

# 35<sup>th</sup> Annual Report 2016-17



**Sree Rayalaseema Alkalies  
and Allied Chemicals Limited**



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### BOARD OF DIRECTORS

Sri T.G. Venkatesh  
Chairman

Sri G. Krishna Murthy

Sri Subhasish Roy  
(Nominee of IDBI from 10.12.2016)

Sri B. Srinivasa Rao  
(Nominee of IDBI upto 10.12.2016)

Sri P.N. Vedanarayanan

Sri K. Karunakar Rao  
Executive Director & CEO

Sri N. Jesvanth Reddy  
Executive Director (Technical)

Sri Gopal Krishan  
Executive Director (Technical)

Smt. V. Surekha

Sri J. Nagabhushanam

Dr M. Asha Reddy

### CGM & COMPANY SECRETARY

Sri V. Radhakrishna Murthy

### BANKERS

Indian Bank  
United Bank of India  
The South Indian Bank Ltd.  
The Federal Bank Ltd.  
IDBI Bank Ltd.  
Canbank Factors Ltd.

### SECRETARIAL AUDITOR

Sri N. Ramaswamy  
M/s. N. Ramaswamy & Associates  
Flat No.101C, Sartaaaj Villa Apt.  
3-6-159, Urdu Hall Lane  
Himayat Nagar  
Hyderabad - 500 029 (T.S)

### AUDITORS

M/s. 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, 2<sup>nd</sup> 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: info@aarthiconsultants.com  
aarthiconsultants@gmail.com

### CONTENTS

Notice	2
Directors' Report	10
Auditors' Report	39
Balance Sheet	46
Statement of Profit & Loss	47
Cash Flow Statement	48
Notes to Balance Sheet "1" to "16"	49
Notes to Profit & Loss "17" to "23"	56
Notes to Accounts "24"	59
Proxy Form and Attendance Slip	71



## NOTICE

**NOTICE** is hereby given that the 35<sup>th</sup> Annual General Meeting of the Members 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 27<sup>th</sup> September, 2017 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, 2017 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 (DIN:02031367), who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint a Director in place of Sri N. Jesvanth Reddy (DIN:03074131), 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.23.08.2017, Board resolution dtd.23.08.2017, the appointment of M/s. K.S. Rao & Co., Chartered Accountants, Hyderabad (Regn. No. 003109S) as the Auditors of the Company to hold office till the conclusion of the AGM to be held in the Calendar year 2018 (5 consecutive years term-subject to Members' ratification at each AGM) from this AGM be and is hereby appointed/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, 2018 as may be determined by the Audit Committee in consultation with the Auditors."

### SPECIAL BUSINESS:

#### 5) Appointment and Remuneration of Cost Auditor.

To consider and if thought fit, to pass with or without modification(s), the following resolution 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) Proprietrix : Aruna Prasad as Cost Auditors of the Company by the Board of Directors of the Company in its meeting held on 29-04-2017 [upon the recommendation of Audit Committee in its meeting held on 29.04.17] on a remuneration of Rs.1,50,000/- + applicable GST 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, 2018, 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."

#### 6) Proposal for Change in name of the Company

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

**"RESOLVED THAT** pursuant to provisions of Section 13 and 14 of Companies Act, 2013 and Rules made there under and subject to the approval of Central Government, BSE and other statutory bodies as may be required the name of the Company be and is hereby proposed to Change **from Sree Rayalaseema Alkalies and Allied Chemicals Ltd to TGV SRAAC LIMITED or any other name** as may be approved by MCA/ROC and other statutory bodies."

**RESOLVED FURTHER THAT** the name clause being clause-I in Memorandum of Association of the Company be altered accordingly.



**RESOLVED FURTHER THAT** in terms of Section 14 of the Companies Act, 2013, the Articles of Association of the Company be altered by deleting the existing name of the Company wherever appearing and substituting with the new name of the Company as explained above.

**RESOLVED FURTHER THAT** the Board of Directors or any Committee thereof Sri K. Karunakar Rao, Executive Director & CEO (DIN:02031367) or Smt V. Surekha, Director (DIN:06953161) is hereby authorized to accept any other name suggested/ approved by the relevant regulatory authorities, if required."

**7) Creation of Security in favour of M/s.Indian Bank.**

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 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 Indian Bank for creation of second pari passu charge.

**ON SECOND PARI PASSU BASIS (Rs.in Crs)**

Indian Bank 78.32

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."

**8) Creation of Security in favour of M/s. United Bank of India.**

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 (other than project assets of Chloromethanes, Fatty Acids and Potassium Hydroxide) 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 United Bank of India for creation of first pari passu charge in place of existing second pari passu charge.

**ON FIRST PARI PASSU BASIS (Rs.in Crs)**

United Bank of India 16.77

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."

**9) Creation of Security in favour of M/s. IDBI Bank Ltd. and United Bank of India.**

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



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

movable and immovable properties of the Company 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 IDBI Bank Ltd., and United Bank of India for creation of second pari passu charge.

### **ON SECOND PARI PASSU BASIS (Rs.in Crs)**

IDBI Bank Ltd.	30.00
United Bank of India	30.00

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."

### **10) Approval for Related Party Transactions.**

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

"**RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 ("the Act") read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any amendment, modification, variation or re-enactment to any of the foregoing), and subject to such other approvals, consents, permissions and sanctions of other authorities as may be necessary, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board), to ratify/approve all existing contracts/ arrangements/ agreements/ transactions for the year 2016-17 Rs. 109.15 Cr. and to enter into with related parties for the year 2017-18 is expected to Rs.157.00 Cr. (clearly mentioned in the explanatory

statement) further contracts/ arrangements/ agreements/ transactions (including any modifications, alterations or amendments thereto), in the ordinary course of business and on arm's length basis with 'Related Parties' within the meaning of the Act and the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as more particularly enumerated in the explanatory statement to the Notice and on such terms and conditions as may be agreed between the Company and related parties.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents and writings, on an ongoing basis, as may be necessary, proper or expedient for the purpose of giving effect to the above resolution."

By order of the Board

Sd/-  
**CS RADHAKRISHNA MURTHY. V**  
**COMPANY SECRETARY**

Place: Kumool  
Date : 23<sup>rd</sup> August, 2017



## 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 scheduled 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 Regulation 42 of SEBI (LODR) Regulations, 2015, the Register of Members and Share Transfer Books of the Company will remain closed for 8 (Eight) days i.e. from 20.09.2017 to 27.09.2017 (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.
6. Notice of Postal Ballot along with related documents are sent along with this Annual Report to enable the members to cast their votes. This is with respect to amend OBJECT Clause of Memorandum of the Company read instructions carefully.
7. Two (2) Business Envelops are sent along with Annual Report to enable the Shareholders to send Postal Ballot for AGM and Postal Ballot for Object Clause alteration separately in each cover.
8. With respect to E-voting separate EVSN nos were given for (1) AGM Resolutions (2) Postal Ballot for Object Clause alteration resolution.
9. **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 35<sup>th</sup> Annual General Meeting of the Company dated

27<sup>th</sup> September, 2017. 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 held by them as on 19<sup>th</sup> September, 2017. The instructions for Members for voting electronically are as under:

- (i) The voting period begins on 23.09.2017 at 9.00 A.M. and ends on 26.09.2017 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 19.09.2017 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 10digit 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 8 digits of the sequence number in the PAN field. 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 filed.

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 filed. Kindly note that his 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 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 you vote, click on "CANCEL" and accordingly modify you 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 Custodians re 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 ("FAQ") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk@cdslindia.com](mailto:helpdesk@cdslindia.com).





## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

#### ITEM NO. 4 :

The provisions of "Rotation of Auditors" contained in Section 139 of Companies Act, 2013 read with Company (Audit & Auditors) Rules, 2014 are applicable to your company. To comply with these provisions, the Audit Committee and the Board in their meetings held on 23-08-2017 have appointed M/s. K.S. Rao & Co., Hyderabad (Regn. No. 003109S) as Statutory Auditors subject to members ratification for five times at ensuing and future AGMs. M/s. K.S. Rao & Co., Chartered Accountants firm is having are 40 years of experience in the field of Audit, taxation and other allied services represented by eminent chartered accounts.

None of the Directors is deemed to be interested in the resolution.

Your Directors commend the resolution for your approval.

#### ITEM NO. 5

The Board of Directors after taking into account the recommendation of Audit Committee in its meeting held on 29-04-2017 has appointed M/s. Aruna Prasad & Co. (Regn.No.100883) Proprietrix: Aruna Prasad as Cost Auditor for the Financial year 2017-18 on a remuneration of Rs. 1,50,000/- + applicable GST and reimbursement of out of pocket expenses in its meeting held on 29-04-2017 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 requires 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 interested in passing the Resolution set out in Item No.5 of the Notice.

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

#### ITEM NO. 6

The Board in its meeting held on 27.01.2017 has proposed the change in the name of the Company subject to regulatory and members approvals. The existing name of the company is very long and difficult to handle. Since incorporation, the company is recognized as TGV Group Company in the commercial world. The Company has grown many folds to present level under the TGV Group umbrella. Now, it is time

to properly structure the name i.e. to represent Group and to shorten. The Board has proposed to change the Company's name to **TGV SRAAC LIMITED**. After members approval necessary steps will be taken to give effect to the change of the name of the company. After filing Form INC-1 vide SRN:G49761398 dt.04.08.2017 MCA has given approval for name availability.

None of the Directors /Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested in passing the Resolution set out in Item No.6 of the Notice.

The Board of Directors placed the Resolution for your approval.

#### ITEM NO. 7

The company has availed Import / Inland LC facilities sanctioned by M/s Indian Bank vide their sanction letter Ref.No.CO/CDN/Group-2/104/2017-18 Dt.15.04.2017 and other earlier sanction letters. In terms of these sanctions, the company is now seeking members approval for providing security as clearly mentioned in the resolution for availing the following facilities sanctioned by Indian Bank.

