                                                                                                                                              |
| 14.     | Employees Provident Fund and Miscellaneous Provisions Act, 1952. | PF delay charges/ damages for belated payments                          | 15.34                             | May, 2002 to Dec, 2007                                                                     | Regional PF Commissioner, Cuddapah, (for waiver).                                                                                                                                                                     |



| Sl. No. | Name of the Statute        | Nature of dues                                                           | Amount (Rs. in lakhs)       | Period to which the amount relates                             | Forum where dispute is pending                                                                                                        |
|---------|----------------------------|--------------------------------------------------------------------------|-----------------------------|----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| 15.     | The Electricity Act, 2003. | Refund of Income tax on account of change in tax rates as per PPA (paid) | 500.00<br>(500.00)          | 2000-2005                                                      | The Supreme Court of India.                                                                                                           |
| 16.     | The Electricity Act, 2003. | Fuel Surcharge Adjustment (FSA) Charges                                  | 871.93<br>1255.71<br>695.34 | 2008-09<br>Oct, 2011 to Mar, 2012<br>April, 2009 to June, 2010 | Supreme Court of India.<br>Supreme Court of India (demand raised during the year 2014-15)<br>High Court of Andhra Pradesh, Hyderabad. |
| 17.     | The Electricity Act, 2003. | Interest on amount pending in Court Cases                                | 268.05                      | 2014-15                                                        | High Court/Supreme Court of India (demand raised during the year 2014-15)                                                             |

c. According to the information and explanations given to us, during the year under report, there are no amounts which require to transfer to the Investor Education and Protection Fund.

- (viii) The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Financial Institutions or Banks or Debenture holders and the interest and principal dues fallen due during the year were paid and there were no dues outstanding as at 31<sup>st</sup> March, 2015.
- (x) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.
- (xi) In our opinion and according to the information and explanations given to us, the term loans received during the year were applied for the purpose for which the loans were obtained.
- (xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

**For Brahmayya & Co.,**  
Chartered Accountants  
Firm Regn. No. 000514S

Sd/-  
**CA B.DAIVADHEENAM REDDY**  
Partner  
Membership No.026450

Place : Hyderabad (Camp)  
Date : 7<sup>th</sup> May, 2015



# Sree Royalaseema Alkalies and Allied Chemicals Limited

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015

Rs. in lakhs

|                                                                | Note No | As at<br>31.03.2015 | As at<br>31.03.2014 |
|----------------------------------------------------------------|---------|---------------------|---------------------|
| <b>I EQUITY AND LIABILITIES</b>                                |         |                     |                     |
| <b>(1) Shareholders' Funds</b>                                 |         |                     |                     |
| (a) Share Capital                                              | 1       | 9764.60             | 9370.99             |
| (b) Reserves and Surplus                                       | 2       | 19939.30            | 17724.15            |
| (c) Money received against share warrants from related parties |         | -                   | 393.60              |
|                                                                |         | <b>29703.90</b>     | <b>27488.74</b>     |
| <b>(2) Share application money pending allotment</b>           |         | -                   | -                   |
| <b>(3) Non-current Liabilities</b>                             |         |                     |                     |
| (a) Long-term borrowings                                       | 3       | 9793.75             | 10910.48            |
| (b) Deferred tax liabilities (Net)                             | 4       | 6879.17             | 6631.65             |
| (c) Other Long term liabilities                                |         | -                   | -                   |
| (d) Long-term provisions                                       |         | -                   | 17542.13            |
|                                                                |         | <b>16672.92</b>     |                     |
| <b>(4) Current Liabilities</b>                                 |         |                     |                     |
| (a) Short-term borrowings                                      | 5       | 17529.92            | 15174.66            |
| (b) Trade payables                                             | 6       | 5606.43             | 7582.23             |
| (c) Other current liabilities                                  | 7       | 11581.63            | 11701.88            |
| (d) Short-term provisions                                      | 8       | 721.21              | 150.44              |
|                                                                |         | <b>35439.19</b>     | <b>34609.21</b>     |
| <b>TOTAL</b>                                                   |         | <b>81816.01</b>     | <b>79640.08</b>     |
| <b>II ASSETS</b>                                               |         |                     |                     |
| <b>(1) Non-current Assets:</b>                                 |         |                     |                     |
| (a) Fixed Assets                                               | 9       |                     |                     |
| (i) Tangible Assets                                            |         | 44446.12            | 43103.37            |
| (ii) Intangible Assets                                         |         | -                   | -                   |
| (iii) Capital work-in-progress                                 |         | 12391.98            | 12362.16            |
| (iv) Intangible assets under development                       |         | -                   | -                   |
|                                                                |         | <b>56838.10</b>     | <b>55735.53</b>     |
| (b) Non-current investments                                    | 10      | 171.09              | 171.09              |
| (c) Deferred tax assets(net)                                   |         | -                   | -                   |
| (d) Long-term loans and advances                               | 11      | 3763.93             | 3893.78             |
| (e) Other non-current assets                                   |         | -                   | -                   |
| <b>(2) Current Assets:</b>                                     |         |                     |                     |
| (a) Current investments                                        |         |                     |                     |
| (b) Inventories                                                | 12      | 4304.10             | 6248.75             |
| (c) Trade receivables                                          | 13      | 5274.10             | 5248.52             |
| (d) Cash and Cash equivalents                                  | 14      | 3313.81             | 2203.68             |
| (e) Short term loans and advances                              | 15      | 2394.38             | 2080.92             |
| (f) Other current assets                                       | 16      | 5756.50             | 4057.81             |
|                                                                |         | <b>21042.89</b>     | <b>19839.68</b>     |
| <b>TOTAL</b>                                                   |         | <b>81816.01</b>     | <b>79640.08</b>     |
| Significant Accounting Policies and Notes to Accounts          | 24      | -                   | -                   |

Notes "1" to "16" and Note No:24 Annexed form integral part of Balance Sheet  
As Per our Report of even date attached

For and on behalf of the Board

**For Brahmayya & Co.,**  
Chartered Accountants  
Firm's Regn. No. 000514S

Sd/-  
**T.G. VENKATESH**  
Chairman and Managing Director

Sd/-  
**CA K. KARUNAKAR RAO**  
Executive Director & C.E.O.

Sd/-  
**CA B. DAIVADHEENAM REDDY**  
Partner  
Membership No. 026450

Sd/-  
**CS V. RADHAKRISHNA MURTHY**  
C.G.M & Company Secretary

Sd/-  
**CA C. RAJESH KHANNA**  
C.G.M. & CFO

Place:Hyderabad  
Date: 07<sup>th</sup> May, 2015

Place:Hyderabad  
Date: 07<sup>th</sup> May, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

|                                                                                          |         |                       | Rs. in lakhs          |
|------------------------------------------------------------------------------------------|---------|-----------------------|-----------------------|
|                                                                                          | Note No | Year Ended 31.03.2015 | Year Ended 31.03.2014 |
| <b>I Revenue from Operations (Gross)</b>                                                 | 17      | <b>87643.74</b>       | 87331.15              |
| Less: Excise duty and Sales Tax                                                          |         | <u>9977.84</u>        | <u>10428.54</u>       |
| Revenue from Operations (Net)                                                            |         | <b>77665.90</b>       | 76902.61              |
| <b>II Other Income</b>                                                                   | 18      | <b>569.45</b>         | 400.79                |
| <b>III Total Revenue (I+II)</b>                                                          |         | <b>78235.35</b>       | 77303.40              |
| <b>IV Expenses:</b>                                                                      |         |                       |                       |
| a) Cost of materials consumed                                                            | 19      | <b>31087.36</b>       | 29819.31              |
| b) Purchases of Stock-in-Trade                                                           |         | -                     | -                     |
| c) Changes in inventories of finished goods work-in-progress and stock in Trade          | 20      | <b>163.63</b>         | (211.79)              |
| d) Employee benefits expenses                                                            | 21      | <b>3118.33</b>        | 3160.63               |
| e) Finance costs                                                                         | 22      | <b>3339.51</b>        | 3420.65               |
| f) Depreciation and amortization expense                                                 | 9       | <b>3643.19</b>        | 3553.30               |
| g) Power and Fuel charges                                                                |         | <b>26405.77</b>       | 27680.15              |
| h) Other expenses                                                                        | 23      | <b>6735.32</b>        | 7142.49               |
| <b>Total Expenses</b>                                                                    |         | <b>74493.11</b>       | 74564.74              |
| <b>V Profit before exceptional and extraordinary items and tax (III-IV)</b>              |         | <b>3742.24</b>        | 2738.66               |
| <b>VI Exceptional items (Refer Notes to Accounts No:24.3)</b>                            |         | -                     | 1345.71               |
| <b>VII Profit before extraordinary items and tax (V-VI)</b>                              |         | <b>3742.24</b>        | 1392.95               |
| <b>VIII Extraordinary Items</b>                                                          |         | -                     | -                     |
| <b>IX Profit before tax (VII-VIII)</b>                                                   |         | <b>3742.24</b>        | 1392.95               |
| <b>X Tax expense:</b>                                                                    |         |                       |                       |
| (1) Current Tax                                                                          |         | <b>696.35</b>         | 186.49                |
| (2) Deferred tax liability/(asset)                                                       |         | <b>247.52</b>         | (231.74)              |
| <b>XI Profit for the period from continuing operations (IX-X)</b>                        |         | <b>2798.37</b>        | 1438.20               |
| <b>XII Profit/(loss) from discontinuing operations (Refer Notes to Accounts No:24.4)</b> |         | <b>(583.22)</b>       | (961.02)              |
| <b>XIII Tax expense of discontinuing operations</b>                                      |         | -                     | -                     |
| <b>XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)</b>            |         | <b>(583.22)</b>       | (961.02)              |
| <b>XV Profit for the period (XI+XIV)</b>                                                 |         | <b>2215.15</b>        | 477.18                |
| <b>XVI Earnings per equity share: face value Rs.10/- each</b>                            |         |                       |                       |
| (1) Basic                                                                                |         | <b>2.816</b>          | 0.64                  |
| (2) Diluted                                                                              |         | <b>2.803</b>          | 0.638                 |
| Significant Accounting Policies and Notes to Accounts                                    | 24      |                       |                       |

Notes "17" to "24" Annexed form integral part of statement of Profit and Loss

As Per our Report of even date attached

For and on behalf of the Board

**For Brahmayya & Co.,**  
Chartered Accountants  
Firm's Regn. No. 000514S

Sd/-  
**T.G. VENKATESH**  
Chairman and Managing Director

Sd/-  
**CA K. KARUNAKAR RAO**  
Executive Director & C.E.O.