S. No.	Particulars	Rs. in crores
01	Inland / Import LC	12.47
02	Specific LC No.II (Sanctioned 30 Crores)	5.85
03	Specific LC No.III	30.00
04	Specific LC No.IV	30.00
	Total	78.32

None of the Directors/Key Managerial Personnel (KMP)/their relatives is deemed to be interest in the Special Resolution.

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

#### ITEM NO. 8

The Company has availed Rs.16.77 Crs Soft Term Loan facility to meet its working capital needs sanctioned by M/s. United Bank of India vide their letter Ref.No.UBI/HYD/ADV/SRAACL/412/2015-16 dated 24.06.2015. For this facility the company has earlier created second pari passu charge in favour of M/s. United Bank of India. Subsequently, M/s United Bank of India vide their letter Ref.No.UBI/HYD/ADV/SRAACL / 2016 dt.11.11.2016 has requested the company for change of the security from second pari passu to first pari passu on assets of the company as clearly mentioned in the Resolution. To give effect to the change in security coverage





## Sree Royalaseema Alkalies and Allied Chemicals Limited

shareholder's approval by way of Special Resolution is required pursuant to Section 180 (1) (a) of the Companies Act, 2013.

None of the Directors/Key Managerial Personnel (KMP)/their relatives is deemed to be interest in the Special Resolution.

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

### ITEM NO. 9

The Company has availed financial assistance to meet its requirement from M/s. IDBI Bank Ltd., Rs.30 Cr vide their sanction letters (1) Ref.No.514/MCG/SRAACL/2016-17 dt.10.08.2016, (2) Amendment letter Ref.No.525/MCG/SRAACL/2016-17 dt.10.08.2016 and (3) Amendment letter Ref.No.634/MCG/SRAACL/2016-17 dt.29.09.2016 and M/s. United Bank of India Rs.30 Cr vide their sanction letter Ref.No. UBI/HYD/ADV/SRAACL/1120/2016-16 DT.05.12.2015 by means of Specific LC limits for procurement of Capital Goods. Similar to Indian Bank security arrangements it is proposed to extend second paripassu charge.

To meet this end the Resolution is seeking Shareholder's approval by way of Special Resolution to enable the company to provide security in favour of above said Banks.

None of the Directors/Key Managerial Personnel (KMP)/their relatives is deemed to be interest in the Special Resolution.

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

### ITEM NO. 10

Shareholder's attention is brought to Regulation 23 of SEBI (LODR) Regulations, 2015 which requires Shareholder's approval by way of Ordinary Resolution in case where total value of Related Party Transactions exceeds 10% of audited turnover of immediately preceding year.

This approval is required for all types of Related Party transactions whether they are in arms length or not whether they are done in the ordinary course of business or not.

For the financial year 2016-17, total Related Party transactions value comes to Rs.109.15 Cr. whereas 10% of previous year audited turnover comes to Rs.86.56 Cr. This means total value of Related Party transactions is excess by Rs.22.59 Cr for which your approval by way of ratification is sought by the Resolution.

Further, it may kindly be noted that all the Related Party transactions are at arms length basis and done in the ordinary course of business and hence it does not require shareholders approval pursuant to provisions of Section 188 of the Companies Act, 2013, read with the Companies (Meetings of Board and its Powers) Rules, 2014. Eventhough all the transactions are having prior approval of the Audit Committee and Board, the Resolution is placed before the Shareholder's to comply with Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further all Related Party transactions are subject to Transfer Price Audit.

Further, it may kindly be noted that around 95% of total Related Party Transactions value is between two (2) Listed Companies (i.e. between SRAACL and SRHHL). Business transactions between them and other Related Parties are mutually beneficial. All Related party transactions are mostly in the nature of day to day business transactions which are beneficial to the company.

Basing on the estimation total value of Related Party Transactions for the financial year 2017-18 will be around Rs.157.00 Cr. In view of this Shareholder's prior approval is required for the future Related Party transactions (in excess of 10% of turnover), since it may exceed 10% of turnover of 2016-17 (audited).

The particulars of the contract / arrangement with related parties are as under:

(Rs. in Crs)

S No.	Name of the Related Party	For the financial year 2016-17 (Actual)					For the year 2017-18 (Estimated)
		Sales	Purchases	Services Availed / Rendered	Lease Rent Paid/ Received & Others	Total	
1	Sree Royalaseema Hi-Strength Hypo Ltd	78.47	25.48	0	0.04	103.99	150.00
2	Other Related Parties	0.38	1.56	1.58	1.64	5.16	7.00
	<b>TOTAL</b>	<b>78.85</b>	<b>27.04</b>	<b>1.58</b>	<b>1.68</b>	<b>109.15</b>	<b>157.00</b>



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

Sri T.G. Venkatesh, Chairman and Smt V. Surekha, Director are deemed to be interested Director in the Resolution.

The Board commends the Ordinary Resolution as set out in Item No.10 of this Notice for your approval.

### 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, shareholders 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@tgvmil.net".

### Details of Directors seeking Appointment/Re-Appointment at the forthcoming Annual General Meeting (Pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015

Sl.No.	Name of the Director	Sri Kamisetty Karunakar Rao	Sri Nalla Jesvanth Reddy
1.	Date of Birth	June 14, 1950	June 11, 1954
2.	Date of Appointment	May 11, 2010	May 11, 2010
3.	Experience in Specific areas	More than 42 years in the field of Finance in Chemical Industries.	More than 37 years in paper 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. Companies	Nil	Nil
7.	Membership in other public Ltd. Company committees	Nil	Nil

By order of the Board

Place : Kurnool  
Date : 23<sup>rd</sup> August, 2017

Sd/-  
**CS RADHAKRISHNA MURTHY. V**  
**COMPANY SECRETARY**



## **DIRECTORS' REPORT**

### **Dear Members,**

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, 2017.

### **Operations**

The turnover (Gross) for the year under review is Rs.98767 Lakhs as compared to Rs.86556 Lakhs in the previous year. The 14% increase is on account of the following changes in respective Divisions performance.

### **Division / Segment Wise Operations**

The Caustic unit has produced 144675 MTs of Caustic Soda as against 139536 MTs for the previous year representing a marginal increase of 3.6%. As against net sales of Rs. 40582 Lakhs for previous year, the current year sales comes to Rs. 45345 Lakhs representing an increase of 12%.

The Potassium plant has produced 15273 MTs of Potassium Hydroxide as against 17249 MTs for the previous year representing a decrease of 11%. As against net sales of Rs. 11989 Lakhs for previous year, the current sales comes to Rs. 9868 Lakhs representing decrease of 18%.

Chloromethanes Plant has produced 28840 MT of Chloromethanes for the current year. The current year net sales for Chloromethanes is at Rs. 8627 Lakhs. Previous year figures are not furnished in view of negligible data.

The Castor Oil Plant has processed 7760 MTs of oil for the current year as against 9583 MTs processed for the previous year representing a decrease of 20%. As against net sales of Rs. 9012 lakhs for the previous year, the current year sales stood at Rs. 7187 Lakhs representing decrease of 20%. The difference is mainly attributed to the fluctuations in raw materials and finished product prices.

The Fatty acid plant has processed 21874 MTs for the current year as against 26842 MTs for the previous year representing decrease of 19%. The net sales of this division has increased from Rs. 14420 Lakhs to Rs.15585 Lakhs representing an increase of 8%, which is mainly attributed to favourable market and better performance.

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 28.01 Lakh/KWH power in the current year as against previous year generated of 28.90 Lakh/KWH representing a marginal decrease of 3% 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**

(Rs. In lakhs)

	31.03.2017	31.03.2016
Profit before Finance Costs & depreciation	13890.87	11221.28
Less: Finance Cost	4977.69	3810.47
Profit before Depreciation	8913.18	7410.81
Less: Depreciation	4661.32	3546.61
Profit (Loss) before Exceptional items and Tax	4251.86	3864.20
Less: Exceptional Items	-	-
Profit/Loss Before Tax	4251.86	3864.20
Tax Expense:		
Less: - Current Tax	860.19	763.10
- Deferred Tax	912.86	80.16
Profit for the period from continuing operations	2478.81	3020.94
Less : Loss from discounting operations	535.19	579.23
Profit for the period	1943.62	2441.71
Less: Dividend and Dividend		
Tax on Preference Shares	-	3.21
Add: Balance Carried from Previous year	4518.25	3579.75
Profit available for Appropriation	6461.87	6018.25
Less: Transfer to General Reserve	1500.00	1500.00
Surplus carried to Balance Sheet	4961.87	4518.25

Profit after tax for the Current year is Rs. 1943.62 Lakhs where as previous year Profit after tax is Rs. 2441.71 Lakhs. The decrease in profit is mainly on account of provision for Deferred Tax Liability which is statutory. However, profit before tax for the current year is Rs. 4251.86 Lakhs when compared to previous year profit before tax is Rs. 3864.20 Lakhs signifies an increase of 17%.



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### Dividend

In view of liquidity constraints your Directors have not recommended any dividend on Equity Shares and Cumulative Redeemable Preference Shares (CRPS).

### Capital Expenditure

During the year the Company has incurred an amount of Rs. 89.85 Crs on Capital Expenditure which is mainly towards normal capital expenditure. The funds required for the above is met from Banks and internal accruals.

### Safety and Environment Protection

Your Company recognize top most priority and importance for maintenance of Pollution Free Environment in the vicinity of the factory where manufacturing activities of the Company taken place. The Green Environs surrounding the Factory is the testimony for company's efforts towards this end. With regard to safety the Company is complying all Statutory Requirements. The safety department was headed by a Senior most officer who was ably supported by dedicated staff who ensures round the clock safety. Mock drills, training of employees are some of the important routines taken up by the safety department to ensure preparedness of the Company to take any eventuality.

### Listing Fees

The Company has paid Listing Fee for the year 2017-18 to Bombay Stock Exchange vide its letter dated 29.04.2017.