Sd/-  
**CA B. DAIVADHEENAM REDDY**  
Partner  
Membership No. 026450

Sd/-  
**CS V. RADHAKRISHNA MURTHY**  
C.G.M & Company Secretary

Sd/-  
**CA C. RAJESH KHANNA**  
C.G.M. & CFO

Place:Hyderabad  
Date: 07<sup>th</sup> May, 2015

Place:Hyderabad  
Date: 07<sup>th</sup> May, 2015



## Sree Royalaseema Alkalies and Allied Chemicals Limited

### CASH FLOW STATEMENT AS PER CLAUSE 32 OF LISTING AGREEMENT

|                                                                         | 2014-15 |         |              | 2013-14 |         |              |
|-------------------------------------------------------------------------|---------|---------|--------------|---------|---------|--------------|
|                                                                         | +       | -       | Rs. in lakhs | +       | -       | Rs. in lakhs |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                           |         |         |              |         |         |              |
| NET PROFIT BEFORE TAX AND EXTRAORDINARY / EXCEPTIONAL ITEMS             |         |         | 3742.24      |         |         | 2738.66      |
| ADJUSTMENT FOR:                                                         |         |         |              |         |         |              |
| DEPRECIATION                                                            | 3643.19 |         | 3643.19      | 3553.30 |         | 3553.30      |
| FOREIGN EXCHANGE                                                        |         |         |              |         |         |              |
| LOSS / PROFIT ON SALE OF FIXED ASSETS                                   |         | 54.99   | (54.99)      |         |         | -            |
| INTEREST PAID / RECEIVED                                                | 3339.51 | 335.65  | 3003.86      | 3420.65 | 380.49  | 3040.16      |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES                         |         |         | 10334.30     |         |         | 9332.12      |
| ADJUSTMENTS FOR:                                                        |         |         |              |         |         |              |
| TRADE AND OTHER RECEIVABLES                                             | 1944.64 | 1907.90 | (1907.90)    | 613.17  |         | 613.17       |
| INVENTORIES                                                             |         |         | 1944.64      |         | 173.74  | (173.74)     |
| TRADE PAYABLES AND OTHER CURRENT AND NON-CURRENT LIABILITIES            |         | 625.48  | (625.48)     | 3574.22 |         | 3574.22      |
| WORKING CAPITAL CHANGES                                                 | 1944.64 | 2533.38 | (588.74)     | 4187.39 | 173.74  | 4013.65      |
| CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES            |         |         | 9745.56      |         |         | 13345.77     |
| INTEREST RECEIVED / PAID                                                | 335.65  | 3339.51 | (3003.86)    | 380.49  | 3420.65 | (3040.16)    |
| DIRECT TAXES PAID                                                       |         | 125.57  | (125.57)     |         | 868.12  | (868.12)     |
| CASH FLOW BEFORE EXTRAORDINARY / EXCEPTIONAL ITEMS                      |         |         | 6616.13      |         |         | 9437.49      |
| EXTRAORDINARY ITEMS / EXCEPTIONAL ITEMS:                                |         |         |              |         |         |              |
| RECOMPENSE OF INTEREST DIFFERENTIAL UNDER CDR                           |         |         |              |         | 1345.71 | (1345.71)    |
| LOSS FROM DISCONTINUING OPERATIONS OF POWER PLANT                       | 493.15  | 583.22  | (90.07)      | 688.45  | 961.02  | (272.57)     |
| NET CASH FLOW FROM OPERATING ACTIVITIES                                 |         |         | 6526.06      |         |         | 7819.21      |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>                          |         |         |              |         |         |              |
| SALE / PURCHASE OF FIXED ASSETS                                         | 209.48  | 5393.38 | (5183.90)    |         | 7459.66 | (7459.66)    |
| PURCHASE ON INVESTMENTS                                                 |         |         |              |         |         |              |
| SALE / PURCHASE OF INVESTMENTS                                          |         |         |              |         | 0.30    | (0.30)       |
| INTEREST RECEIVED                                                       |         |         |              |         |         |              |
| DIVIDEND RECEIVED                                                       |         |         |              |         |         |              |
| NET CASHFLOW FROM INVESTING ACTIVITIES                                  | 209.48  | 5393.38 | (5183.90)    |         | 7459.96 | (7459.96)    |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                           |         |         |              |         |         |              |
| PROCEEDS FROM ISSUE OF SHARE CAP/ WARRANTS                              | 4667.96 | 4338.60 | 329.36       | 2263.37 | 3237.29 | (973.92)     |
| REPAYMENT OF FINANCE/LEASE LIABILITIES                                  |         | 561.39  | (561.39)     | 86.67   | 347.21  | (260.54)     |
| REPAYMENT OF LOANS OF DISCONTINUING OPERATIONS (POWER PLANT)            | 4667.96 | 4899.99 | (232.03)     | 2350.04 | 3584.50 | (1234.46)    |
| NET CASH FLOW FROM FINANCING ACTIVITIES                                 |         |         | 1110.13      |         |         | (875.21)     |
| <b>D. NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                     |         |         | 2203.68      |         |         | 3078.89      |
| <b>E. CASH AND CASH EQUIVALENTS as at 01.04.14</b><br>(OPENING BALANCE) |         |         |              |         |         |              |
| <b>F. CASH AND CASH EQUIVALENTS AS AT 31.03.15</b><br>(CLOSING BALANCE) |         |         | 3313.81      |         |         | 2203.68      |

The above Cash Flow Statement has been prepared on the basis of Audited Accounts approved by the Board of Directors and is in agreement with the Statement of Profit and Loss and Balance Sheet as at 31.03.2015.

For and on behalf of the Board

As per our Report of even date attached

**For Brahmayya & Co.,**  
Chartered Accountants  
Firm's Regn. No. 000514S

Sd/-  
**CA B. DAIVADHEENAM REDDY**  
Partner  
Membership No. 026450

Place: Hyderabad  
Date: 07<sup>th</sup> May, 2015

Sd/-  
**T.G. VENKATESH**  
Chairman and Managing Director

Sd/-  
**CS V. RADHAKRISHNA MURTHY**  
C.G.M & Company Secretary

Place: Hyderabad  
Date: 07<sup>th</sup> May, 2015

Sd/-  
**CA K. KARUNAKAR RAO**  
Executive Director & C.E.O.

Sd/-  
**CA C. RAJESH KHANNA**  
C.G.M. & CFO





## NOTES TO BALANCE SHEET

Rs. in lakhs

|                                                                                                                                                          | As at<br>31.03.2015  | As at<br>31.03.2014  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>NOTE NO. 1 - SHARE CAPITAL</b>                                                                                                                        |                      |                      |
| <b>1.1 EQUITY SHARE CAPITAL</b>                                                                                                                          |                      |                      |
| a) <b>AUTHORISED:</b><br>8,10,00,000 Equity shares of Rs.10/- each<br>(Previous year 8,10,00,000 Equity Shares of Rs.10/- each)                          | <b>8100.00</b>       | 8100.00              |
| b) <b>ISSUED:</b><br>7,89,00,932 Equity shares of Rs.10/- each issued<br>(Previous year 7,49,64,890 Equity Shares of Rs.10/- each)                       | <b>7890.09</b>       | 7496.49              |
| c) <b>SUBSCRIBED AND FULLY PAID</b><br>7,87,20,846 Equity shares of Rs.10/- each fully paid<br>(Previous year 7,47,84,804 Equity shares of Rs.10/- each) | <b>7872.09</b>       | 7478.48              |
| d) <b>SUBSCRIBED BUT NOT FULLY PAID</b><br>1,80,086 Equity shares of Rs.10/- each                                                                        | -                    | -                    |
| e) <b>CALLS UNPAID</b>                                                                                                                                   | -                    | -                    |
| f) <b>FOREFITED SHARES</b><br>Amount received on forfeiture of 1,80,086 equity<br>shares originally issued in 1995-96                                    | <b>4.28</b>          | 4.28                 |
| <b>TOTAL</b>                                                                                                                                             | <b>7876.37</b>       | 7482.76              |
| <b>1.2 PREFERENCE SHARE CAPITAL</b>                                                                                                                      |                      |                      |
| a) <b>AUTHORISED:</b><br>1,90,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each<br>having Coupon rate of 0.01%                              | <b>1900.00</b>       | 1900.00              |
| b) <b>ISSUED:</b><br>1,88,82,332 Cumulative Redeemable Preference Shares of Rs.10/- each                                                                 | <b>1888.23</b>       | 1888.23              |
| c) <b>SUBSCRIBED AND FULLY PAID</b><br>1,88,82,332 Cumulative Redeemable Preference Shares of Rs.10/- each                                               | <b>1888.23</b>       | 1888.23              |
| d) <b>SUBSCRIBED BUT NOT FULLY PAID</b>                                                                                                                  | -                    | -                    |
| <b>TOTAL</b>                                                                                                                                             | <b>1888.23</b>       | 1888.23              |
| <b>TOTAL SHARE CAPITAL (1.1+1.2)</b>                                                                                                                     | <b>9764.60</b>       | 9370.99              |
| <b>1.3 RECONCILIATION OF NUMBER OF SHARES OUTSTANDING</b>                                                                                                |                      |                      |
| a) <b>EQUITY SHARES</b>                                                                                                                                  | <b>No. of Shares</b> | <b>No. of Shares</b> |
| At the beginning of the year                                                                                                                             | 74784804             | 71045564             |
| Add: Issued during the year                                                                                                                              | 3936042              | 3739240              |
| Less: Bought back during the year                                                                                                                        | -                    | -                    |
| At the end of the year                                                                                                                                   | <b>78720846</b>      | 74784804             |
| b) <b>PREFERENCE SHARES</b>                                                                                                                              |                      |                      |
| At the beginning of the year                                                                                                                             | 18882332             | 18882332             |
| Add: Issued during the year                                                                                                                              | -                    | -                    |
| Less: Redeemed during the year                                                                                                                           | -                    | -                    |
| At the end of the year                                                                                                                                   | <b>18882332</b>      | 18882332             |



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

|                                                             | As at<br>31.03.2015 |                      | As at<br>31.03.2014 |                      |
|-------------------------------------------------------------|---------------------|----------------------|---------------------|----------------------|
| <b>1.4 LIST OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES</b> |                     |                      |                     |                      |
| <b>a) EQUITY SHARES</b>                                     | <b>%</b>            | <b>No. of Shares</b> | <b>%</b>            | <b>No. of Shares</b> |
| Sree Rayalaseema Hi-Strength Hypo Ltd                       | 26.10               | 20544496             | 26.13               | 19544496             |
| The Industrial Finance Corporation of India Ltd (IFCI Ltd)  | -                   | -                    | 16.24               | 12143528             |
| TGV Projects & Investments Pvt Ltd                          | 14.86               | 11694248             | 11.71               | 8758206              |
| IDBI Bank Ltd                                               | 7.19                | 5662461              | 8.43                | 6305620              |
| <b>b) PREFERENCE SHARES</b>                                 |                     |                      |                     |                      |
| Sree Rayalaseema Hi-Strength Hypo Ltd                       | 31.28               | 5906504              | 31.28               | 5906504              |
| IDBI Bank Ltd                                               | 9.57                | 1807959              | 9.57                | 1807959              |
| Parag Gases and Chemicals Pvt Ltd                           | -                   | -                    | 7.00                | 1321105              |
| Prakash Babulal Mutha                                       | 6.61                | 1248193              | -                   | -                    |

1.5 The Company has no Subsidiaries/ Associates and has no Holding Company.

1.6 Out of Equity shares issued, subscribed and fully paid up 2,86,10,955 No. of equity shares of Rs.10/-each allotted on preferential allotment to Financial Institutions IDBI/IFCI by conversion of 15% Rupee/F.C loans and Debentures on 08.03.2005. The company has allotted 1,45,80,000. No. of equity shares of Rs.10/- each on 08.03.2005 and 54,20,000 on 25.04.2006 to promoters group on preferential allotment by conversion of 2,00,00,000 fully paid share warrants issued on 08.3.2005.

During the year, 39,36,042 No of equity shares of Rs.10/- each allotted on 05.04.2014 and 37,39,240 No of Equity shares allotted on 27.04.2013 and 35,52,278 No of Equity Share allotted on 10.12.2012 to promoters group on preferential allotment by conversion out of 1,12,27,560 Share Warrants allotted on 19.11.2012.

1.7 Cumulative Redeemable Preference shares issued, subscribed and fully paid up 1,88,82,332 of Rs.10/- each having a coupon rate of 0.01% from April,2002 were allotted on sub-division and consolidation of 50% holding of equity shares and are redeemable after 15 year in 4 quarterly instalments commencing from 1.04.2018.

1.8 Redeemable Optionally Fully Convertible Debentures of 5% Series "B" 2,05,177 of Rs.100/-each issued to IFICI Ltd as per restructuring package are redeemable in 96 monthly instalments from April,2008. In case of default in redemption of debentures, option can be exercised by IFICI Ltd to the extent of outstanding balance as on 31.3.2015 of Rs.23.51 lakhs (as on 31.3.2014 Rs.55.56 lakhs) and no fixed date of conversion.

|                                                          |                     | Rs. in lakhs |                     |
|----------------------------------------------------------|---------------------|--------------|---------------------|
|                                                          | As at<br>31.03.2015 |              | As at<br>31.03.2014 |
| NOTE NO. 2 - RESERVES AND SURPLUS                        |                     |              |                     |
| (a) Capital Reserve - opening balance                    | 2.00                |              | 2.00                |
| (b) Capital Redemption Reserve - opening balance         | 2000.00             | 1500.00      |                     |
| Add: Transfer from Surplus in Statement of Profit & Loss | - 2000.00           | 500.00       | 2000.00             |
| (c) Securities Premium Reserve - opening balance         | 2288.51             |              | 2288.51             |
| (d) Debentures Redemption Reserve - opening balance      | 4500.00             | 4500.00      |                     |
| Add: Transfer from Surplus in Statement of Profit & Loss | - 4500.00           | -            | 4500.00             |
| (e) Revaluation Reserve                                  | -                   |              | -                   |
| (f) Share Options Outstanding Account                    | -                   |              |                     |
| Other Reserves                                           |                     |              |                     |
| (g) Central Subsidy - opening balance                    | 111.67              |              | 111.67              |
| (h) General Reserve - opening balance                    | 5957.36             | 4957.36      |                     |
| Add: Transfer from Surplus in Statement of Profit & Loss | 1500.00 7457.36     | 1000.00      | 5957.36             |
|                                                          | 16359.54            |              | 14859.54            |