### PREFERENTIAL ALLOTMENT

#### Conversion of 2<sup>nd</sup> Tranche Convertible Share Warrants into Equity:

Upon completion of required formalities, M/s Brilliant Industries Private Ltd., (Allottee) has intimated the Company about their intention to convert 2<sup>nd</sup> Tranche Warrants into Equity vide their Letter Dt.13.01.2017. The Board in its Meeting held on 27.01.2017 has allotted 43,61,265 No. of Equity Shares on conversion of warrants into Equity in the ratio 1:1 at a face value of Rs.10/- each with a premium of Rs.7.02/- per Share.

The company has submitted all required information to BSE Ltd., for issue of Trading Approval, which was notified by BSE Ltd., vide their Letter Ref.No.DCS/PREF/TP/MD/4274/2016-17 Dt.23.02.2017 subject to lock-in provision upto 15.03.2020.

#### Conversion of 3<sup>rd</sup> Tranche Convertible Share Warrants into Equity:

Upon completion of required formalities, M/s Brilliant Industries Private Ltd., (Allottee) has intimated the Company about their intention to convert 3<sup>rd</sup> Tranche Warrants into Equity vide their Letter Dt. 04.07.2017. The Board Allotment Committee in its meeting held on 08.07.2017 has allotted 45,90,805 No. of Equity Shares on conversion of warrants into Equity in the ratio 1:1 at a face value of Rs.10/- each with a premium of Rs.7.02/- per Share. The company's application for listing of these shares is under process.

### 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 31.3.2017.

### Directors and Key Managerial Personnel

Sri K. Karunakar Rao (DIN : 02031367) and Sri N. Jesvanth Reddy (DIN : 03074131) are retiring by rotation at the ensuing Annual General Meeting (AGM) being eligible for re-election, they have given their consent for re-election. Appropriate resolution is placed in the notice of Annual General Meeting for members approval.

M/s IDBI Bank Ltd., vide their Letter Ref.No. MCG-SSCB.53/622/Nom.8, dated 19.11.2016 has appointed Sri Subhashish Roy as their Nominee in place of Sri B. Srinivasa Rao. The Board placed on its appreciation for valuable advices and suggestions provided by Sri B. Srinivasa Rao during his term on the Board and Audit Committee.

### 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 Rule 8(3) under the Companies (Accounts) Rules, 2014 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"**.

## Corporate Governance – Reg.27 (2) of SEBI (LODR) Regulations, 2015

A separate report on Corporate Governance (**Annexure - C**) is being 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 Reg. 34(2) (e) Schedule-V of SEBI (LODR) Regulations, 2015 "Management Discussion and Analysis" has been given as **"Annexure - E"** to the Directors' Report.

## Auditors

M/s. Brahmayya & Co., (Regn. No. 000514S) Adoni were associated with the Company as Statutory Auditors since incorporation i.e. about 35 years. Rotation of Auditors provision enunciated in Section 139 of Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 are applicable to the company. In pursuance to these provisions the term for their reappointment expires. Accordingly, the following proposal has been made for appointment of new Statutory Auditors.

M/s. K.S. Rao & Co., Chartered Accountants, Hyderabad (Regn. No. 003109S) were appointed as Statutory Auditors for a term of 5 years upon the recommendation of Audit Committee in its meeting held on 23.08.2017 by the Board in its meeting held on 23.08.2017 subject to the Members' ratification every year to comply with the provisions of Section 143 of the Companies Act, 2013. Accordingly, a Resolution for ratification by the Members placed in the notice of this AGM which will be effective upto the end of 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-CRA-4 in XBRL format vide SRN No.G13314232 dt.04.10.2016 with MCA portal for the financial year 2015-16.

## Audit Committee

An Audit Committee continues to function to comply with provisions of Regulation 18 of SEBI (LODR) Regulations, 2015 and other statutory provisions. The Audit Committee was reconstituted on 27.01.2017 with the following members namely Sri Subhasish Roy, Sri G.Krishna Murthy and Dr. M. Asha 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 will 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 having exposure in various fields has been formed to assist Executive Director and CEO in (a) Overseeing and approving the Company's enterprise wide 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 Executive Director and CEO, monitors and reports on the principal risks and uncertainties that can impact the company and its ability to achieve 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.

Several improvements are effected to integrate 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.

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

The concept of CSR was recognized by the Company well before its notification by the Govt., keeping in view of its



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

importance for the sustained growth of the company. Necessary steps are taken by the company to integrate CSR activities for the development of areas surrounding the Company in particulars and other areas in general. Since its inception, 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 31.03.2017, the Company has to spend Rs. 26.84 (26.52 + back log 0.32) Lakhs as against this the Company has spent Rs. 52.16 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. During the year there is no change in the constitution of the CSR Committee. The members of the Committee are (1) Sri G. Krishna Murthy, Chairman (2) Sri K. Karunakar Rao, Member and (3) Sri Gopal Krishan, Member.

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 SEBI (LODR) regulations, 2015. The Sale, Purchase, Lease Rental Transactions, services availed / provided and monetary values of its transactions are mentioned in notes to Accounts to comply with AS-18. All the Related party transactions were on arm-length basis and the same are entered with the prior approval of the Audit Committee and Board. Further details to be furnished in Form AOC-2 has been given as "Annexure-EA" to this report to comply with statutory provisions of Sec. 188.

### 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 2016-17.

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

The Nomination and Remuneration Committee has been re-constituted by the Board in its meeting held on 29.01.2016 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, the Board will take collective decision within the parameters of various statutes including Companies Act, 2013 and SEBI (LODR) Regulations, 2015. 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 in its meeting held on 27.01.2017 has appointed Sri N. Ramaswamy as Secretarial Auditor for the year 2016-17. Secretarial Audit Report for the year ending 31.03.2017 has been Annexed to the Directors' Report as "Annexure – I" to comply with statutory provisions of the Companies Act, 2013 and other applicable provisions of other Acts. 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 Form MGT-9 format is enclosed as "Annexure – F" . .

### Subsidiaries, Joint Ventures and Associate Companies

The Company is not having any Subsidiaries, Joint Ventures and Associate Companies and hence the details are not applicable.



### **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 SEBI (LODR) Regulations, 2015.

### **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 include 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>.

### **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

Sd/-

**CA K. KARUNAKAR RAO**  
Executive Director & CEO  
(DIN : 02031367)

Place : Kurnool

Date : 23<sup>rd</sup> August, 2017





## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### ANNEXURE 'A' TO THE DIRECTORS' REPORT

Particulars pursuant to Rule 8(3) of Companies (Accounts) Rules, 2014.

#### A. Conservation of Energy

1. 1 X 300 TR liquefaction unit is installed to reduce energy consumption.
2. 85 No. of CTMM meshes are replaced in DD 350 elements wherever voltage is high to reduce energy consumption.
3. Liquid chlorine pumping through pipe line is commissioned to avoid transfer of liquid chlorine using padding air.
4. Energy recovery while liquid chlorine vapourising is planned for energy saving.

#### FORM – A

Disclosure of Particulars with respect to conservation of energy	Current Year 31.03.2017	Previous Year 31.03.2016
<b>a. Power and Fuel Consumption :</b>		
<b>1. Electricity Purchased :</b>		
a) i) Electricity from APCPDCL Units (KWH)	316537528	390001066
Total Amount (Rs. In lakhs) including FSA charges)	19808.79	23293.07
Rate/Unit (Rs.)	6.26	5.97
ii) Electricity from APGPCL Units (KWH)	9215417	9840804
Total Amount (Rs. In lakhs)	408.99	417.15
Rate/Unit (Rs.)	4.44	4.24
iii) Others Units (KWH)	106200790	10114328
Total Amount (Rs. In lakhs)	4372.03	346.84
Rate/Unit (Rs.)	4.12	3.43
b) Own Generation :		
i) Through Wind farm Units(KWH)	2801107	2890028
Cost/Unit (Rs.)	3.03	2.53
ii) Through Co-Gen plant Units(KWH)	31971650	10785100
Cost/Unit (Rs.)	4.67	2.96
<b>2. Coal :</b>		
Quantity (MT)	194074	140547
Total amount (Rs. In lakhs)	6787.09	4274.97
Average Rate (Rs./MT)	3497	3042
<b>3. Husk :</b>		
Quantity (MT)	3569	5706
Total amount (Rs. In lakhs)	102.92	148.87
Average Rate (Rs./MT)	2884	2609
<b>4. Fuel Oil :</b>		
Qty (KL) (consist of HSD & FO)	271	204
Total Amount (Rs. In lakhs)	74.45	60.93
Average Rate (Rs./MT)	27493	29896
<b>b. Consumption per MT of Caustic Soda Lye Production :</b>		
No. of Units (KWH) (AC Power)	2462	2414



**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**

- Laboratory experiments are carried out in R&D center to increase the settling rate of Barium Sulphate by optimizing and varying the parameters.
- R & D studies were carried out to improve the crude glycerine treatment prior to distillation to reduce the esters

**2. Benefits derived as a result of R & D**

- By improving settling rate of Barium sulphate additional market is developed from consuming sectors.
- By reducing the esters in refined glycerine the company will be able to supply the needs of pharmacopeia grade glycerine.

**3. Future Plans**

- Recovery of high grade sodium sulphate from brine through sulphate removal system instead of conventional barium treatment.

**4. Technology Absorption, Adoption and Innovation**

- There is no instances of technology innovation, absorption and adoption during the financial 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 for other products.
- b) Total Foreign Exchange used and earned **(Rs. in lakhs)**
- |                             |      |         |
|-----------------------------|------|---------|
| i) Foreign Exchange used    | .... | 7555.47 |
| ii) Foreign Exchange earned | .... | 4738.96 |

**ANNEXURE 'B' TO THE DIRECTORS' REPORT**

**Directors' Responsibility Statement**

**Yours Directors Further Confirm that**

- In the presentation of the Annual Accounts, applicable Accounting Standards have been followed.
- 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.
- 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.
- The Directors had prepared the Annual Accounts on a going concern basis.

On behalf of the Board of Directors

Sd/-

**CA K. KARUNAKAR RAO**

Executive Director & CEO

(DIN : 02031367)

Place : Kurnool

Date : 23<sup>rd</sup> August, 2017



## ANNEXURE 'C' TO THE DIRECTORS' REPORT

### Report On Corporate Governance

The Management of SRAAC Ltd., hereby confirm and certify that the relevant provisions of SEBI (LODR) Regulations, 2015 dealing with "Corporate Governance" as amended from time to time by SEBI and BSE Ltd., have been complied for the year 2016-17. The Corporate Governance compliance details are furnished hereunder:

#### 1. Company's Philosophy :

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 by SEBI (LODR) Regulations, 2015. 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. Policies :

In compliance with the requirements of Listing Agreements with Stock Exchanges; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations"), SEBI Regulations and Companies Act, 2013, Board of Directors of the Company has approved various policies, as detailed hereunder.

#### 3. Related Party Transaction Policy :

In compliance with the requirements of Regulation 23 of Listing Regulations, the Board of Directors of the Company has approved a Related Party Transaction Policy, to facilitate senior management to report and seek approval for any Related Party Transaction proposed to be entered into by the Company. The said Related Party Transaction Policy can be viewed on [www.tgvgroup.com](http://www.tgvgroup.com).

#### 4. Policies & Code as per SEBI Insider Trading Regulations :

In accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated and approved (i) Insider Trading code to regulate dealing in the securities of the company by designated persons in compliance with the regulation; and (ii) a Policy for Fair Disclosure of Unpublished Price Sensitive Information.

Sri V. Radhakrishna Murthy, Company Secretary of the Company is Compliance Officer for the purposes of Insider Trading Code, while the Chief Executive Officer of the Company has been assigned responsibility fair disclosure policy.

#### 5. Familiarisation Program for Independent Directors :

Independent Directors are familiarized with their roles, rights and responsibilities at the time of their appointment as Directors and regular presentations are made to the Board/Board Committees covering business strategies, management structure, periodic financial results, budgets and operations of subsidiaries, if any.

Apart from above policies, the Board has in accordance with the requirements of the Companies Act, 2013 and Listing Regulations approved and adopted Policy for Determining Material Subsidiary, Policy for Determining Material Events, Policy for Preservation of Documents and Archival of Records, Corporate Social Responsibility Policy and Remuneration Policy. These policies can be viewed on Company's Website at [www.tgvgroup.com](http://www.tgvgroup.com).

#### 6. Board Procedure :

All the mandatory information as mentioned in SEBI (LODR) Regulations, 2015 is being placed before the Board during its meetings.

#### 7. Board of Directors :

The Composition of the Board is in compliance with the guidelines given in SEBI (LODR) Regulations, 2015. The Board comprises of Ten 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 one Executive Director & CEO and two Executive Directors (Technical) under the co-ordination of Chairman 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 :



## Sree Royalaseema Alkalies and Allied Chemicals Limited

S. No.	Name of Director	Category	F.Y. 2016-17 attendance at		As on 31 <sup>st</sup> March, 2017		
			BM	Last AGM	No. of Directorship	Committee Positions	
						Chairman	Member
1.	Sri T.G. Venkatesh	Chairman	5	Yes	-	-	-
2.	Sri B. Srinivasa Rao (Upto 10.12.2016)	Director (IDBI Nominee)	3	No	-	-	1
	Sri Subhasish Roy (From 10.12.2016)	Director (IDBI Nominee)	1	No	-	-	1
3.	Sri P.N. Vedanarayanan	Director (Independent)	3	No	-	2	-
4.	Sri G. Krishna Murthy	Director	6	Yes	-	5	1
5.	Sri .J. Nagabhushanam	Director (Independent)	6	No	-	-	2
6.	Smt. V. Surekha	Director	6	Yes	-	-	-
7.	Dr. M. Asha Reddy	Director	6	No	-	-	3
8.	Sri K. Karunakar Rao	E.D (Fin. & Comm.)	6	Yes	1	-	3
9.	Sri N. Jesvanth Reddy	E.D. (Technical)	6	Yes	-	-	2
10.	Sri Gopal Krishan	E.D. (Technical)	6	Yes	-	-	1

During the financial year ended 31<sup>st</sup> March, 2017, Six Board Meetings were held on (1) 12.04.2016 (2) 13.06.2016 (3) 11.07.2016 (4) 06.10.2016 (5) 29.10.2016 and (6) 27.01.2017 respectively.

### 8. Audit Committee :

The composition of the Audit Committee is in accordance with the Regulation 15 of SEBI (LODR) Regulations, 2015 dealing with Corporate Governance guidelines and the provisions of Sec. 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.
10. Omnibus approval to related party transaction at the beginning of the year and review of quarterly actual related party transactions and recommendation of the same to the Board for its approval.

In addition to quarterly and yearly Un-audited/Audited financial results the Committee deliberate upon the relevant matters mentioned in SEBI (LODR) Regulations, 2015, 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. The Audit Committee was reconstituted by the Board in its meeting held on 27.01.2017 with the following Directors as its members (1) Sri P. N. Vedanarayanan, Chairman (2) Dr. M. Asha Reddy, Member (3) Sri Subhasish Roy, Member (4) Sri G. Krishna Murthy, Member.

Sl. No.	Name of the Director	Designation	No. of Meetings	
			Held	Attended
1.	Sri P.N. Vedanarayanan	Chairman	4	2
2.	Sri G. Krishna Murthy	Member	4	4
3.	Sri Badri Srinivasa Rao (upto 10.12.2016)	Member	3	2
	Sri Subhasish Roy (from 10.12.2016)	Member	1	1
4.	Dr. M. Asha Reddy	Member	4	4

During the financial year ended 31<sup>st</sup> March, 2017, Four Board Audit Committee Meetings were held on (1) 12.04.2016 (2) 11.07.2016 (3) 29.10.2016 and (6) 27.01.2017 respectively.

#### 9. Nomination and Remuneration Committee :

The Nomination and Remuneration Committee was reconstituted by the Board in its Meeting held on 29.01.2016 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 J. Nagabhushanam, Member and (3) Dr. M. Asha 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. During the year the Committee has met one time i.e. on 27.01.17. All the members attended the meeting.

#### 10. 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 reconstituted by the Board on 29.01.2016. The details of the committee meetings and composition are detailed hereunder:

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.	Dr. M. Asha Reddy	Member	4	4

During the financial year ended 31<sup>st</sup> March, 2017, Four Stakeholders Relationship committee and Shareholders' / Investors Grievance Committee Meetings were held on (1) 04.04.2016 (2) 04.07.2016 (3) 10.10.2016 and (4) 09.01.2017 respectively.

The Committee is vested with the requisite powers and authorities to specifically look into redressal of shareholder and investor grievances. The details of complaints are as follows:



<b>No. of Investor Queries/complaints received in the year 2016-17</b>	<b>Pending at the end of the year</b>	<b>No. of pending Share Transfers</b>
<b>9</b>	<b>NIL</b>	<b>NIL</b>

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

#### **11. General Body Meetings :**

The last three Annual General Meetings were held as follows :

<b>Financial Year</b>	<b>Day &amp; Date</b>	<b>Time</b>	<b>Venue</b>
2013-14	Thursday, 25.09.2014	4.00 P.M.	Regd. Office : Gondiparla, Kurnool
2014-15	Wednesday, 16.09.2015	4.00 P.M.	Regd. Office : Gondiparla, Kurnool
2015-16	Tuesday, 27.09.2016	4.35 P.M.	Regd. Office : Gondiparla, Kurnool

All Resolutions moved at the last Annual General Meeting (Resolutions were passed by physical, postal + e-voting to comply with the provisions of the Companies Act, 2013) were passed with Requisite majority. The last Annual General Meeting of the Company was held on 27.09.2016 and it was attended by Sri T.G. Venkatesh, Chairman besides other Directors viz. Sri K. Karunakar Rao, Sri N. Jesvanth Reddy and Sri Gopal Krishan.

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

##### **(a) 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 2015-16.

##### **(b) 2014-15**

1. Increase in Authorised Capital.
2. Alteration of Capital Clause of Memorandum of Association.
3. Alteration of Articles of Association.
4. Appointment of Sri Gopal Krishnan as Rotational Director to pass the following as on Ordinary Resolution.
5. Appointment of Sri.J.Nagabhushanam as an Independent Director.
6. Payment of Remuneration to Sri Gopal Krishnan, Executive Director (Technical ).
7. Upward Revision of Remuneration to (1) Sri K. Karunakar Rao, Executive Director (F&C) & CEO and (2) Sri N. Jesvanth Reddy, Executive Director (Technical).



8. Proposal for allotment of Convertible Share Warrants to Brilliant Industries Private Ltd on Preferential basis.
9. Creation of Security in favour of Bank and Financial Institutions.
10. Creation of Security in favour of Bank and Financial Institutions for providing financial assistance to Chloromethanes Project.
11. To provide security in favour of M/s. IFCI Limited.
12. Appointment and Remuneration of Cost Auditor.

**(C) 2015-16**

1. Appointment and Remuneration of Cost Auditor.
2. Appointment of Dr M. Asha Reddy as Independent Director.
3. Creation of Security in favour of The South Indian Bank Ltd.
4. To provide security in favour of M/s. IFCI Limited.
5. Re-appointment of Executive Director (Finance & Commercial) and Fixation of Remuneration.
6. Re-appointment of Executive Director (Technical) and Fixation of Remuneration.

**12. 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. 24.10 - 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 SEBI (LODR) Regulations, 2015 and non-mandatory requirements are not yet adopted by the Company.