|                                          |                                                                                                                                                                                                                                                      | Rs. in lakhs                         |                                     |
|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
|                                          |                                                                                                                                                                                                                                                      | As at<br>31.03.2015                  | As at<br>31.03.2014                 |
| (i)                                      | Surplus - Balance in Statement of Profit and Loss - opening balance<br>Add: Profit for the Year from Statement of Profit and Loss                                                                                                                    | 2864.61<br>2215.15<br><u>5079.76</u> | 3887.43<br>477.18<br><u>4364.61</u> |
|                                          | Less: Appropriations                                                                                                                                                                                                                                 |                                      |                                     |
|                                          | Transfer to General Reserve                                                                                                                                                                                                                          | 1500.00                              | 1000.00                             |
|                                          | Transfer to Capital Redemption Reserve                                                                                                                                                                                                               | -                                    | 500.00                              |
|                                          | <b>TOTAL</b>                                                                                                                                                                                                                                         | <u>3579.76</u><br><u>19939.30</u>    | <u>2864.61</u><br><u>17724.15</u>   |
| <b>NOTE NO. 3 - LONG TERM BORROWINGS</b> |                                                                                                                                                                                                                                                      |                                      |                                     |
| <b>SECURED:</b>                          |                                                                                                                                                                                                                                                      |                                      |                                     |
| <b>3.1 Debentures</b>                    |                                                                                                                                                                                                                                                      |                                      |                                     |
| a)                                       | 8,50,000 -11% Redeemable Non-convertible Debentures of Rs.100/- each issued to IDBI (As per Restructuring of Debts payable in 96 Monthly instalments from April, 2008)                                                                               | -                                    | 106.25                              |
| b)                                       | 2,05,177 - Series "B" 5% interest, Redeemable Optionally Fully convertible debentures of Rs.100/- each issued to I.F.C.I. Ltd (as per restructuring package redeemable in 96 Monthly Instalments from April, 2008)                                   | -                                    | 25.64                               |
| c)                                       | 3,10,761- Series "A" 5% interest, Redeemable Non-Convertible Debentures of Rs.100/- each issued to I.F.C.I. Ltd (as per restructuring package redeemable in 96 Monthly Instalments from April, 2008)                                                 | -                                    | 38.82                               |
| d)                                       | 30,32,011 - Series "C" 5% interest, Redeemable Non-convertible Debentures of Rs.100/- each issued to I.F.C.I. Ltd (liability to the extent of crystallised dues) as per restructuring package Redeemable in 96 Monthly Instalments from April, 2008) | -                                    | 379.00                              |
|                                          |                                                                                                                                                                                                                                                      | -                                    | 549.71                              |
| <b>3.2 Term Loans</b>                    |                                                                                                                                                                                                                                                      |                                      |                                     |
| a)                                       | From Institutions                                                                                                                                                                                                                                    |                                      |                                     |
| i)                                       | IDBI & IFCI Term Loans (Repayable in 96 Monthly Instalments from April, 2008)                                                                                                                                                                        | -                                    | 2081.44                             |
| ii)                                      | IDBI & IFCI Deferred Loans (Repayable in 120 Monthly instalments from April, 2006 as per Restructuring package)                                                                                                                                      | -                                    | 478.58                              |
| b)                                       | From Banks (Repayable in 45 monthly instalments from January, 2015 as per Revised Loan Agreement)                                                                                                                                                    | 5290.75                              | 5355.24                             |
|                                          |                                                                                                                                                                                                                                                      | 5290.75                              | 7915.26                             |
| 3.3                                      | Working Capital Term loan from Banks (Rs.629 Lakhs loan repayable in 36 Months from March,2015 and Rs.1571 Lakhs loan repayable in 20 Quarters from October 2015)                                                                                    | 1833.23                              | -                                   |
|                                          | <b>TOTAL</b>                                                                                                                                                                                                                                         | <u>7123.98</u>                       | <u>8464.97</u>                      |
| <b>UNSECURED:</b>                        |                                                                                                                                                                                                                                                      |                                      |                                     |
| 3.4                                      | Deferred Payment liabilities (Sales Tax deferrment/ loan sanctioned as per State Incentive Schemes (Repayable from the year 2018-19 to 2023-24 )                                                                                                     | 832.37                               | 832.37                              |
| 3.5                                      | Loans and advances from related parties (contribution from promoters group as per approved project scheme and convertible into Equity)                                                                                                               | 1837.40                              | 1613.14                             |
|                                          | <b>TOTAL</b>                                                                                                                                                                                                                                         | <u>2669.77</u><br><u>9793.75</u>     | <u>2445.51</u><br><u>10910.48</u>   |



- 3.6 There were no Long Term Deposits, Deferred Payments liabilities and Finance Lease obligations .
- 3.7 There is no default as on 31.3.2015/31.03.2014 in repayment of loans and interest payments on Debentures and Term Loans, Deferred payment of Sales Tax of Rs.289.83 Lakhs was over due as per instalments granted by the Department and classified as other current liability.
- 3.8 Redeemable Optionally Fully Convertible Debentures of 5% Series "B" 2,05,177 of Rs.100/-each issued to IFCI Ltd as per restructuring package are redeemable in 96 monthly instalments from April,2008. In case of default in redemption of debentures, option can be exercised by IFCI Ltd to the extent of outstanding balance as on 31.3.15 of Rs.23.51 lakhs (as on 31.3.14 Rs.55.56 lakhs) and no fixed date of conversion.

**3.9 SECURITY:**

**A) DEBENTURES:**

- 1) The above Debentures issued to IDBI are secured by first charge of all the Company's immovable properties both present and future ranking pari passu with the mortgages and charges created / to be created with other loans and further secured by first charge by way of mortgage of Company's properties (save and except book debts and assets exclusively charged / to be charged in favour of IDBI) including movable machinery, machinery spares, tools and accessories present and future subject to prior charge created and / or to be created in favour of Company's Bankers on the Company's stock of raw materials as well as to Banks on semi-finished and finished goods, consumable stores and such other movables as may be agreed to by the Trustees for securing the borrowings for working capital requirements in the ordinary course of business and further secured by pledge of 804000 Nos. of APGPCL Equity shares of Rs.10/- each and guaranteed by the Chairman and Managing Director, Sri T.G.Venkatesh.
- 2) The above series "A" debentures issued to IFCI are secured in favour of their Trustees by way of first charge on all immovable properties situated at Bellary both present and future and further secured by way of first charge on company's movable (save and except book-debts), including movable machinery, machinery spares, tools and accessories; present and future, subject to prior charge created and/or to be created in favour of company's bankers on the stock of raw materials, semi-finished goods, consumable stores and such other movable, as may be agreed to by the trustees, for securing the borrowings for working capital requirements in the ordinary course of business and further guaranteed by Chairman and Managing Director, Sri T.G.Venkatesh.
- 3) The above series "B&C" debentures issued to IFCI are secured in favour of their Trustees by way of first charge on all immovable both present and future and further secured by way of first charge on company's movable (save and except book-debts), including movable machinery, machinery spares, tools and accessories; present and future, subject to prior charges created and / or to be created in favour of company's bankers on the stock of raw materials, semi-finished goods, consumable stores and such other movable, as may be agreed to by the trustees, for securing the borrowings for working capital requirements in the ordinary course of business and further guaranteed by Chairman and Managing Director, Sri T.G.Venkatesh.

**B) TERM LOANS**

- 1) The above Term Loans and Deferred loans from Institutions [except the Term Loan amount of Rs.753.82 lakhs from M/s IFCI Ltd. secured by first exclusive charge on the building, plant and machinery acquired under project schemes of Fatty Acid, Potassium Hydroxide / and power plant at Bellary are secured by first charge on all the immovable properties both present and future and further secured by first charge by way of hypothecation of all movables (save and except book debts and inventories including movable machineries, spares, tools, accessories both at present and future, subject to prior charges created/ to be created in favour of the company's bankers as specified movables for working capital requirements) and further Guaranteed by the Managing Director, Sri T.G.Venkatesh.  
  
IFCI's Additional Margin money for working capital loan outstanding of Rs.97.40 Lakhs is further secured by pledge of 536000 Nos. of APGPCL Equity shares of Rs.10/- each and corporate guarantee provided by Sree Rayalaseema Hi-strength Hypo Ltd.
- 2) The above Term loans from Banks are secured by first pari passu charge on fixed assets of chloromethanes Project, and 2nd pari passu charge on other existing fixed assets, 2nd pari passu charge on the current assets and personal guarantee of Chairman and Managing Director Sri T.G.Venkatesh
- 3) The above Working capital term loans from banks are secured by first pari passu charge on current assets i.e., specific lien on incentives and first pari passu charge on entire fixed assets of the company excluding assets pertaining to Chloromethanes Project, Fatty Acids, KOH and Power Plant at Bellary and personal guarantee of Chairman and Managing Director Sri T.G.Venkatesh



|                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                     | Rs. in lakhs        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                         | As at<br>31.03.2015 | As at<br>31.03.2014 |
| <b>NOTE NO. 4 - DEFERRED TAX LIABILITY (NET)</b>                                                                                                                                                                                                                                                                                                                                                                                                        |                     |                     |
| a) Deferred tax liability as on 31.03.2015/31.03.2014 in respect of timing difference arising on account of difference between straight line and written down Value methods and rates of depreciation                                                                                                                                                                                                                                                   | 6879.17             | 6631.65             |
| b) Less: Deferred tax asset as on 31.03.2015/31.03.2014 in respect of unabsorbed depreciation/losses and expenses allowable U/s 43B of IT Act.                                                                                                                                                                                                                                                                                                          | -                   | -                   |
| c) Net Deferred tax liability as on 31.03.2015                                                                                                                                                                                                                                                                                                                                                                                                          | 6879.17             | 6631.65             |
| d) Less: Opening Deferred tax liability as on 01.04.2014/01.04.2013                                                                                                                                                                                                                                                                                                                                                                                     | 6631.65             | 6863.39             |
| <b>Net Deferred tax liability/(asset) for the year</b>                                                                                                                                                                                                                                                                                                                                                                                                  | <b>247.52</b>       | <b>(231.74)</b>     |
| <b>NOTE NO. 5 - SHORT TERM BORROWINGS</b>                                                                                                                                                                                                                                                                                                                                                                                                               |                     |                     |
| <b>SECURED</b>                                                                                                                                                                                                                                                                                                                                                                                                                                          |                     |                     |
| 5.1 From Banks                                                                                                                                                                                                                                                                                                                                                                                                                                          |                     |                     |
| a) Working capital Demand Loans                                                                                                                                                                                                                                                                                                                                                                                                                         | 551.04              | 554.03              |
| b) Cash Credits                                                                                                                                                                                                                                                                                                                                                                                                                                         | 955.40              | 1692.14             |
| c) Bill Discounting                                                                                                                                                                                                                                                                                                                                                                                                                                     | 437.75              | 579.71              |
| d) Letters of Credit issued by Banks to Creditors<br>(Payable to Banks on due dates of Letters of Credit)                                                                                                                                                                                                                                                                                                                                               | 14453.27            | 11309.22            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 16397.46            | 14135.10            |
| 5.2 From Others                                                                                                                                                                                                                                                                                                                                                                                                                                         |                     |                     |
| a) Sale/Purchase Bills Discounted with Can Bank Factors Ltd<br>(Payable on due dates of Bills/factors)                                                                                                                                                                                                                                                                                                                                                  | 1132.46             | 1039.56             |
| <b>TOTAL</b>                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>17529.92</b>     | <b>15174.66</b>     |
| 5.3 There were no loans repayable on demand and short term Deposits/loans and advances from related parties.                                                                                                                                                                                                                                                                                                                                            |                     |                     |
| 5.4 There is no default as on 31.03.2015 (31.03.2014) in repayment of loans and interest payments on Working capital Loans, Letters of Credit issued and Bills discounted with Banks and others.                                                                                                                                                                                                                                                        |                     |                     |
| <b>5.5 SECURITY</b>                                                                                                                                                                                                                                                                                                                                                                                                                                     |                     |                     |
| a) Short Term Loans from Banks:                                                                                                                                                                                                                                                                                                                                                                                                                         |                     |                     |
| The above Working Capital Demand Loans, Cash Credits and Bills discounted by Banks are secured by 1st pari passu charge by way of hypothecation of inventories and receivable of the company and further secured by 2nd pari passu charge on land, building and Plant and machinery and guaranteed by the Chairman and Managing Director, Sri T.G.Venkatesh                                                                                             |                     |                     |
| b) Letters of Credit from Banks:                                                                                                                                                                                                                                                                                                                                                                                                                        |                     |                     |
| The above Letter of credit facility availed from Banks were secured by 1st pari passu by way of hypothecation of inventories and receivable of the company and further secured by 2nd pari passu charge on land, building and Plant and machinery and guaranteed by the Chairman and Managing Director, Sri T.G.Venkatesh                                                                                                                               |                     |                     |
| c) Bills discounted with Can Bank Factors Ltd:                                                                                                                                                                                                                                                                                                                                                                                                          |                     |                     |
| The above Sale Bill discounting facility from Can Bank Factors Ltd is secured by second charge on respective fixed assets of the company ranking pari passu with charges already created/ to be created by the Company and further guaranteed by the and Chairman and Managing Director Sri T.G.Venkatesh and purchase bill discounting facility sanctioned by Can Bank Factors Ltd are secured by 2nd pari passu charge on fixed assets of the company |                     |                     |