**13. 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).

**14. General Shareholder Information :**

- |  |  |
|--|--|
| <b>a) AGM Date, time and Venue</b>               | : Wednesday, the 27 <sup>th</sup> September, 2017 at 4.00 P.M<br>Regd. Office : Gondiparla, Kumool-518 004 (A.P)   |
| <b>b) Tentative Financial Calendar</b>           | : The next financial year covers the period<br>from 1 <sup>st</sup> April, 2017 to 31 <sup>st</sup> March, 2018  |
| <b>Un-Audited Financial results for</b>          | : First Quarter - July / August, 2017<br>Second Quarter - October / November, 2017<br>Third quarter - January / February, 2018<br>Fourth quarter - April / May, 2018 |
| <b>c) Book Closure period</b>                    | : From 20.09.2017 to 27.09.2017 (both days inclusive)  |
| <b>d) Dividend payment date</b>                  | : N.A  |
| <b>e) The Shares of the Company is listed on</b> | : Bombay Stock Exchange Limited, Mumbai.   |

ISIN No : INE 284B01028, SCRIP CODE : 507753 for EQUITY SHARES

ISIN No : INE 284B04014, SCRIP CODE : 700102 for C.R.P.S





## Sree Royalaseema Alkalies and Allied Chemicals Limited

**f) Market Price Data: The Monthly High and Low of Stock Quotations during the Financial Year 2016-17.**

MONTH & YEAR	EQUITY SHARES		C.R.P.S	
	HIGH (Rs.)	LOW (Rs.)	HIGH (Rs.)	LOW (Rs.)
April, 2016	19.90	16.05	12.77	7.79
May, 2016	19.60	17.00	12.30	7.51
June, 2016	21.80	17.50	10.93	6.84
July, 2016	22.25	18.30	9.50	7.06
August, 2016	20.30	17.75	9.62	7.14
September, 2016	23.90	18.40	9.49	6.41
October, 2016	29.10	21.30	10.65	6.51
November, 2016	25.95	17.00	9.55	7.00
December, 2016	21.45	18.30	8.97	6.80
January, 2017	24.90	18.85	9.23	6.86
February, 2017	22.20	20.00	8.83	6.84
March, 2017	24.10	20.70	8.94	7.07

**g) Distribution of Shareholding pattern for Equity Shares and CRPS as on 31<sup>st</sup> March, 2017.**

S. No.	CATEGORY	EQUITY SHARES		C R P S ( * )	
		SHARES	%	SHARES	%
1.	Promoter	47792685	54.79	8448145	44.74
2.	Mutual Funds and UTI	17887	0.02	17887	0.09
3.	Banks, Financial Institutions	850	0.00	1808809	9.58
4.	Insurance Companies	615885	0.71	615935	3.26
5.	Bodies Corporate	5597933	6.42	1298565	6.88
6.	Indian Public	32161926	36.87	6181272	32.74
7.	NRIs / OCB	1038147	1.19	511719	2.71
	<b>TOTAL</b>	<b>87225313</b>	<b>100.00</b>	<b>18882332</b>	<b>100.00</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 (T.S) 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).

**i) Dematerialisation of Shares and Liquidity :**

As on 31<sup>st</sup> March, 2017, out of 87225313 Equity Shares 85587257 No. of Shares were dematerialised (98.12 %). Out of 18882332 No. of 0.01% CRP Shares 16680781 (88.34 %) 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 -



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### k) Code of Conduct :

In compliance of Regulation 17 Sub-Regulation 5 proviso a) or b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 "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 Regulation 17 Sub-Regulation 5 proviso a) or b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Directors and Senior Management personnel have confirmed compliance with code of conduct for the period ended 31.03.2017.

On behalf of the Board of Directors

Sd/-

**CA K. KARUNAKAR RAO**

Executive Director & CEO

(DIN : 02031367)

Place : Kurnool

Date : 23<sup>rd</sup> August, 2017

### l) Plant Location :

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

Bellary Power Plant : Tagginabudihalli, Bellary, Karnataka.

Wind Farm : Ramagiri, Anantapur 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.S)

Tel. No. : 040 – 27638111, 27634445, 27642217, 66611921 Fax No. : 040 – 27632184

E-mail : info@aarthiconsultants.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.S)

Tel No. : 040 – 23313843 Fax No.: 040 - 23313875

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

On behalf of the Board of Directors

Sd/-

**CA K. KARUNAKAR RAO**

Executive Director & CEO

(DIN : 02031367)

Place : Kurnool

Date : 23<sup>rd</sup> August, 2017



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

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

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

(Under Schedule-V (E) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Auditor's Certificate is given for the Corporate Governance as annexure to the Directors' Report)

To

The Member 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, 2017 as stipulated under Schedule-V (E) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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's Regn. No. 000514S

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

Place : Kurnool (Camp)  
Date : 23<sup>rd</sup> August, 2017



**ANNEXURE 'E' TO THE DIRECTORS' REPORT**

**MANAGEMENT DISCUSSION AND ANALYSIS :**

**Economy**

Indian economy growth during 2016-17 has achieved a respectable level of 7.1% from 7.5% during 2015-16 which is mainly due to the effect of demonitisation. Today, India has emerged as one of the fast growing economies in the world. The reduced oil prices internationally, government's continued reforms in all sectors etc. namely demonitisation have helped India to reach this.

Today, "Non performing Assets" have become a jolt to the Banking Sector, affecting the credit availability to the industry as a whole, thus indirectly some obstacle to the growth.

**Segment-wise performance**

The Company is having three Business segments namely:-

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

Segment-wise analysis of structure, opportunity, threats and outlook are discussed hereunder.

Chlor-Alkali products are basic chemicals used as raw materials in many process industries like paper, aluminium, soaps to detergents, pharmaceuticals, dye etc., Your Company deals in Caustic Soda, Chlorine, Sodium Hypochlorite, Hydrogen, Potassium Hydroxide and Potassium Carbonate under Chemicals/chlor-alkali division. The products of Chloromethanes unit namely Methylene Chloride, Chloroform, Carbon tetrachloride are well received by the market after initial teething problems.

During Financial year 2016-17, the production of Caustic Soda and Caustic Potash put together is at 159948 MTs which is slightly higher than its previous year. The Chloromethanes Plant has produced 28840 MTs and the products are well acceptance by the customers. The Fatty Acids Division has produced 21874 MTs of Stearic Acid and Soaps Noodles, Castor Oil Division has produced 7760 MTs. The price variation between the local region from where Company is sourcing the raw material, and Gujarat Belt (the other Castor producer), is the reason for the shortfall. Another reason for short fall is huge fluctuations in raw materials and finished products.

The Company is examining the avenues before it for the Power Plant at Bellary which continuous to be under closure with the expiry of Power Purchase Agreement with Karnataka State Electricity Authorities.

**Outlook**

Currently with satisfactory rainfall being received in the country, the sentiment of market is enthusiastic and conducive for growth in all industrial sectors. This will help the demand for chlor-alkali products, the main Segment of the Company is expected for a growth, further. To reap the benefits of forward integration the company is contemplating to enter pharmaceuticals.

**Risks and concerns**

Electricity, the main cost contributory for Chlor-alkali industry is always a concern. The reforms in Electricity Sector made by the Government is assuring satisfactory purchase as against the shortfall witnessed, till recent times. Still, the cost of power is a worrying factor. The Company has entered a Contract for 5 MW power supply with one of Group Company at a very economic rate. Company is exploring possibilities of entering into Contracts similarly for achieving savings in power costs.



### **Financial Performance**

During the Financial Year 2016-17, the Gross Sales are slightly higher at Rs.987.67 Cr., compared to Rs.865.56 Cr., of previous year. The Gross Profit of the Company has been increased from Rs.112.22 Cr., to Rs.138.91 Cr., represents 20% increase. Being capital intensive industry, depreciation is high at Rs.51.49 Cr. Another reason for increase is addition of Chloromethanes assets. The Net profit for the year is Rs.19.44 Cr., compared to previous year of Rs.24.42 Cr. The difference or decrease is due to taxation (Deferred Tax Liability). The basic earning per Share stood at Rs.2.32 per annum as against previous year of Rs.3.07 per annum.

### **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, 2017 the employee strength (on permanent rolls) of the Company was 859.

### **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

Sd/-

**CA K. KARUNAKAR RAO**

Executive Director & CEO

(DIN : 02031367)

Place : Kurnool

Date : 23<sup>rd</sup> August, 2017



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### ANNEXURE - "EA"

#### FORM NO. AOC-2

(Pursuant to Clause (b) of sub-section (3) of Sec.134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of Contracts / Arrangements entered into by the company with related parties referred to in sub-section (1) of Sec.168 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

- 1) Details of Contracts or Arrangements or Transactions not at Arm's Length basis : - Not Applicable -
- 2) Details of Material Contracts or Arrangements or Transactions at arm's length basis :

S. No	(a) Names(s) of the Related Party and Nature of Relationship	(b) Nature of Contracts / Arrangements / Transactions	(c) Duration of the Contracts/ Arrangements/ Transactions	(d) Salient terms of the Contracts or Transactions including the value, if any. (Rs. in lakhs)	(e) Date(s) of approval by the Board, if any.	(f) Amount Paid as advances, if any.
1	Sree Rayalaseema Hi-Strength Hypo Ltd.,	Sales Purchases Rent Received	Annual Contracts / Arrangements	7846.60 2548.04 3.88	12.04.2016	-N.A-
2	TGV Projects & Investments Private Ltd.,	Rent Paid	Annual Contracts / Arrangements	141.21	12.04.2016	-N.A-
3	Sree Rayalaseema Galaxy Projects Private Ltd.,	Sales Purchases	Annual Contracts / Arrangements	9.85 28.77	12.04.2016	-N.A-
4	Gowri Gopal Hospitals Private Ltd.,	Sales Purchases Services availed / Rendered	Annual Contracts / Arrangements	0.41 3.08 11.58	12.04.2016	-N.A-
5	The Mourya Inn	Services availed / Rendered	Annual Contracts / Arrangements	137.49	12.04.2016	-N.A-
6	Brilliant Industries Private Ltd.,	Rent Paid	Annual Contracts / Arrangements	1.56	12.04.2016	-N.A-
7	M.V. Salts & Chemicals Private Ltd.,	Purchases	Annual Contracts / Arrangements	1.91	12.04.2016	-N.A-
8	Other Related Parties	Rent & Others	Annual Contracts / Arrangements	29.35	12.04.2016	-N.A-

Note : The above related party disclosures are only under Sec.188 read with Sec.134 of the Companies Act, 2013.