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

|                                                                                                                                                                                                                                                                                                            |                     | Rs. in lakhs        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
|                                                                                                                                                                                                                                                                                                            | As at<br>31.03.2015 | As at<br>31.03.2014 |
| <b>NOTE NO. 6 - TRADE PAYABLES</b>                                                                                                                                                                                                                                                                         |                     |                     |
| <b>UNSECURED CREDITORS</b>                                                                                                                                                                                                                                                                                 |                     |                     |
| 6.1 for Capital goods                                                                                                                                                                                                                                                                                      | 217.10              | 653.76              |
| 6.2 for Supplies of raw materials/stores and spares etc                                                                                                                                                                                                                                                    | 4540.29             | 6032.13             |
| 6.3 for Services                                                                                                                                                                                                                                                                                           | 849.04              | 896.34              |
| <b>TOTAL</b>                                                                                                                                                                                                                                                                                               | <b>5606.43</b>      | <b>7582.23</b>      |
| DUES TO MICRO, SMALL & MEDIUM ENTERPRISES<br>AS REQUIRED UNDER THE MICRO, SMALL &<br>MEDIUM ENTERPRISES AND DEVELOPMENT ACT, 2006<br>(Refer Notes to Accounts No: 24.9)                                                                                                                                    |                     |                     |
| <b>NOTE NO. 7 - OTHER CURRENT LIABILITIES</b>                                                                                                                                                                                                                                                              |                     |                     |
| 7.1 Current maturities of long term debt<br>(payable within 12 months after the reporting date)                                                                                                                                                                                                            |                     |                     |
| <b>SECURED:</b>                                                                                                                                                                                                                                                                                            |                     |                     |
| a) Debenture Loans from IDBI & IFCI                                                                                                                                                                                                                                                                        | 503.90              | 636.20              |
| b) Term Loans from IDBI & IFCI                                                                                                                                                                                                                                                                             | 1887.25             | 2432.00             |
| c) Deferred Term Loans from IDBI & IFCI                                                                                                                                                                                                                                                                    | 439.22              | 521.80              |
| d) Term Loans from Banks                                                                                                                                                                                                                                                                                   | 2251.11             | 382.52              |
| e) Interest and accrued but not due on term loans                                                                                                                                                                                                                                                          | -                   | 182.50              |
| f) Recompense of Interest differential on restructuring of<br>Loans payable to lenders under CDR Scheme                                                                                                                                                                                                    | -                   | 800.82              |
|                                                                                                                                                                                                                                                                                                            | <b>5081.48</b>      | <b>4955.84</b>      |
| <b>UNSECURED:</b>                                                                                                                                                                                                                                                                                          |                     |                     |
| 7.2 Deferred Payment Sales Tax<br>payable within 12 months after the reporting date                                                                                                                                                                                                                        | 289.83              | 289.83              |
| <b>7.3 OTHERS</b>                                                                                                                                                                                                                                                                                          |                     |                     |
| a) Trade Deposits from Dealers/customers payable on demand                                                                                                                                                                                                                                                 | 910.04              | 461.20              |
| b) Statutory Dues towards Excise duty, Service tax,<br>VAT, TDS etc                                                                                                                                                                                                                                        | 694.85              | 763.78              |
| c) Employees Salaries, Bonus and P F/ ESI recoveries and<br>contributions to Superannuation Fund                                                                                                                                                                                                           | 400.17              | 334.33              |
| d) Advances from customers                                                                                                                                                                                                                                                                                 | 1067.31             | 1672.50             |
| e) Dues to Banks (Cheques issued in current accounts)                                                                                                                                                                                                                                                      | 383.52              | 205.02              |
| f) Power charges and other expenses payable                                                                                                                                                                                                                                                                | 2754.43             | 3019.38             |
| <b>TOTAL</b>                                                                                                                                                                                                                                                                                               | <b>6210.32</b>      | <b>6456.21</b>      |
|                                                                                                                                                                                                                                                                                                            | <b>11581.63</b>     | <b>11701.88</b>     |
| 7.4 There were no current maturities of Finance Lease Obligations, Interest accrued and due on borrowings, unpaid Dividends, unpaid matured Debentures or Deposits and interest accrued thereon, Income received in advance and Application money received for allotment of securities and due for refund. |                     |                     |
| <b>NOTE NO. 8 - SHORT TERM PROVISIONS</b>                                                                                                                                                                                                                                                                  |                     |                     |
| 8.1 Provision for employee benefits.                                                                                                                                                                                                                                                                       |                     |                     |
| a) Un-availed Leave encashment                                                                                                                                                                                                                                                                             | 24.87               | 22.63               |
| 8.2 Others                                                                                                                                                                                                                                                                                                 |                     |                     |
| a) Provision for Income Tax                                                                                                                                                                                                                                                                                | 696.34              | 127.81              |
| <b>TOTAL</b>                                                                                                                                                                                                                                                                                               | <b>721.21</b>       | <b>150.44</b>       |



| NOTE NO. 9 - FIXED ASSETS |                                         |                  |                 |                |                               |                 |                |               |                 | Rs. in Lakhs     |                  |
|---------------------------|-----------------------------------------|------------------|-----------------|----------------|-------------------------------|-----------------|----------------|---------------|-----------------|------------------|------------------|
| S.No.                     | Description                             | ORIGINAL COST    |                 |                | DEPRECIATION AND AMORTISATION |                 |                | BOOK VALUE    |                 |                  |                  |
|                           |                                         | As at 0/04/2014  | Additions       | Deductions     | As at 31/03/2015              | Upto 31/03/2014 | For the Year   | Deductions    | Upto 31/03/2015 | As at 31/03/2015 | As at 31/03/2014 |
| 1                         | a) Free Hold Land & Development         | 787.69           | 4.29            | 90.47          | 701.51                        |                 |                |               |                 | 701.51           | 787.69           |
|                           | b) Lease Hold Land                      | 15.29            | -               | -              | 15.29                         |                 |                |               |                 | 15.29            | 15.29            |
| 2                         | Buildings                               |                  |                 |                |                               |                 |                |               |                 |                  |                  |
|                           | a) Factory Buildings                    | 6451.86          | 661.92          | -              | 7113.78                       | 1655.54         | 199.72         |               | 1855.26         | 5258.52          | 4796.32          |
|                           | b) Non-Factory Buildings                | 832.88           | 57.53           | -              | 890.41                        | 116.32          | 13.17          |               | 129.49          | 760.92           | 716.56           |
|                           | c) Roads & Bowls                        | 372.15           | -               | -              | 372.15                        | 209.22          | 43.53          |               | 252.75          | 119.40           | 162.93           |
| 3                         | Plant & Machinery - Continuous Process  | 46677.29         | 757.98          | -              | 47435.27                      | 25333.36        | 2214.72        |               | 27548.08        | 19887.19         | 21343.93         |
| 4                         | Thermal Power Plants                    | 29745.06         | 3336.47         | 226.36         | 32855.17                      | 15899.96        | 1343.84        | 162.34        | 17081.46        | 15773.71         | 13845.10         |
| 5                         | Other Plant & Machinery                 | 3868.97          | 723.12          | -              | 4592.09                       | 2676.92         | 214.47         |               | 2891.39         | 1700.70          | 1192.05          |
| 6                         | Furniture & Fittings                    | 98.65            | 2.84            | -              | 101.49                        | 75.78           | 6.16           |               | 81.94           | 19.55            | 22.87            |
| 7                         | Office & Telephone Equipments           | 334.24           | 18.49           | -              | 352.73                        | 251.92          | 45.65          |               | 297.57          | 55.16            | 82.32            |
| 8                         | Computers                               | 330.51           | 58.34           | -              | 388.85                        | 296.21          | 17.77          |               | 313.98          | 74.87            | 34.30            |
| 9                         | Lab, Workshop & Other Equipment         | 255.36           | -               | -              | 255.36                        | 193.29          | 23.08          |               | 216.37          | 38.99            | 62.07            |
| 10                        | Vehicles                                | 307.00           | 12.59           | -              | 319.59                        | 265.06          | 14.22          |               | 279.28          | 40.31            | 41.94            |
|                           | <b>Total</b>                            | <b>90076.95</b>  | <b>5633.57</b>  | <b>316.83</b>  | <b>95393.69</b>               | <b>46973.58</b> | <b>4136.33</b> | <b>162.34</b> | <b>50947.57</b> | <b>44446.12</b>  | <b>43103.37</b>  |
|                           | 1) Chloromethanes Plant under Trial Run | 9874.14          | 2517.84         | -              | 12391.98                      |                 |                |               |                 | 12391.98         | 9874.14          |
|                           | 2) Plant & machinery                    | 2758.02          | 2779.00         | 5537.02        | -                             |                 |                |               |                 | -                | 2758.02          |
|                           | <b>Grand Total:</b>                     | <b>102709.11</b> | <b>10930.41</b> | <b>5853.85</b> | <b>107785.67</b>              | <b>46973.58</b> | <b>4136.33</b> | <b>162.34</b> | <b>50947.57</b> | <b>56838.10</b>  | <b>55735.53</b>  |
|                           | <b>Previous Year</b>                    | <b>95249.44</b>  | <b>8178.79</b>  | <b>719.12</b>  | <b>102709.11</b>              | <b>42731.83</b> | <b>4241.75</b> | <b>-</b>      | <b>46973.58</b> | <b>55735.53</b>  | <b>52517.60</b>  |

In the light of change in Depreciation Accounting policy, the value of Depreciation and Amortisation upto 31-03-2014 and book value as at 31-03-014 are regrouped (Refer Notes to Accounts No. 24-1-C).



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

|                                                                                                                                                                                                                                                                             | Rs. in lakhs        |                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
|                                                                                                                                                                                                                                                                             | As at<br>31.03.2015 | As at<br>31.03.2014 |
| <b>NOTE NO. 10 - NON CURRENT INVESTMENTS</b>                                                                                                                                                                                                                                |                     |                     |
| <b>10.1 NON-TRADE INVESTMENTS</b>                                                                                                                                                                                                                                           |                     |                     |
| a) In Government Securities:<br>National Saving Certificates (unquoted and valued at cost)                                                                                                                                                                                  | 1.80                | 1.80                |
| b) In Equity Shares (Quoted and valued at cost)                                                                                                                                                                                                                             |                     |                     |
| i) Sree Rayalaseema Hi-Strength Hypo Ltd<br>(244749 Equity Shares of Rs.10/- each)                                                                                                                                                                                          | 24.48               | 24.48               |
| ii) Indian Bank<br>(839 Equity Shares of Rs.10/- each at Rs.91/- each)                                                                                                                                                                                                      | 0.76      25.24     | 0.76      25.24     |
| <b>10.2 TRADE INVESTMENTS</b>                                                                                                                                                                                                                                               |                     |                     |
| a) In Equity Shares (unquoted and valued at cost)<br>Andhra Pradesh Gas Power Corporation Ltd.,<br>(536000 Equity Shares of Rs.10/- each<br>and 804000 Equity Shares of Rs.10/- each at Rs.12.50<br>& Bonus Shares 53600, which are pledged with<br>Financial Institutions) | 144.05              | 144.05              |
| <b>TOTAL</b>                                                                                                                                                                                                                                                                | <u>171.09</u>       | <u>171.09</u>       |
| <b>10.3 Aggregate Amount of :</b>                                                                                                                                                                                                                                           |                     |                     |
| a) Quoted Investments                                                                                                                                                                                                                                                       | 25.24               | 25.24               |
| b) Market Value of Quoted Investments                                                                                                                                                                                                                                       | 116.06              | 54.32               |
| c) Unquoted Investments                                                                                                                                                                                                                                                     | 145.85              | 145.85              |
| d) Provision for diminution in value of investments                                                                                                                                                                                                                         | NIL                 | NIL                 |
| 10.4 There were no investments in Subsidiaries, Associates, Joint Ventures<br>and controlled special purpose Entities and in Preference Shares, Bonds,<br>Debentures, Mutual Funds and in Partnership Firms.                                                                |                     |                     |
| <b>NOTE NO. 11 - LONG TERM LOANS AND ADVANCES</b>                                                                                                                                                                                                                           |                     |                     |
| <b>11.1 Unsecured and considered good</b>                                                                                                                                                                                                                                   |                     |                     |
| (a) Capital Advances                                                                                                                                                                                                                                                        | 551.66              | 568.27              |
| (b) Security Deposits with Power Distribution Corporation Ltd                                                                                                                                                                                                               | 1815.68             | 1815.68             |
| (c) Loans and advances to related parties (Rent Deposit)                                                                                                                                                                                                                    | 228.35              | -                   |
| (d) Other loans and advances<br>(Includes amounts paid under protest and claims receivable)                                                                                                                                                                                 | 1168.24             | 1509.83             |
| <b>TOTAL</b>                                                                                                                                                                                                                                                                | <u>3763.93</u>      | <u>3893.78</u>      |
| <b>NOTE NO. 12 - INVENTORIES</b>                                                                                                                                                                                                                                            |                     |                     |
| 12.1 Raw Materials                                                                                                                                                                                                                                                          | 786.02              | 2440.67             |
| 12.2 Work-in-progress                                                                                                                                                                                                                                                       | 419.00              | 511.41              |
| 12.3 Finished Goods                                                                                                                                                                                                                                                         | 703.62              | 773.98              |
| 12.4 Stores and spares, Chemicals, fuel and packing materials                                                                                                                                                                                                               | 1817.29             | 1966.82             |
| 12.5 Scrap and other disposals                                                                                                                                                                                                                                              | 13.88               | 14.73               |
| 12.6 Goods in transit ( In Port Yard)                                                                                                                                                                                                                                       |                     |                     |
| a) Raw Materials                                                                                                                                                                                                                                                            | 564.29              | 323.22              |
| b) Stores and spares and fuels                                                                                                                                                                                                                                              | -                   | 217.92              |
| <b>TOTAL</b>                                                                                                                                                                                                                                                                | <u>4304.10</u>      | <u>6248.75</u>      |
| <b>METHOD OF VALUATION OF STOCKS:</b>                                                                                                                                                                                                                                       |                     |                     |
| Refer Accounting Policies under Note No. 24.1-B                                                                                                                                                                                                                             |                     |                     |





|                                                                                                    | Rs. in lakhs             |                          |
|----------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
|                                                                                                    | As at<br>31.03.2015      | As at<br>31.03.2014      |
| <b>NOTE NO. 13 - TRADE RECEIVABLES</b>                                                             |                          |                          |
| 13.1 Trade Receivables outstanding for a period exceeding six months from the date due for payment |                          |                          |
| a) Unsecured and considered good                                                                   | 142.12                   | 203.23                   |
| b) Considered Doubtful/Bad                                                                         | -                        |                          |
| Less :Provision for doubtful debts                                                                 | 22.25                    |                          |
|                                                                                                    | <u>22.25</u>             |                          |
|                                                                                                    | 142.12                   | 203.23                   |
| 13.2 Other Trade Receivables                                                                       |                          |                          |
| a) Unsecured and considered good                                                                   | 5131.98                  | 5045.29                  |
| <b>TOTAL</b>                                                                                       | <u>5274.10</u>           | <u>5248.52</u>           |
| <b>NOTE NO. 14 - CASH AND CASH EQUIVALENTS</b>                                                     |                          |                          |
| 14.1 Cash on hand                                                                                  | 14.99                    | 14.03                    |
| 14.2 Balances with banks in current accounts                                                       | 402.88                   | 291.70                   |
| 14.3 Cheques/Drafts in hand                                                                        | 14.36                    | 2.20                     |
| 14.4 Balance with Banks in Margin Money/Fixed Deposits for LC/BG                                   | 2748.58                  | 1510.72                  |
| 14.5 Bank Deposits with more than 12 Months Maturity                                               | 133.00                   | 385.03                   |
|                                                                                                    | <u>2881.58</u>           | <u>1895.75</u>           |
|                                                                                                    | <u>3313.81</u>           | <u>2203.68</u>           |
| <b>NOTE NO. 15 - SHORT TERM LOANS AND ADVANCES</b>                                                 |                          |                          |
| <b>UNSECURED AND CONSIDERED GOOD</b>                                                               |                          |                          |
| 15.1 Loans and advances to related parties                                                         | 114.95                   | -                        |
| 15.2 Others                                                                                        |                          |                          |
| a) Advance to Suppliers                                                                            | 419.93                   | 652.82                   |
| b) Advance to Employees                                                                            | 88.51                    | 88.65                    |
| c) Advance to Contractors & Transporters                                                           | 144.23                   | 76.18                    |
| d) Prepaid Insurance and other Expenses                                                            | 320.45                   | 205.59                   |
| e) Tender/Security/Telephone Deposits                                                              | 281.05                   | 245.90                   |
| f) Advance Excise Duties/CENVAT/VAT/Service Tax                                                    | 434.78                   | 580.37                   |
| g) Advance Income Tax and TDS                                                                      | 445.06                   | 163.24                   |
| h) Other Advances                                                                                  | 145.42                   | 68.17                    |
|                                                                                                    | <u>2279.43</u>           | <u>2080.92</u>           |
| <b>TOTAL</b>                                                                                       | <u>2394.38</u>           | <u>2080.92</u>           |
| <b>NOTE NO. 16 - OTHER CURRENT ASSETS</b>                                                          |                          |                          |
| 16.1 Sales tax, Power and Export Incentives and claims receivable                                  | 5756.50                  | 4057.81                  |
| <b>TOTAL</b>                                                                                       | <u>5756.50</u>           | <u>4057.81</u>           |
| <b>NOTES TO STATEMENT OF PROFIT AND LOSS</b>                                                       |                          |                          |
|                                                                                                    | Rs. in lakhs             |                          |
|                                                                                                    | Year ended<br>31.03.2015 | Year ended<br>31.03.2014 |
| <b>NOTE NO. 17 - REVENUE FROM OPERATIONS</b>                                                       |                          |                          |
| 17.1 Sale of Manufactured Products<br>(Refer Note No. 24.16 for details of Product wise sales)     | 83784.00                 | 85095.10                 |
| 17.2 Other Operating revenues                                                                      |                          |                          |
| a) Process charges                                                                                 | 206.85                   | 241.66                   |
| b) Export Incentives                                                                               | 228.52                   | 222.98                   |
| c) Sales Tax and Power Incentives                                                                  | 3424.37                  | 1771.41                  |
| <b>TOTAL</b>                                                                                       | <u>3859.74</u>           | <u>2236.05</u>           |
|                                                                                                    | <u>87643.74</u>          | <u>87331.15</u>          |



## Sree Royalaseema Alkalies and Allied Chemicals Limited

|                                                                                                       | Rs. in lakhs             |                          |
|-------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
|                                                                                                       | Year ended<br>31.03.2015 | Year ended<br>31.03.2014 |
| <b>NOTE NO. 18 - OTHER INCOME</b>                                                                     |                          |                          |
| 18.1 Interest on Bank and other deposits and customers                                                | 335.65                   | 380.49                   |
| 18.2 Dividend Income                                                                                  | 0.01                     | 0.08                     |
| 18.3 Net gain on Foreign Exchange                                                                     | 93.71                    | -                        |
| 18.4 Rent Receipts                                                                                    | 12.78                    | 13.15                    |
| 18.5 Creditors written back and bad debts collections                                                 | 54.23                    | 1.49                     |
| 18.6 Profit on sale of Fixed Assets                                                                   | 54.99                    | -                        |
| 18.7 Other Receipts                                                                                   | 18.08                    | 5.58                     |
| <b>TOTAL</b>                                                                                          | <b>569.45</b>            | <b>400.79</b>            |
| <b>NOTE NO.19 - COST OF MATERIALS CONSUMED</b>                                                        |                          |                          |
| 19.1 Consumption of raw materials (Refer Notes to Account No. 24.17)                                  | 28449.45                 | 27257.96                 |
| 19.2 Consumption of chemicals                                                                         | 1859.86                  | 1825.72                  |
| 19.3 Consumption of packing materials                                                                 | 778.05                   | 735.63                   |
| <b>TOTAL</b>                                                                                          | <b>31087.36</b>          | <b>29819.31</b>          |
| <b>NOTE NO. 20 - CHANGES IN INVENTORIES OF FINISHED GOODS<br/>WORK-IN-PROGRESS AND STOCK IN TRADE</b> |                          |                          |
| <b>20.1 OPENING STOCKS</b>                                                                            |                          |                          |
| a) Finished Goods                                                                                     | 773.98                   | 635.76                   |
| b) Stock-in-process                                                                                   | 511.42                   | 444.52                   |
| c) Scrap & Disposables                                                                                | 14.73                    | 8.06                     |
| <b>TOTAL</b>                                                                                          | <b>1300.13</b>           | <b>1088.34</b>           |
| <b>20.2 CLOSING STOCKS</b>                                                                            |                          |                          |
| a) Finished goods                                                                                     | 703.62                   | 773.98                   |
| b) Stock-in-process                                                                                   | 419.00                   | 511.42                   |
| c) Scrap & Disposables                                                                                | 13.88                    | 14.73                    |
| <b>TOTAL</b>                                                                                          | <b>1136.50</b>           | <b>1300.13</b>           |
| <b>NET DECREASE/(INCREASE) IN STOCKS (NET TOTAL)</b>                                                  | <b>163.63</b>            | <b>(211.79)</b>          |
| <b>NOTE NO. 21 - EMPLOYEE BENEFITS EXPENSES</b>                                                       |                          |                          |
| 21.1 Salaries, Wages, Bonus and Allowances                                                            | 2626.51                  | 2722.12                  |
| 21.2 Contribution to ESI & Provident Fund                                                             | 124.94                   | 126.49                   |
| 21.3 Contribution to Gratuity & Superannuation Schemes                                                | 31.19                    | 31.07                    |
| 21.4 Staff Welfare expenses                                                                           | 335.69                   | 280.95                   |
| <b>TOTAL</b>                                                                                          | <b>3118.33</b>           | <b>3160.63</b>           |
| <b>NOTE NO. 22 - FINANCE COSTS</b>                                                                    |                          |                          |
| 22.1 Interest expenses                                                                                |                          |                          |
| a) On Term Loans and Debentures                                                                       | 417.43                   | 643.85                   |
| b) On Working capital cash credits                                                                    | 320.97                   | 341.26                   |
| c) On Purchase/ Sale bills discounting                                                                | 1432.53                  | 1503.12                  |
| d) Interest on Trade Deposits                                                                         | 59.43                    | 61.84                    |
| e) On Others                                                                                          | 883.62                   | 779.70                   |
|                                                                                                       | <b>3113.98</b>           | <b>3329.77</b>           |
| 22.2 Other borrowing costs                                                                            |                          |                          |
| a) Loan processing charges                                                                            | 188.27                   | 36.68                    |
| 22.3 Net gain/loss on foreign currency Loans                                                          | 37.26                    | 54.20                    |
| <b>TOTAL</b>                                                                                          | <b>3339.51</b>           | <b>3420.65</b>           |



Rs. in Lakhs

|                                                         | Year ended<br>31.03.2015 | Year ended<br>31.03.2014 |
|---------------------------------------------------------|--------------------------|--------------------------|
| <b>NOTE NO. 23 - OTHER EXPENSES</b>                     |                          |                          |
| 23.1 Consumption of stores and spares                   | 829.72                   | 1324.49                  |
| 23.2 Rent including Lease Rents                         | 267.79                   | 300.14                   |
| 23.3 Insurance                                          | 120.06                   | 119.45                   |
| 23.4 Repairs & Maintenance                              |                          |                          |
| a) Buildings                                            | 77.61                    | 49.72                    |
| b) Plant & Machinery                                    | 653.90                   | 690.50                   |
| c) Others                                               | 167.57                   | 153.23                   |
| 23.5 Rates & Taxes                                      | 5.99                     | 18.56                    |
| 23.6 Excise duty on captive consumption/Stocks          | 0.13                     | 13.07                    |
| 23.7 Processing Charges                                 | 41.24                    | 42.11                    |
| 23.8 Travelling and conveyance                          | 299.98                   | 319.80                   |
| 23.9 Printing and stationery                            | 30.24                    | 32.49                    |
| 23.10 Postage Telegrams and Telephones                  | 43.90                    | 36.85                    |
| 23.11 Managing Director Remuneration                    | 169.06                   | -                        |
| 23.12 Directors sitting fee                             | 2.52                     | 2.25                     |
| 23.13 Directors Travelling                              | 40.61                    | 4.64                     |
| 23.14 Remuneration to Auditors                          |                          |                          |
| Audit - Fee                                             | 9.00                     | 6.00                     |
| Tax Audit Fee                                           | 1.25                     | 1.25                     |
| Audit - Expenses                                        | -                        | 0.10                     |
| Cost Audit Fee                                          | 1.25                     | 1.25                     |
| Cost Audit expenses                                     | 0.05                     | -                        |
| 23.15 Freight Inward & Material handling charges        | 572.57                   | 543.76                   |
| 23.16 Freight outward & Ocean freight                   | 1036.20                  | 978.44                   |
| 23.17 Discounts and Commission on sales                 | 657.63                   | 504.76                   |
| 23.18 Other Selling expenses                            | 291.12                   | 285.54                   |
| 23.19 Advertisement                                     | 3.93                     | 4.21                     |
| 23.20 Fee and Expenses                                  | 39.22                    | 130.92                   |
| 23.21 Bank Charges                                      | 657.24                   | 562.25                   |
| 23.22 Service Charges                                   | 196.51                   | 185.51                   |
| 23.23 Legal Expenses                                    | 36.93                    | 55.02                    |
| 23.24 Research and Development /Lab Expenses            | 34.62                    | 34.27                    |
| 23.25 Water Charges                                     | 17.71                    | 20.95                    |
| 23.26 Provision for Bad Debts                           | 22.25                    | -                        |
| 23.27 Net Loss on Exchange fluctuations                 | -                        | 240.95                   |
| 23.28 Other Expenses                                    | 318.62                   | 318.27                   |
| 23.29 Corporate Social Responsibility expenses          | 49.78                    | 111.56                   |
| 23.30 Donations                                         | 32.61                    | 27.70                    |
| 23.31 Expenses/(Income) relating to Earlier Years (Net) | 6.51                     | 22.48                    |
|                                                         | <b>6735.32</b>           | <b>7142.49</b>           |



NOTE NO. 24 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

24.1 Significant Accounting Policies:

A. Basis of Preparation and Presentation of Financial Statements:

The financial statements are prepared under the Historical Cost Convention as a going concern in accordance with generally accepted Accounting principles in India and the provisions of Companies Act, 2013. The Company follows the mercantile method of accounting.