For and on behalf of the Board

Sd/-

**CA K. KARUNAKAR RAO**

Executive Director & CEO

(DIN: 02031367)

Place : Kurnool  
Date : 23<sup>rd</sup> August, 2017



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### ANNEXURE - "F"

#### FORM NO. MGT - 9 EXTRACT OF ANNUAL RETURN

as on the Financial Year Ended on 31.03.2017

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

#### I REGISTRATION AND OTHER DETAILS

CIN	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, Kumool - 518 004 (A.P) (Tel: Nos.91-08518 280006, 280007, 280008) Fax 08518-280098 Cell : 09848304999
Whether Listed Company	Yes
Name & Address of the Registrar and Transfer Agent	M/s. Aarthi Consultants Private Limited Regd.Office: 1-2-285,Domalguda, Hyderabad - 500059 (Telangana State) Contact Nos.040-27638111 / 27634445 Fax: 040-27632184 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	46%
2	Caustic Potash Lye / Flakes	24117	10%
3	Soap Noodles	24117	13%

#### III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl.No	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associates	% of Shares	Applicable
-	-	-	-	-	-





## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) as on 31-3-2017.

#### i) Category - wise Shareholding

	Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2016)				No. of Shares held at the end of the year (31.03.2017)				% of Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>Promoters</b>									
<b>1</b>	<b>Indian</b>									
a)	Individual/ HUF	862137	0	862137	1.04	862137	0	862137	0.99	-0.05
b)	Central Govt.	0	0	0	0	0	0	0	0	
c)	State Govt (s)	0	0	0	0	0	0	0	0	
d)	Bodies Corp.	42569283	0	42569283	51.37	46930548	0	46930548	53.80	2.43
e)	Banks/Fl	0	0	0	0	0	0	0	0	
f)	Any Other...	0	0	0	0	0	0	0	0	
	<b>Sub Total (A) (1) :</b>	<b>43431420</b>	<b>0</b>	<b>43431420</b>	<b>52.41</b>	<b>47792685</b>	<b>0</b>	<b>47792685</b>	<b>54.79</b>	<b>2.38</b>
<b>2</b>	<b>Foreign</b>									
a)	NRIs - Individuals	0	0	0	0	0	0	0	0	
b)	Other- Individuals	0	0	0	0	0	0	0	0	
c)	Bodies Corp.	0	0	0	0	0	0	0	0	
d)	Banks/Fl	0	0	0	0	0	0	0	0	
e)	Any Other...	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>Total Shareholding of Promoter (A)=(A) (1) + A) (2)</b>	<b>43431420</b>	<b>0</b>	<b>43431420</b>	<b>52.41</b>	<b>47792685</b>	<b>0</b>	<b>47792685</b>	<b>54.79</b>	<b>2.38</b>
<b>B</b>	<b>Public Shareholding</b>									
<b>1</b>	<b>Institutions</b>									
a)	Mutual Funds	8937	8950	17887	0.02	8937	8950	17887	0.02	0.00
b)	Bank/Fl/0	850	850	0	0	850	850	0.00	0.00	
c)	Central Govt.	0	0	0	0	0	0	0	0	
d)	State Govt (s)	0	0	0	0	0	0	0	0	
e)	Venture Capital Funds	0	0	0	0	0	0	0	0	
f)	Insurance Companies	615885	0	615885	0.74	615885	0	615885	0.71	-0.03
g)	Flls 0	0	0	0	0	0	0	0	0	
h)	Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	
i)	Others (specify)	0	0	0	0	0	0	0	0	
	<b>Sub Total (B) (1) :</b>	<b>624822</b>	<b>9800</b>	<b>634622</b>	<b>0.76</b>	<b>624822</b>	<b>9800</b>	<b>634622</b>	<b>0.73</b>	<b>-0.03</b>
<b>2</b>	<b>Non-Institutions</b>									
a)	Bodies Corp.	5893067	43025	5936092	7.16	5555570	42363	5597933	6.42	-0.74
i)	Indian 0	0	0	0	0	0	0	0	0	
ii)	Overseas	0	0	0	0	0	0	0	0	
b)	Individuals									
i)	Individual Shareholders holding nominal share capital upto Rs.2 Lakh	17303798	1344090	18647888	22.50	17617296	1316516	18933812	21.71	-0.79
ii)	Individual Shareholders holding nominal share capital in excess of Rs.2 Lakh	12959889	33300	12993189	15.68	13194814	33300	13228114	15.17	-0.51
c)	Others (specify) NRIs	982264	238573	1220837	1.47	802070	236077	1038147	1.19	-0.28
	<b>Sub-total (B) (2):</b>	<b>37139018</b>	<b>1658988</b>	<b>38798006</b>	<b>46.82</b>	<b>37169750</b>	<b>1628256</b>	<b>38798006</b>	<b>44.48</b>	<b>-2.34</b>
	<b>Total Public shareholding (B)=(B)(1)+(B)(2)</b>	<b>37763840</b>	<b>1668788</b>	<b>39432628</b>	<b>47.59</b>	<b>37794572</b>	<b>1638056</b>	<b>39432628</b>	<b>45.21</b>	<b>-2.38</b>
<b>C)</b>	<b>Shares held by Custodian for GDRs &amp; ADRs</b>									
		0	0	0	0	0	0	0	0	
	<b>Grand Total (A+B+C)</b>	<b>81195260</b>	<b>1668788</b>	<b>82864048</b>	<b>100.00</b>	<b>85587257</b>	<b>1638056</b>	<b>87225313</b>	<b>100.00</b>	<b>0</b>



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### ii) Shareholding of Promoters as on 31-03-2017

Sl. No.	Name of the shareholder	No of Shares at the beginning of the year (01.04.2016)			Share holding at the end of the year (31.03.2017)			
		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 holding during the year
1	M/s. Sree Rayalaseema Hi-Strength Hypo Limited	20544496	24.79	0.02	20544496	23.55	0.02	-1.24
2	M/s. TGV Projects and Investments Private Ltd.,	11694248	14.11	0	11694248	13.41	0	-0.71
3	M/s. Sree Rayalaseema Dutch Kassenbouw Private Ltd.,	1881109	2.27	0	1881109	2.16	0	-0.11
4	M/s. Gowri Gopal Hospitals Private Ltd.,	1005375	1.21	0	1005375	1.15	0	-0.06
5	M/s. Sree Rayalaseema Galaxy Projects Private Ltd.,	54662	0.07	0	54662	0.06	0	0.00
6	M/s. TGV Securities Private Ltd.,	14150	0.02	0	14150	0.02	0	0.00
7	M/s. Brilliant Industries Private Ltd.,	7375243	8.90	0.21	11736508	13.46	0.20	4.55
8	Sri. T G Venkatesh	303848	0.37	0.37	303848	0.35	0.35	-0.02
9	Smt. T G Rajyalakshmi	322384	0.39	0.39	322384	0.37	0.37	-0.02
10	Sri. T G Bharath	129744	0.16	0.16	129744	0.15	0.15	-0.01
11	Smt. Jyothsna S Mysore	13361	0.02	0.02	13361	0.02	0.02	0.00
12	Smt. Boda Mourya	92800	0.11	0.11	92800	0.11	0.11	-0.01
	<b>Total</b>	<b>43431420</b>	<b>52.41</b>	<b>1.27</b>	<b>47792685</b>	<b>54.79</b>	<b>1.21</b>	<b>2.38</b>

### 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 (01.04.16) to (31.03.17)	% of total shares of the Company
		No. of Share at the beginning of the year (01.04.16)/ end of the year (31.03.17)	% of total shares of the Company				No. of shares	
1	Brilliant Industries Private Ltd.,	7375243	8.90	27.01.17	4361265	Preferential Allotment	11736508	13.46
							<b>11736508</b>	<b>13.46</b>



iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs) as on 31-3-2017.

S. No.	Name of the Shareholder	Shareholding		Increase / Decrease in Shareholding (during the year 01.04.16 to 31.03.17)	Reason	Cumulative shareholding during the year (01.04.16) to (31.03.17) No. of shares	% of total shares of the Company
		No. of Share at the beginning of the year (01.04.16)/ end of the year (31.03.17)	% of total shares of the Company				
1	Rajasthan Global Securities Pvt Ltd	0.00	0.00		Purchase	846808	0.97
		0.00	0.00				
2	Kashmira Investment and Leasing Private Ltd	0.00	0.00		Purchase	660000	0.76
			0.00				
3	Life Insurance Corporation of India	537885	0.65		No Change	537885	0.62
		537885	0.65				
4	Sadhana Mehrotra	500000	0.60	26028	Sale	473972	0.54
		473972	0.54				
5	Heena Biren Gandhi	460000	0.56	15000	Sale	445000	0.51
		445000	0.51				
6	Pallavi Y Dani	0	0.00		Purchase	353500	0.41
		353500	0.41				
7	Bharti Chetan Cholera	345778	0.42		No Change	345778	0.40
		345778	0.40				
8	Lal Tolani	0	0.00		Purchase	339834	0.39
		339834	0.39				
9	Mukta Bansal	0	0.00		Purchase	320000	0.37
		320000	0.37				
10	Devika Anand	0	0.00		Purchase	300283	0.34
		300283	0.34				
11	Raviraj Developers Ltd	9510	0.01	9510	Sale	0	0.00
		0	0.00				
10	JMP Securities Pvt Ltd	852759	1.03	852759	Sale	0	0.00
		0	0.00				
12	Ajay Kumar Bansal	550658	0.66	450219	Sale	100439	0.12
		100439	0.12				
13	Manish J Chopda (HUF)	400000	0.48	400000	Sale	0	0.00
		0	0.00				
14	Vishanji S Dedhia	390000	0.47	390000	Sale	0	0.00
		0	0.00				
15	VLS Capital Limited	355990	0.43	355990	Sale	0	0.00
		0	0.00				
			0.00			4723499	5.42