B. Inventories:

Inventories of Finished goods are valued at lower of cost or net realisable value. Inventories of Raw materials, Stock-in-Process and Stores & Spares are valued at cost. Scrap and disposables are valued at realisable value. Cost of Inventories consist of purchase price including duties and taxes (other than CENVAT credit and input tax credit recoverable under respective VAT Acts of different States) cost of conversion and other costs incurred in bringing them to current location and condition. Value of finished goods comprises central excise duty, which is considered as cost in accordance with Accounting Standard (AS-2).

C. Depreciation:

Depreciation on Fixed Assets has been provided on Straight line method in respect of Plant & Machinery and Buildings and in respect of other assets on written down value method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 up to 31.3.2014 and from 1.4.2014 depreciation has been provided on the same method on the basis of useful lives of the assets in accordance with the provisions of Schedule II to the Companies Act, 2013.

Change in Accounting Policy of Depreciation on Fixed Assets:

Consequent to the provisions of New Companies Act, 2013, there is change in accounting policy of Depreciation. As per Section 123 and Schedule II of Companies Act, 2013 depreciation is to be provided based on useful lives of assets as specified in the Schedule II. Accordingly, we have adopted the useful lives of fixed assets as prescribed in Schedule II to the Companies Act, 2013, for all the fixed assets, except, for continuous process plants (i.e. 18 years adopted as against 25 years prescribed) and Thermal Power Plant (i.e. 20 years adopted as against 40 years prescribed). For these class assets, based on internal assessment and past experience of the company and the technical evaluation report, the Management believes that the previously assessed useful lives as given above best represent the period expects to use these assets. Though the useful lives for these assets is different, but it is less than the useful lives prescribed under Part C of Schedule II to the Companies Act, 2013.

On account of change in accounting policy of depreciation, it will have impact on financial results of this year and future years. Therefore, as a result of change in depreciation policy stated above based on useful lives of assets, the depreciation charged during the year amounts to Rs.4136.33 lakhs (includes depreciation on assets of power plant shown under discontinued operations Rs.493.14 lakhs) as against the depreciation of Rs. 4373.18 lakhs (includes depreciation on assets of power plant shown under discontinued operations Rs. 688.45 lakhs) as per the earlier method i.e. at the rates as prescribed under Schedule XIV to the Companies Act, 1956.

D. Revenue Recognition:

- (i) Sales revenue is recognised on supply of goods. Turnover includes Sales Tax, Excise Duty and Education Cess in respect of goods sold. Income and Expenditure are recognised on accrual basis except for transactions below Rs.10,000/- per transaction, accounted in the year of payment / receipt.



- (ii) Export incentives such as Duty Draw Back, Status Holder Incentive Scheme (SHIS) are taken into account on the basis of eligible export FOB value.
- (iii) Dividends on investments are recognised when the right to receive is established.
- (iv) Interest on delay payments to creditors / by debtors accounted on the basis of debit notes / Credit notes raised / received from the parties.
- (v) Insurance claims are accounted on the basis of claims lodged.
- (vi) Interest/Hire Charges on Hire Purchase Loans has been taken into account on due and payable basis.

#### **E. Research and Development Expenditure:**

Research and Development expenditure incurred on salaries of personnel engaged and cost of materials and services consumed are charged to Statement of Profit and Loss of the year under relevant heads of account.

#### **F. Fixed Assets and Capital Work-in-Progress:**

Fixed Assets are stated at cost (net of CENVAT credit and including related financial costs till commencement of commercial production) less accumulated depreciation. Indirect & pre-operative expenses related or attributable to the capital works and trial run expenses incurred up to commencement of commercial production are added to the cost of fixed assets. Advances paid towards the acquisition of Fixed Assets outstanding at the Balance Sheet Date are disclosed as "Capital Advances" under long term loans and advances as per revised Schedule III to the companies Act, 2013.

#### **G. Foreign Currency Transactions:**

Transactions in Foreign Currencies are recorded during the year at the exchange rates prevailing on the date of transactions and realized exchange loss/gain are charged to Statement of Profit and Loss. At the year-end, all the assets and liabilities out standing in foreign currency are restated at the Balance Sheet date and the exchange gain or loss is suitably dealt with in Statement of Profit and Loss.

#### **H. Retirement Benefits to Employees:**

##### **a) Gratuity:**

The Company has created a Trust and has taken a Group Gratuity Life Assurance Policy with Life Insurance Corporation of India for future payments of Gratuity to employees. The premium paid thereon on actuarial valuation is charged to the Statement of Profit and Loss.

##### **b) Leave Encashment:**

Liability on account of Leave Encashment is provided on accrual basis as per the rules of the company.

#### **I. Investments:**

Long Term Investments are stated at Cost of acquisition and if there is permanent diminution in the value of any investments, the same is considered for valuation of investments. Current Investments are valued at lower of cost or fair value.



**J. Borrowing Costs:**

Interest and other costs incurred in connection with the borrowing of funds that are directly attributable to the acquisition, construction or erection of a qualifying asset, are capitalised as cost of such asset and the other borrowing costs are expensed in the year in which incurred.

**K. Segment Reporting:**

For Segment Reporting, the business segments have been identified based on production process of individual products and its related products, such as (i) Chemicals and (ii) Oils and Fats. The operations of Power Plant under PPA were suspended in 2012-13 on expiry of Power Purchase Agreement period and this segment operation were discontinued from the year 2013-14, being the agreement was not renewed by power distribution companies (ESCOMS).

**L. Leases:**

Lease payments in respect of operating leases, are recognised as an expense on due and payable basis as per the lease agreements and the future lease payments under non-cancelable operating leases for each period are disclosed in notes to accounts.

**M. Accounting for Taxes on Income:**

Current and deferred tax liability, if any, for the year is recognised for the estimated tax payable on the taxable income and timing differences, subject to consideration of prudence in respect of deferred tax asset and the same is treated as tax expense in determination of net profit for the year.

**N. CENVAT / In-Put Tax Credit:**

CENVAT Credit and Input Tax Credit recoverable under VAT Acts of different States on Capital goods, Raw materials, Stores and fuels is accounted for by reducing from its purchase cost.

**O. Impairment of Assets:**

The company determines any indication of impairment in carrying value of assets and the impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount.

**P. Provisions and Contingent Liabilities:**

Contingent liabilities are not recognized in Accounts but are disclosed in the notes to accounts. Contingent assets are neither recognized nor disclosed in financial statements. Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation and it is probable that there will be out flow of resources.



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### NOTES TO ACCOUNTS:

#### 24.2 Contingent Liabilities not provided in respect of :

(Rs. in Lakhs)

| Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Current Year<br>2014-15 | Previous Year<br>2013-14 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------------|
| a) Cheques / Bills Discounted with Banks.                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 4.90                    | 141.72                   |
| b) Unexpired Letter of Credits/Bank guarantees (net of margin money paid)                                                                                                                                                                                                                                                                                                                                                                                                                                      | 819.51                  | 804.11                   |
| c) Estimated amount of Contracts remaining to be executed on Capital Account. (Net of advances).                                                                                                                                                                                                                                                                                                                                                                                                               | 4615.37                 | 2824.88                  |
| d) Arrears of dividend on cumulative redeemable preference shares of Rs.1888.23 lacks at a coupon rate of 0.01 % issued and allotted as per Debt Restructuring package and scheme of arrangement sanctioned by High Court of A.P. for the period from 01.04.2002 to 31.03.2015. (Payable after 15 years) i.e., from 01.04.2018.                                                                                                                                                                                | 2.46                    | 2.27                     |
| e) Claims against the company not acknowledged as debts, being disputed and pending in appeals/ Assessments in respect of                                                                                                                                                                                                                                                                                                                                                                                      |                         |                          |
| i) Central excise matters regarding Cenvat credit availed on input consumables and on service tax payments on input services like freight, telephone, and courier etc.,                                                                                                                                                                                                                                                                                                                                        | 431.34                  | 370.78                   |
| ii) 1) Customs matters regarding dispute on classification of goods pending before High Court                                                                                                                                                                                                                                                                                                                                                                                                                  | 9.90                    | 9.90                     |
| 2) Differential customs duty on classification of goods disputed (Lauric Acid) pending before ADC, customs.                                                                                                                                                                                                                                                                                                                                                                                                    | 3.62                    | -                        |
| 3) Imposition of Anti-Dumping Duty on in puts during December 2010 pending before ADC, Customs.                                                                                                                                                                                                                                                                                                                                                                                                                | 32.69                   | 32.69                    |
| 4) Disputed duty levied on import of material during the year 2006-07 pending in appeal before the Commissioner Appeals.                                                                                                                                                                                                                                                                                                                                                                                       | 16.06                   | 16.06                    |
| iii) Sales tax matters regarding Input tax credit availed on fuels used for steam generation disallowed by the Department and levied penalty and interest; Case is pending before Hon' ble High Court of AP (Paid under Protest )                                                                                                                                                                                                                                                                              | 53.91<br>(53.91)        | 53.91<br>(53.91)         |
| iv) Claims of Vat regarding dispute of Turnover, input tax credit on sales returns and stock transfer value treated as sale on account of non-acceptance of form F are pending in appeal before Appellate Asst. Commissioner (CT) Palakkad and Sales Tax Tribunal, Ernakulam (Paid under protest)                                                                                                                                                                                                              | 44.24<br>(6.94)         | 44.24<br>(6.94)          |
| v) Claim of entry tax & interest on Entry Tax payable on Machinery items is pending before Assessing OfficerDC (CT), Bellary (50% Paid )                                                                                                                                                                                                                                                                                                                                                                       | 3.88<br>(2.10)          | 4.20<br>(2.10)           |
| vi) Sales tax matters regarding liability of interest on delay in payment of deferred sales tax liability for the years 2005-06 and 2006-07. Stay petition filed and stay granted by Hon'ble High Court of AP.(Paid under protest)                                                                                                                                                                                                                                                                             | 132.11<br>(44.04)       | 132.11<br>(44.04)        |
| vii) Liability of differential tax for non-submission of C forms for the year 2009-10& 2010-11. Case is disposed during the year and liability is provided ( Paid under protest)                                                                                                                                                                                                                                                                                                                               | -<br>(-)                | 16.43<br>(2.05)          |
| viii)Levy of delay charges on late payment of Provident Fund by Regional Provident Fund Commissioner.                                                                                                                                                                                                                                                                                                                                                                                                          | 15.34                   | 15.34                    |
| ix) 1)Wheeling Charges levied by APCPDCL pending in Supreme Court                                                                                                                                                                                                                                                                                                                                                                                                                                              | 24.21                   | 24.21                    |
| 2) Wheeling charges levied on APGAS power supplies covered by Bank guarantee Rs.69.30lakhs                                                                                                                                                                                                                                                                                                                                                                                                                     | NIL                     | NIL                      |
| x) The Fuel Surcharge Adjustment (FSA) charges for the year 2008-09, 2009-10 and for the 1 <sup>st</sup> quarter of 2010-11 payable to APCPDCL was contested by the Industrial units including the company before Hon'ble High Court of AP and obtained favourable order for 2008-09 and the matter was referred to Supreme Court and the same is pending. Hon'ble High Court granted stay for the year 2009-10 and first quarter of 2010-11.                                                                  | 1567.27                 | 1567.27                  |
| xi) Fuel Surcharge Adjustment charges levied by APCPDCL for the period from October, 2011 to March, 2012 during the year 2014-15 contested and obtained Stay Order from Honorable Supreme Court of India.                                                                                                                                                                                                                                                                                                      | 1255.71                 | -                        |
| xii) Interest levied by APSPDCL in regular monthly bills for the year 2014-15 on disputed court cases is not provided, being the cases are pending in courts.                                                                                                                                                                                                                                                                                                                                                  | 268.05                  | -                        |
| f) Differential duty on procurement of raw material as per show cause notices issued by the Customs Authorities is contested and for which no provision is considered as there will be no liability on the company as per legal opinion obtained (paid under Protest)                                                                                                                                                                                                                                          | 1161.14<br>(125.00)     | 1161.14<br>(125.00)      |
| g) Demand raised by Power Distribution Companies (DISCOMS) for the differential tax on account of change in Income Tax rates /tax holiday as per terms of PPA was contested by the Company before the Electricity Regulatory Commission and the liability has been reduced to Rs. 500 lakhs. The DISCOMS have recovered the same from monthly bills. The company contested before the Supreme Court for refund of the recovered amount and it is pending. (Recovered amount is shown under loans and advances) | 500.00<br>(500.00)      | 500.00<br>(500.00)       |



#### 24.3 EXCEPTIONAL ITEM:

The company has opted to exit from CDR Scheme and also paid recompense amount in the previous year of Rs. 1345.71- lakhs as per CDR Scheme terms and conditions and the exit certificate received from CDR forum during the current year.

#### 24.4 DISCONTINUING OPERATIONS OF POWER PLANT AT BELLARY:

##### Disclosures under Accounting Standard (AS24)

The Power Purchase Agreement with Karnataka Electricity Board (Power Distribution Companies) was expired on 31.08.2012 and the agreement was not renewed and generation of power was stopped from September, 2012. The company has discontinued the operations of this segment from the year 2013-14 and exploring the possibilities for disposal of its Plant.

|                                                  | As on 31.3.2015<br>Rs. in Lakhs | As on 31.3.2014<br>Rs. in Lakhs |
|--------------------------------------------------|---------------------------------|---------------------------------|
| a. Carrying amount of Fixed Assets :             | 4010.86                         | 4649.67                         |
| b. Current Assets including claims receivable:   | 747.90                          | 1410.39                         |
| Total Assets                                     | 4758.76                         | 6060.06                         |
| Less: Term Loans from IFCI Ltd. :                | 350.00                          | 912.98                          |
| Less: Current Liabilities                        | -                               | 6.54                            |
| Net Carrying amount :                            | 4408.76                         | 5140.54                         |
| Loss from discontinuing operations for the year: | 583.22                          | 961.02                          |

#### 24.5 Legal cases filed by the company for recovery of dues/advances and pending in courts for disposal:

|                    | 2014-15<br>Rs. in Lakhs | 2013-14<br>Rs. in Lakhs |
|--------------------|-------------------------|-------------------------|
| a) Against Debtors | 79.04                   | 102.46                  |

24.6 a) Exchange differences on Foreign Currency Term Loans from financial institutions in respect of installments paid during the year resulting in Profit amounting to Rs.3.98 lakhs (previous year Loss Rs.66.58 lakhs) and exchange difference on outstanding loans as on 31.3.2015 valued at applicable Foreign Currency Exchange Rates on 31<sup>st</sup> March, 2015 resulting in Loss amounting to Rs. 19.10 lakhs debited to statement of profit and loss as per AS-11 (previous year Loss Rs.128.95 lakhs).

b) The Exchange difference in respect of imports and exports during the year resulting in Profit amounting to Rs.81.51 lakhs credited to Statement of Profit and Loss. (Previous Year Loss Rs. 186.30 lakhs)

#### 24.7 Lease Payments: The total future minimum lease payments under non-cancelable operating leases are as under:

|                                                        | 2014-15<br>Rs. in Lakhs | 2013-14<br>Rs. in Lakhs |
|--------------------------------------------------------|-------------------------|-------------------------|
| (i) Not later than one year                            | 21.60                   | 14.40                   |
| (ii) Later than one year and not later than five years | 50.40                   | 37.80                   |
| (iii) Later than five years                            | Nil                     | Nil                     |

#### 24.8 Employee Benefits:

##### A) Defined Contribution Plans

The Company makes Provident Fund and superannuation Fund contributions which are defined contribution plans, for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized Rs.80,90,186 (Previous year Rs.78,69,008) for Provident Fund contributions and Rs.6,13,785 (Previous year Rs.23,94,257) for Superannuation Fund contributions in the Statement of Profit and Loss. The contribution payable to these plans by the Company is at rates specified in the rules of the schemes.

##### B) Defined Benefit Plan

The Company's obligation towards the Gratuity Fund is a defined benefit plan and is funded with Life Insurance Corporation of India. The disclosures in respect of actuarial valuation of gratuity as required under Accounting Standard 15 are given below.





(Rupees)

| PARTICULARS                                                   | 2014-15     | 2013-14     |
|---------------------------------------------------------------|-------------|-------------|
| <b>1. changes in present value of Obligations</b>             |             |             |
| Present value at the beginning of the year                    | 3,73,12,763 | 3,55,90,434 |
| Interest cost                                                 | 29,85,021   | 28,47,235   |
| Current Service Cost                                          | 29,24,079   | 30,29,368   |
| Benefits paid                                                 | (31,13,125) | (23,68,619) |
| Actuarial (gain)/loss on obligations                          | (35,31,060) | 17,85,655   |
| Present value at the end of the year                          | 3,65,77,678 | 3,73,12,763 |
| <b>2 The fair value of plan assets</b>                        |             |             |
| Fair value of plan assets at the beginning of the year        | 4,28,60,599 | 4,13,70,511 |
| Expected return on plan assets                                | 37,44,429   | 35,09,429   |
| Contributions                                                 | 3,81,289    | 3,49,279    |
| Benefits paid                                                 | (31,13,125) | (23,68,619) |
| Fair value of plan assets at the end of the year              | 4,38,73,192 | 4,28,60,599 |
| <b>3. Actuarial Return on plan assets</b>                     |             |             |
| Actuarial (gain)/ loss on obligations                         | (35,31,060) | 17,85,655   |
| Total (gain) / loss for the year                              | (35,31,060) | 17,85,655   |
| Actuarial (gain)/loss recognized in the year                  | (35,31,060) | 17,85,655   |
| <b>4. Amount recognized in the balance sheet</b>              |             |             |
| Present value of obligations as at the end of year            | 3,65,77,678 | 3,73,12,763 |
| Fair value of plan assets as at the end of the year           | 4,38,73,192 | 4,28,60,599 |
| Net asset/(liability) recognized in balance sheet             | 72,95,514   | 55,47,836   |
| <b>5. Expenses recognized in Statement of Profit and Loss</b> |             |             |
| Current service cost                                          | 29,24,079   | 30,29,368   |
| Interest cost                                                 | 29,85,021   | 28,47,235   |
| Expected return on plan assets                                | (37,44,429) | (35,09,429) |
| Net Actuarial (gain) / loss recognized in the year            | (35,31,060) | 17,85,655   |
| Expenses recognized in statement of profit and loss.          | 13,66,389   | 5,81,519    |
| <b>6. Assumptions</b>                                         |             |             |
| Discount rate                                                 | 8%          | 8%          |
| Salary escalation                                             | 8%          | 8%          |
| Expected rate of return on Plan Assets                        | 8%          | 8%          |

24.9 Under the Micro, Small and Medium Enterprises Development Act, 2006 and in accordance with the notification issued by the Ministry of Corporate Affairs, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises as defined in the said Act. The company is in the process of compiling the relevant information from its suppliers about their coverage under the said Act and hence required disclosures made to the extent available. The following are outstanding balances as at 31.03.2015:

- A] SMALL ENTERPRISES-Rs.2211.82Lakhs (Previous Year Rs.2274.18Lakhs);  
 B] MICRO ENTERPRISES -Rs. 18.06Lakhs(Previous Year Rs.317.45Lakhs); and  
 C] MEDIUM ENTERPRISES- Rs.545.08Lakhs(Previous Year Rs.817.99Lakhs);



## Sree Royalaseema Alkalies and Allied Chemicals Limited

### 24.10 Segment Reporting

(Rs. in lakhs)

| Sl. No | Particulars                                                                                      | For the year<br>2014-15 | For the year<br>2013-14 |
|--------|--------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| 01     | Segment Revenue                                                                                  |                         |                         |
|        | A. Chemicals                                                                                     | 55480                   | 54746                   |
|        | B. Oils & Fats                                                                                   | 23575                   | 23398                   |
|        | <b>TOTAL</b>                                                                                     | <b>79055</b>            | <b>78144</b>            |
|        | Less: Inter Segment Revenue                                                                      | 1248                    | 1221                    |
|        | Net Sales/Income from Operations                                                                 | 77807                   | 76923                   |
| 02     | Segment Results Profit/(Loss) before Tax and interest:                                           |                         |                         |
|        | A. Chemicals                                                                                     | 6684                    | 5242                    |
|        | B. Oils & Fats                                                                                   | 62                      | 538                     |
|        | <b>TOTAL</b>                                                                                     | <b>6746</b>             | <b>5780</b>             |
|        | Less: I) a) Interest Expense                                                                     | 3340                    | 3421                    |
|        | b) Interest Income                                                                               | (336)                   | (380)                   |
|        | (ii) Reconspense of interest differential under CDR Scheme #                                     | -                       | 1346                    |
|        | (iii) Loss from discontinuing operation of Power Plant *                                         | 583                     | 961                     |
|        | Total Profit before Tax                                                                          | 3159                    | 432                     |
| 03     | Capital Employed                                                                                 |                         |                         |
|        | (Segment Assets-Segment Liabilities) (Based on Estimate in terms of available data)              |                         |                         |
|        | a) Chemicals                                                                                     | 48276                   | 44659                   |
|        | b) Oils & Fats                                                                                   | 1111                    | 2136                    |
|        | c) Others                                                                                        | 1165                    | 550                     |
|        | <b>TOTAL</b>                                                                                     | <b>50552</b>            | <b>47345</b>            |
| 04     | Discontinuing operations of power plant<br>(carrying amount of assets minus liabilities & loans) | 4409                    | 5140                    |

\* During the previous year 2013-14 the operations of the Power Plant segment were discontinued on account of expiry of PPA and hence no segment results.

# The recompense amount of Rs. 1346 lakhs paid to lenders as per CDR scheme terms and conditions was considered as unallocable expenditure being exit from CDR FORUM.



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### 24.11 Related Parties Disclosures:

#### 1. The names of transacting related party and description of relationship are given below:

##### A. Particulars of Associate Companies:

| S.No.                        | Name of the transacting related party        | Nature of Relationship |
|------------------------------|----------------------------------------------|------------------------|
| <b>CURRENT 2014-15</b>       |                                              |                        |
| 1.                           | Sree Rayalaseema Hi-Strength Hypo Ltd.       | Associate              |
| 2.                           | TGV Projects and Investments Private Ltd     | Associate              |
| 3.                           | Brilliant Bio Pharma Limited                 | Associate              |
| 4.                           | Sree Maruthi Marine Industries Limited       | Associate              |
| 5.                           | Sree Maruthi Agro Tech Limited               | Associate              |
| 6.                           | Gowri Gopal Hospitals Private Limited        | Associate              |
| 7.                           | Sree Rayalaseema Galaxy Projects Private Ltd | Associate              |
| 8.                           | Roopa Industries Limited                     | Associate              |
| 9.                           | S.K.Salts Private Limited                    | Associate              |
| 10.                          | JSM International Limited                    | Associate              |
| 11.                          | TGV Securities Private Limited               | Associate              |
| 12.                          | M.V.Salts & Chemicals Private Ltd            | Associate              |
| 13.                          | Brilliant Industries (P) Ltd.0               | Associate              |
| <b>PREVIOUS YEAR 2013-14</b> |                                              |                        |
| 1.                           | Sree Rayalaseema Hi-Strength Hypo Ltd        | Associate              |

Note: Associate companies by virtue of shareholding

B. Key Management Personnel: Chairman and Managing Director T G VENKATESH, Executive Directors K.KARUNAKAR RAO (DIRECTOR - Finance & Commercial), N. JESVANTH REDDY (DIRECTOR - Technical), GOPALA KISHAN AGARWAL, C. RAJESH KHANNA - CFO and V. RADHA KRISHNA MURTHY - Company Secretary.

#### 2. Disclosures of transactions between the company and Related Parties and outstanding balances as on 31<sup>st</sup> March, 2015.

(Rs. in lakhs)

| Sl. No.   | Nature of Transaction                              | For the year ended 31.03.15 | For the year ended 30.03.14 | Balance outstanding as on 31.03.15 | Balance outstanding as on 31.03.14 |
|-----------|----------------------------------------------------|-----------------------------|-----------------------------|------------------------------------|------------------------------------|
| <b>A.</b> | <b>Associate Companies</b>                         |                             |                             |                                    |                                    |
| 1         | Sales / Receivables                                | 8511.60                     | 7690.09                     | 646.01(Dr)                         | 532.79 (Dr)                        |
| 2         | Purchases / Payables                               | 699.84                      | 466.87                      | 102.62(Dr)                         | -                                  |
| 3         | Purchase of Capital Goods                          | -                           | 330.15                      | -                                  | -                                  |
| 4         | Office / Lease Rentals Paid                        | 135.64                      | 17.18                       | 0.26 (Cr)                          | -                                  |
| 5         | Office / Lease Rents received                      | 7.85                        | 3.81                        | -                                  | -                                  |
| 6         | Rent /cylinder deposit paid                        | -                           | -                           | 228.36(Dr)                         | -                                  |
| 7         | Services availed/(rendered)                        | 121.89                      | -                           | 27.01(Cr)                          | -                                  |
|           |                                                    | (1.76)                      | -                           | -                                  | -                                  |
| 8         | Corporate Guarantees provided by Associate Company | NIL                         | NIL                         | 97.40                              | 230.21                             |
| 9         | Share Warrants issued                              | -                           | -                           | -                                  | -                                  |
| 10        | Equity Shares allotted                             | 393.61                      | 373.92                      | -                                  | -                                  |
| 11        | Unsecured loans received                           | 249.76                      | 320.00                      | 1612.90(Cr)                        | 1613.14(Cr)                        |
| 12        | Investment in Equity Shares                        | -                           | -                           | 24.48 (Dr)                         | 24.48(Dr)                          |
| <b>B.</b> | <b>Key Management personnel</b>                    |                             |                             |                                    |                                    |
| 1         | Remuneration                                       | 228.28                      | 35.67                       | -                                  | -                                  |
| 2         | Un secured loans received / paid                   | 25.50 (Dr)                  | -                           | 224.50 (Cr)                        | -                                  |
| <b>C.</b> | <b>Relatives to Key Management Personnel</b>       | 0.70                        | -                           | -                                  | -                                  |

Note : Cr indicates Credit balance & Dr indicates Debit balance



## Sree Royalaseema Alkalies and Allied Chemicals Limited

24.12 Balances of Sundry Creditors and Debtors are shown as appearing in the books of account of the company and the company has sent confirmation letters to the parties and the confirmations are awaited.