## 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 01.04.16 to 31.03.17)	Reason	Cumulative shareholding during the year (01.04.16 to 31.03.17)	% of total shares of the Company
		No. of Shares at the beginning of the year (01.04.16)/ end of the year (31.03.17)	% of total shares of the Company			No. of shares	
1.	Sri T.G. Venkatesh	303848	0.37	0	No Change	303848	0.35
2	Dr. M Asha Reddy	0	0.00	2850	Transfer	2850	0.00
3	Sri.K Karunakar Rao	50	0.00	0	No Change	50	0.00
4	Sri.V Radhakrishna Murthy	8	0.00	0	No Change	8	0.00
	<b>At the end of the Year</b>	<b>303906</b>	<b>0.37</b>	<b>2850</b>	<b>-</b>	<b>306756</b>	<b>0.35</b>

### (V) INDEBTEDNESS

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

(Rs. in lakhs)

S.No.	Description	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
	Indebtedness at the beginning of the financial year				
(i)	Principal Amount	42190.69	984.37	0	43175.06
(ii)	Interest due but not paid	0	0	0	0
(iii)	Interest accrued but not due	33.09	0	0	33.09
	<b>Total (i+ii+iii)</b>	<b>42223.78</b>	<b>984.37</b>	<b>0</b>	<b>43208.15</b>
	<b>Change in Indebtedness during the financial year</b>				
*	Addition	7832.68	0	0	7832.68
*	Reduction	4869.15	0	0	4869.15
	<b>Indebtedness at the end of the financial year</b>				
(i)	Principal Amount	45111.45	984.37	0	46095.82
(ii)	Interest due but not paid	0	0	0	0
(iii)	Interest accrued but not due	75.86	0	0	75.86
	<b>Total (i+ii+iii)</b>	<b>45187.31</b>	<b>984.37</b>	<b>0</b>	<b>46171.68</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	1100000	1981620	1882020	2400000	7363640
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	70635	45661	144000	260296
	(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					-
5	Others, please specify					-
	<b>Total (A)</b>	<b>(*)1100000</b>	<b>2052255</b>	<b>1927681</b>	<b>2544000</b>	<b>(**)7623936</b>

Ceiling as per the Act

(\*) Rs.171.82 Lakhs (being 10% Profits of the Company as per Sec.198 of the Companies Act, 2013)

(\*\*) Remuneration is calculated for part of the year i.e. from 01.04.2016 to 31.05.2016 for which period he is Managing Director of the Company

#### B. Remuneration to Other Directors

Sl. No.	Particulars of Remuneration during the period 01.04.2016 to 31.03.2017	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	85500	-	-	85500
		Sri.P N Vedanarayanan	31000	-	-	31000
		Dr. M. Asha Reddy	57500	-	-	57500
		Sri.J Nagabhushanam	54000	-	-	54000
	<b>Total (1)</b>		<b>228000</b>			<b>228000</b>
2	Other Non-Executive Directors					
		(*) Sri. B Srinivasa Rao Rs.10000/- and Sri Subhasish Roy (IDBI)-Rs.25000/-	35000	-	-	35000
		Smt. V Surekha	30000	-	-	30000
	<b>Total (2)</b>		<b>65000</b>	-	-	<b>65000</b>
	<b>Total (B) = (1+2)</b>		<b>293000</b>	-	-	<b>293000</b>
	Total Managerial Remuneration		-	-	-	-
	Overall Ceiling as per the Act		-	-	-	(*)

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

(\*) Rs.17.20 Lakhs (being 1% of the net profit of the company calculated under Clause 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	984400	669340	<b>1653640</b>
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	38400	38400	<b>76800</b>
	(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	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>1022800</b>	<b>707640</b>	<b>1730440</b>

### 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' TO THE DIRECTORS' REPORT

1. The Composition of the CSR Committee	1. Sri G. Krishna Murthy 2. Sri K. Karunakar Rao 3. Sri Gopal Krishan
2. Average net profit of the Company for last three financial years	Rs. 1325.94 Lakhs
3. Prescribed CSR Expenditure (two per cent of the amount as in item 2 above) Add : Previous year back log CSR expenditure Total Corporate Social Responsibility obligation	Rs. 26.52 Lakhs Rs. 0.32 Lakhs Rs. 26.84 Lakhs
4. Details of CSR spent for the financial year	Rs. 52.16 Lakhs
a. Amount unspent, if any	Rs. Nil Lakhs

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 (Rs. in lakhs)	Amount spent on the projects or programs Sub-heads:(1)Direct expenditure on projects or programs(2) Overheads (Rs. in lakhs)	Cumulative expenditure upto the reporting period (Rs. in lakhs)	Amount spent: Director or through implementing agency (Rs. in lakhs)
1	Drinking Water to people of nearby areas	Provision of Drinking Water	Local area	11.99	11.99	11.99	11.99
2	Education to Nearby pupil	Provision of Education	Local area	2.43	2.43	2.43	2.43
3	Community Welfare	Social Project	Local area	6.13	6.13	6.13	6.13
4	Pollution control	Environmental Stability	Local area	30.48	30.48	30.48	30.48
5	Old age pensions	Eradication of poverty	Local area	1.13	1.13	1.13	1.13
			<b>Total Rs.</b>	<b>52.16</b>	<b>52.16</b>	<b>52.16</b>	<b>52.16</b>

For and on behalf of the Board

Place : Kurnool  
Date : 23<sup>rd</sup> August, 2017

Sd/-  
**CA K. KARUNAKAR RAO**  
Executive Director & CEO  
(DIN: 02031367)





## Sree Rayalaseema 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 2016-17	Rs. 23360
The percentage increase in the median remuneration of employees in the Financial year 2016-17	5 %
The number of permanent employees on the rolls of the Company as on 31 <sup>st</sup> March, 2017	859

Name of Director	Ratio of remuneration to median remuneration of all employees
<b>Non-Executive Directors</b>	
Smt. V. Surekha	0.11
<b>Independent Directors</b>	
Sri G. Krishna Murthy	0.30
Sri P.N. Vedanarayanan	0.11
Dr M. Asha Reddy	0.21
<b>Executive Directors</b>	
Sri K. Karunakar Rao	7.33
Sri N. Jesvanth Reddy	6.88
Sri Gopal Krishan	9.08
<b>Key Managerial Personnel</b>	
Sri V. Radhakrishna Murthy	2.52
Sri C. Rajesh Khanna	3.65

**Note:** 1. The ratio of remuneration to median remuneration is based on remuneration paid during the period 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017.

2. Managing Director remuneration is only for a part of the year and hence not calculated.

- (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 2016-17	93.54
Revenue	91557.28
Remuneration of KMPs (as % of revenue)	0.10
Profit before Tax (PBT)	4521.66
Remuneration of KMPs (as % PBT)	2.06

- (3) Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

Factors influencing remuneration of managerial and non-managerial executives is different.

- (2) Affirmation that the remuneration is as per the remuneration policy of the Company.

It confirmed affirmatively that the remuneration to executives is as per remuneration policy of the Company.



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

ANNEXURE - "I"

FORM NO. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017

(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,  
The Members,  
**M/s. Sree Rayalaseema Alkalies and Allied Chemicals Limited,**  
(CIN:L24110AP1981PLC003077)  
Kurnool, Andhra Pradesh

We have conducted the secretarial audit on the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Sree Rayalaseema Alkalies and Allied Chemicals Limited** ("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 the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and 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, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder and as amended upto date;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made hereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992 (upto 14<sup>th</sup> May, 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015 (Effective from 15<sup>th</sup> May, 2015);
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 **(to the extent it is applicable to the Company during the Audit period)**;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(to the extent it is applicable to the Company during the Audit period)**;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with Client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(to the extent it is applicable to the Company during the Audit period) and ;**
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(to the extent it is applicable to the Company during the Audit period)**.
- (vi) We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the company has complied with the following laws applicable specifically to the Company;
  - (1) The Drugs and Cosmetic Act, 2002 and rules made thereunder; (b) The Environmental Protection Act, 1986 (c) The Indian Electricity Act, 2003 (d) The Indian Explosives Act, 1884 (e) The Indian Telegraph Act, 1885 (f) Factories Act, 1948 (g) Industrial Disputes Act, 1947 (h) The Payment of Wages Act, 1936 (i) The Minimum Wages Act, 1948 (j) Employees' State Insurance Act, 1948 (k) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (l) The Payment of Bonus Act, 1965 (m) The Payment of Gratuity Act, 1972 (n) The Contract Labour (Regulations & Abolition) Act, 1970 (o) The Child Labour (Prohibition & Regulation) Act, 1986 (p) The Industrial Employment (Standing Order) Act, 1946 (q) The Apprentices Act, 1961 (r) Equal Remuneration Act, 1976 (s) The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959.



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

We have also examined compliance with the applicable clauses of the following :

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India notified with effect from July 1, 2015 and
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [Effective from 1<sup>st</sup> December, 2015].

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

### **We further report that :**

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

Adequate notice is given to all Directors to schedule the Board meetings, Agenda and detailed notes on agenda were sent atleast 7 days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All Decisions at the Board Meetings and Committee Meetings are carried out unanimously by majority as recorded in the Minutes of the meeting of the Board of Directors and Committee of the Board, as the case may be.

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

We further report that during the audit period the Company had the following events/actions which have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards.

- 1) The second Tranche of Share Warrants of 43,61,265 were converted into equal number of Equity Shares (Face value of Rs.10/- each) in the ratio of 1:1 with a premium of Rs.7.02 per share after fulfillment of all formalities by the Board.