### 24.13. Earnings per Share:

Basic and diluted earnings per share calculated in compliance with the provisions of Accounting standard (AS20) for the year ending 31.03.15 comes to Rs. 2.82 p.a (Previous year Rs.0.64 p.a.) and Rs.2.80 p.a (previous year Rs.0.638 p.a.) respectively.

The denominator for Basic EPS is 7,86,66,928 (previous year 7,45,18,447) equity shares and the numerator is net profit after tax as per Profit and Loss account and after adjusting preference dividend for the year and tax thereon, amounting to Rs. 22,14,93,029 (previous year Rs.4,76,95,806 )

The denominator for diluted EPS is increased by potential equity deemed to be issued for OFCD i.e 7,90,83,643 (previous year 7,51,48,862) and the numerator for this calculation is the net profit after tax as per Statement of Profit and Loss and after adjusting preference dividend and the interest at 5 % on OFCDs and the tax liability thereon, amounting to Rs. 22,16,57,714 (previous year Rs.4,79,08,744)

24.14. Figures have been rounded off to the nearest decimal of lakhs as required under revised Schedule VI.

24.15 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

### 24.16 Revenue from Operations or Sale of Goods:

(Rs. in lakhs)

| Sl.No.   | Description of Products               | For the Year Ended<br>31.03.2015 | For the Year Ended<br>31.03.2014 |
|----------|---------------------------------------|----------------------------------|----------------------------------|
| <b>A</b> | <b>MANUFACTURED GOODS</b>             |                                  |                                  |
| 1        | Caustic Soda Lye / Flakes             | 42265.19                         | 41428.10                         |
| 2        | Liquid Chlorine                       | 2578.66                          | 2805.94                          |
| 3        | Hydrochloric Acid                     | 1365.97                          | 2059.90                          |
| 4        | Hydrogen Gas                          | 1269.10                          | 1288.75                          |
| 5        | Bleach Liquor                         | 1321.75                          | 1517.99                          |
| 6        | Caustic Potash Lye/Flakes             | 9559.61                          | 10420.86                         |
| 7        | Hydrogenated Castor Oil               | 1781.20                          | 2103.46                          |
| 8        | 12 Hydroxy Stearic Acid               | 8705.32                          | 9805.96                          |
| 9        | Refined Glycerine                     | 1052.03                          | 1472.50                          |
| 10       | Stearic Acid                          | 2965.11                          | 3063.17                          |
| 11       | Soap Noodles.                         | 7241.77                          | 6077.52                          |
| 12       | Toilet Soaps                          | 931.27                           | 905.63                           |
| 13       | Others less than 1% of Total Turnover | 2747.02                          | 2145.32                          |
|          | <b>TOTAL</b>                          | <b>83784.00</b>                  | <b>85095.10</b>                  |
| <b>B</b> | <b>TRADED GOODS</b>                   | <b>NIL</b>                       | <b>NIL</b>                       |



24.17 Cost of Raw Materials Consumed:

(Rs. in lakhs)

| Sl.No. | Description of Material          | For the Year<br>Ended 31.03.2015 | For the Year<br>Ended 31.03.2014 |
|--------|----------------------------------|----------------------------------|----------------------------------|
| 1.     | SALT                             | 5261.87                          | 5183.74                          |
| 2      | CASTOR OIL                       | 9851.92                          | 9262.49                          |
| 3      | ACID OILS & OTHER OILS           | 8917.24                          | 7205.19                          |
| 4      | POTASSIUM CHLORIDE AND CARBONATE | 4280.39                          | 5414.47                          |
| 5      | RAW MATERIALS-SOAPS              | 56.22                            | 58.50                            |
| 6      | HYDROCHLORIC ACID NORMAL GRADE   | 81.81                            | 133.58                           |
|        | TOTAL                            | 28449.45                         | 27257.97                         |
| 7      | PURCHASE OF TRADED GOODS         | NIL                              | NIL                              |

24.18 Value of Imports (Calculated on C.I.F basis):

(Rs. in lakhs)

|      |                             | Current Year<br>31.03.2015 | Previous Year<br>31.03.2014 |
|------|-----------------------------|----------------------------|-----------------------------|
| i)   | Raw Materials               | 5085.06                    | 4547.98                     |
| ii)  | Coal                        | 556.02                     | 825.82                      |
| iii) | Chemicals & Spares & Stores | 503.97                     | 400.35                      |
| iv)  | Capital Goods / Services    | 76.05                      | 1704.50                     |

24.19 Raw Material Consumed

|                                     | Current Year 2014-15 |                 |       | Previous year 2013-14 |                 |     |
|-------------------------------------|----------------------|-----------------|-------|-----------------------|-----------------|-----|
|                                     | Qty<br>MT/KL         | Rs. in<br>lakhs | %     | Qty<br>MT/KL          | Rs. in<br>lakhs | %   |
| <b>i) Salt</b>                      |                      |                 |       |                       |                 |     |
| -Imported                           | -                    | -               | -     | -                     | -               | -   |
| -Indigenous                         | 237719               | 5261.87         | 100   | 226526                | 5183.74         | 100 |
| <b>ii) Potassium chloride</b>       |                      |                 |       |                       |                 |     |
| -Imported                           | 16973                | 4280.39         | 100   | 17248                 | 5414.47         | 100 |
| -Indigenous                         | -                    | -               | -     | -                     | -               | -   |
| <b>iii) Castor Oil</b>              |                      |                 |       |                       |                 |     |
| -Imported                           | -                    | -               | -     | -                     | -               | -   |
| -Indigenous                         | 11709                | 9851.92         | 100   | 12526                 | 9262.49         | 100 |
| <b>iv) Lauric acid</b>              |                      |                 |       |                       |                 |     |
| -Imported                           | 315                  | 253.54          | 96.50 | 594                   | 381.14          | 100 |
| -Indigenous                         | 10                   | 10.40           | 3.95  | -                     | -               | -   |
| <b>v) Palm fatty acid distilled</b> |                      |                 |       |                       |                 |     |
| -Imported                           | -                    | -               | -     | -                     | -               | -   |
| -Indigenous                         | 12148                | 5015.15         | 100   | 10633                 | 4572.80         | 100 |



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

|                                          |      |          |        |      |          |        |
|------------------------------------------|------|----------|--------|------|----------|--------|
| vi) Palm kernal oil/Distilled fatty acid |      |          |        |      |          |        |
| -Imported                                | 1781 | 1067.64  | 97.02  | 1103 | 582.85   | 100    |
| -Indigenous                              | 48   | 32.75    | 2.98   | -    | -        | -      |
| vii) Crude Glycerine                     |      |          |        |      |          |        |
| -Imported                                | 1134 | 311.38   | 100    | 1044 | 319.17   | 83     |
| -Indigenous                              | -    | -        | -      | 276  | 66.27    | 17     |
| viii) RBD Palm Stearine                  |      |          |        |      |          |        |
| -Imported                                | -    | -        | -      | -    | -        | -      |
| -Indigenous                              | 3916 | 1678.13  | 100    | 1111 | 486.88   | 100    |
| ix) Other Raw Materials                  |      |          |        |      |          |        |
| -Imported                                | -    | -        | -      | 702  | 398.64   | 40     |
| -Indigenous                              | -    | 686.28   | 100    | -    | 589.52   | 60     |
| <b>TOTAL</b>                             |      |          |        |      |          |        |
| -Imported                                |      | 5912.95  | 20.79  |      | 7096.27  | 26.04  |
| -Indigenous                              |      | 22536.50 | 79.21  |      | 20161.70 | 73.96  |
|                                          |      | 28449.45 | 100.00 |      | 27257.97 | 100.00 |

### 24.20 Value of Chemicals, Packing and Stores consumed (other than used for repairs)

|               | Current Year 2014-15 |               | Previous Year 2013-14 |               |
|---------------|----------------------|---------------|-----------------------|---------------|
|               | Rs. in lakhs         | %             | Rs. in lakhs          | %             |
| a) Imported   | 349.21               | 10.07         | 521.10                | 13.41         |
| b) Indigenous | 3118.42              | 89.93         | 3364.74               | 86.59         |
| <b>TOTAL</b>  | <b>3467.63</b>       | <b>100.00</b> | <b>3885.84</b>        | <b>100.00</b> |

### 24.21 Earnings in Foreign Exchange

(Rs. in lakhs)

|                         | Current Year 2014-15 | Previous Year 2013-14 |
|-------------------------|----------------------|-----------------------|
| i) FOB value of exports | 7302.28              | 7514.52               |
| ii) Others              | Nil                  | Nil                   |

### 24.22 Expenditure in Foreign Exchange

(Rs. in lakhs)

|                                 | Current Year 2014-15 | Previous Year 2013-14 |
|---------------------------------|----------------------|-----------------------|
| i) Traveling                    | 8.70                 | -                     |
| ii) Fees and charges            | 3.32                 | 57.73                 |
| iii) Commission Paid            | 71.51                | 21.08                 |
| iv) Raw Materials and Chemicals | 2175.47              | 3132.74               |
| v) Stores & Spares              | 305.21               | 741.15                |
| vi) Capital Goods               | -                    | 1498.96               |

### Signature to Notes "1" to "24" form integral part of Balance Sheet and Statement of Profit and Loss.

As Per our Report of even date attached

For and on behalf of the Board

**For Brahmayya & Co.,**  
Chartered Accountants  
Firm's Regn. No. 000514S

Sd/-  
**CA B. DAIVADHEENAM REDDY**  
Partner  
Membership No. 026450  
Place: Hyderabad  
Date: 07<sup>th</sup> May, 2015

Sd/-  
**T.G. VENKATESH**  
Chairman and Managing Director

Sd/-  
**CS V. RADHAKRISHNA MURTHY**  
C.G.M & Company Secretary

Sd/-  
**CA K. KARUNAKAR RAO**  
Executive Director & C.E.O.

Sd/-  
**CA C. RAJESH KHANNA**  
C.G.M. & CFO

Place : Hyderabad  
Date : 07<sup>th</sup> May, 2015

**SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED**

CIN: L24110AP1981PLC003077

Regd. Office : Gondiparla, Kurnool - 518 004 (A.P.)

**Form No. MGT-11****Proxy Form****Equity / CRP Shareholders**

(Pursuant to section 105 (6) of the Companies Act 2013 read with Rule 19 (3) of the Companies (Management and Administration) Rules, 2014)

Client ID No.: \_\_\_\_\_ Regd. Folio No. : \_\_\_\_\_ Equity : \_\_\_\_\_ CRP : \_\_\_\_\_

DP ID \_\_\_\_\_ No. of Shares held : \_\_\_\_\_ Equity : \_\_\_\_\_ CRP : \_\_\_\_\_

I / We \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_ being Member/ Members of the above named Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_ as my / our proxy to attend and vote for me / us on my / our behalf at the **33<sup>rd</sup> ANNUAL GENERAL MEETING** of the Company to be held at Regd. Office of the Company : Gondiparla, Kurnool, A.P. on at Wednesday 16th September 2015 at 4.00 pm. or at any adjournment thereof.

Signed this \_\_\_\_\_ Day of \_\_\_\_\_, 2015.

Signature of the Shareholder

Affix a  
Re.1/-  
Revenue  
Stamp

**Note:**

- The Proxy form duly completed should be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the aforesaid meeting.

**SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED**

CIN: L24110AP1981PLC003077

Regd. Office : Gondiparla, Kurnool - 518 004 (A.P.)

**ATTENDANCE SLIP****Equity / CRP Shareholders**

Client ID No.: \_\_\_\_\_ Regd. Folio No. : \_\_\_\_\_ Equity : \_\_\_\_\_ CRP : \_\_\_\_\_

DP ID \_\_\_\_\_ No. of Shares held : \_\_\_\_\_ Equity : \_\_\_\_\_ CRP : \_\_\_\_\_

Name of the Shareholder : \_\_\_\_\_

Name of the Proxy : \_\_\_\_\_

Signature of Member / Proxy : \_\_\_\_\_

I, hereby record my presence at the **33<sup>rd</sup> ANNUAL GENERAL MEETING** of the Company to be held at Regd. Office of the Company : Gondiparla, Kurnool, A.P. on at Wednesday 16th September 2015 at 4.00 pm.

**NOTE : To be signed and handed over at the meeting venue.**

Signature of Member / Proxy



## PRINTED MATTER

If undelivered, please return to :

**Sree Rayalaseema Alkalies  
and Allied Chemicals Limited**

6-2-1012, 2nd Floor, TGV Mansion, Above ICICI Bank,  
Khairatabad, Hyderabad - 500 004. (Telangana State)

Ph. No. 040-23313842

E-mail : [uniqueimages.india@gmail.com](mailto:uniqueimages.india@gmail.com)