**For N. Ramaswamy & Associates**  
Company Secretaries

**Sd/-**  
**N. Ramaswamy**  
**Practicing Company Secretary**  
**(Sole Proprietor)**  
**PCS No.: 5052**

Place : Kurnool  
Date : 23<sup>rd</sup> August, 2017

**Note: This is to be read with our letter of even date which is annexed and form an integral part of this report.**

### **ANNEXURE**

The Members

**Sree Rayalaseema Alkalies and Allied Chemicals Limited,**  
Kurnool, Andhra Pradesh

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 Laws, 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.

**For N. Ramaswamy & Associates**  
Company Secretaries

**Sd/-**  
**N. Ramaswamy**  
**Practicing Company Secretary**  
**(Sole Proprietor)**  
**PCS No.: 5052**

Place : Kurnool  
Date : 23<sup>rd</sup> August, 2017



## 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 standalone 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, 2017, 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 Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation 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 maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 standalone 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 standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone 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, 2017;
- 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, 2016 ("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, a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
- c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016;
- e) on the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2017, from being appointed as a director in terms of Section 164 (2) of the Act;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and.
- g) 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 has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 24.2 to the standalone financial statements;
  - (ii) the Company did not have any long term contracts including derivative contracts; as such there were no material foreseeable losses thereon,
  - (iii) there are no amounts which are required to be transferred to the Investor Education and Protection Fund; therefore, delay in transferring such sums does not arise.
  - (iv) the Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the books of accounts maintained by the company. Refer Note 24.22 to the standalone financial statements.

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

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

Place : Hyderabad (Camp)  
Date : 29<sup>th</sup> April, 2017



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 at reasonable intervals and no material discrepancies were noticed on such physical verification during the year.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) In respect of inventory;

The physical verification of inventory has been conducted at reasonable intervals by the management during the year and 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) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act').

(iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security.

(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 on the basis of our examination of the records of the company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income-Tax, Service Tax, Sales Tax, Value Added Tax, duty of Customs, duty of Excise, Cess and other statutory dues, as applicable, to the appropriate authorities and there were no arrears of statutory dues outstanding as at 31<sup>st</sup> March, 2017 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, and Service Tax, 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	77.27  161.29*	March, 2007 to Feb, 2008  Mar, 2008 to Sept, 2015	Customs, Excise and Service Tax Appellate Tribunal, Bengaluru.  The Commissioner of Customs, Central Excise and Service Tax (Appeals) Guntur.
2.	The Central Excise Act, 1944	CENVAT Credit availed against manufacture of exempted goods disallowed.	95.41	2008-09	Customs, Excise and Service Tax Appellate Tribunal, Bengaluru.
3.	AP VAT Act, 2005	Interest on delay payment of deferred sales tax.	154.29*	2005-06 And 2006-07	High Court of Andhra Pradesh.
4.	KERALA VAT Act, 2005	VAT on estimated turnover (paid).  VAT on stock transfer price (Paid)	15.38*  3.63*	2008-09  2010-11	Sales tax Appellate Tribunal, Ernakulam.  Sales tax Appellate Tribunal, Ernakulam.
5.	KERALA VAT Act, 2005	Disallowance of input tax on sales returns (Paid)	2.68	2009-10	Deputy Commissioner of Appeals, Palakkad.
6.	KERALA VAT Act, 2005	Late submission of Form-F	9.95	2009-10	Deputy Commissioner of Appeals, Palakkad.
7.	Karnataka Tax on Entry of Goods Act, 1979	Entry tax on purchase of machinery items and interest (paid)	1.78*	2006-07 2007-08 2008-09	Joint Commissioner of Commercial Taxes, Davangeri.
8.	Indian Customs Act, 1962	Customs duty claimed on raw material purchases	1036.14*	2000 to 2006	CESTAT, Chennai.
9.	Indian Customs Act, 1962	Finalisation of assessed Bill of Entries pertaining to KCL.	16.06	2006-07	Customs, Excise and Service Tax Appellate Tribunal, Mumbai.
10.	Indian Customs Act, 1962	Anti dumping duty on import of Barium Carbonate	32.69	2010-11	Assistant Commissioner of Customs, Chennai.
11.	Indian Customs Act, 1962	Differential duty on classification of goods disputed (Lauric Acid)(Paid)	9.63*  10.51	2014-15  2014-15	Customs, Excise and Service Tax Appellate Tribunal, Chennai.  Assistant Commissioner of Customs, Chennai.
12.	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).



## 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
13.	The Electricity Act, 2003.	Fuel Surcharge Adjustment (FSA) charges.	871.93 651.87 1897.33	2008-09 2009-10  May & June 2010 and Oct, 2011 to Sept, 2012	Supreme Court of India. Supreme Court of India.  High Court of Andhra Pradesh.
14.	The Electricity Act, 2003.	Interest on amount pending in Court Cases	294.30	2014-15	High Court/Supreme Court of India.
15.	The Electricity Act, 2003.	Electricity Duty Demand Additional Consumption Deposit and Interest thereon	551.44* 1656.12*	July 2003 to May, 2013  2016-17	Supreme Court of India.  High Court of Andhra Pradesh.

\* Net of amounts paid under protest.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans to Financial Institutions or Banks or dues to Debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, the company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans received during the year were applied for the purpose for which the loans were raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the CARO, 2016 is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements, as required by the applicable Accounting Standards.
- (xiv) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the company has not made any preferential allotment or private placement of fully or partly convertible debentures during the year under review. The company has made preferential allotment of Share Warrants and allotment of shares by conversion of warrants during the year under review. The requirements of section 42 of Companies Act, 2013 have been complied with and the amounts raised have been used for the purpose for which the funds were raised.
- (xv) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the CARO, 2016 is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934..

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

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

Place : Hyderabad (Camp)  
Date : 29<sup>th</sup> April, 2017





ANNEXURE-B  
AUDITOR'S REPORT

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **M/s.Sree Royalaseema Alkalies and Allied Chemicals Ltd., Kurnool** ("the Company") as of 31<sup>st</sup> March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

Place : Hyderabad (Camp)  
Date : 29<sup>th</sup> April, 2017



## Sree Royalaseema Alkalies and Allied Chemicals Limited

### BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2017

(Rs. in lakhs)

	Note No	As at 31.03.2017	As at 31.03.2016
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	10615.04	10178.92
(b) Reserves and Surplus	2	24918.43	22668.65
(c) Money received against share warrants from related parties		195.34	35728.81
			907.72
			33755.29
<b>(2) Share application money pending allotment</b>		-	-
<b>(3) Non-current Liabilities</b>			
(a) Long-term borrowings	3	14174.81	16004.93
(b) Deferred tax liabilities (Net)	4	7872.19	6959.33
(c) Other Long term liabilities		-	-
(d) Long-term provisions		-	22964.26
		22047.00	
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	5	25757.32	22467.43
(b) Trade payables	6	8670.61	6537.65
(c) Other current liabilities	7	14391.16	10703.51
(d) Short-term provisions	8	846.73	728.54
		49665.82	40437.13
<b>TOTAL</b>		<b>107441.63</b>	<b>97156.68</b>
<b>II ASSETS</b>			
<b>(1) Non-current Assets</b>			
(a) Fixed Assets	9		
(i) Tangible Assets		69872.40	66036.03
(ii) Intangible Assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	66036.03
		69872.40	
(b) Non-current investments	10	171.19	171.19
(c) Deferred tax assets(net)		-	-
(d) Long-term loans and advances	11	5306.07	4135.31
(e) Other non-current assets		-	-
<b>(2) Current Assets</b>			
(a) Current investments			
(b) Inventories	12	6576.08	6977.14
(c) Trade receivables	13	7576.08	6497.77
(d) Cash and Cash equivalents	14	6614.50	4217.25
(e) Short term loans and advances	15	2172.57	1989.24
(f) Other current assets	16	9152.74	7132.75
		32091.97	26814.15
<b>TOTAL</b>		<b>107441.63</b>	<b>97156.68</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/-  
**CA B. DAIVADHEENAM REDDY**  
Partner

Membership No. 026450

Place : Hyderabad  
Date : 29<sup>th</sup> April, 2017

Sd/-  
**CA K. KARUNAKAR RAO**  
Executive Director (Fin. & Comm.) & CEO

Sd/-  
**CS V. RADHAKRISHNA MURTHY**  
Company Secretary

Place : Hyderabad  
Date : 29<sup>th</sup> April, 2017

Sd/-  
**N. JESVANTH REDDY**  
Executive Director (Technical)

Sd/-  
**CA C. RAJESH KHANNA**  
C.G.M. (Fin. & Accts) & CFO

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

(Rs. in lakhs)

	Note No	Year Ended 31.03.2017	Year Ended 31.03.2016
I <b>Revenue from Operations (Gross)</b>	17	102846.80	92170.65
Less: Excise duty and Sales Tax		12154.47	10530.95
Revenue from Operations (Net)		90692.33	81639.70
II <b>Other Income</b>	18	864.95	534.20
III <b>Total Revenue (I+II)</b>		91557.28	82173.90
IV <b>Expenses:</b>			
a) Cost of materials consumed	19	33521.20	31979.07
b) Purchases of Stock-in-Trade		-	-
c) Changes in inventories of finished goods work-in-progress and stock in Trade	20	337.97	(1081.58)
d) Employee benefits expenses	21	3799.92	3348.73
e) Finance costs	22	4977.69	3810.47
f) Depreciation and amortization expense	9	4661.32	3546.61
g) Power and Fuel charges		31917.90	28401.87
h) Other expenses	23	8089.42	8304.53
<b>Total Expenses</b>		87305.42	78309.70
V Profit before exceptional and extraordinary items and tax (III-IV)		4251.86	3864.20
VI Exceptional items		-	-
VII Profit before extraordinary items and tax (V-VI)		4251.86	3864.20
VIII Extraordinary Items		-	-
IX Profit before tax (VII-VIII)		4251.86	3864.20
X Tax expense:			
(1) Current Tax		860.19	763.10
(2) Deferred tax liability/(asset)		912.86	80.16
XI Profit for the period from continuing operations (IX-X)		2478.81	3020.94
XII Profit/(loss) from discontinuing operations (Refer Notes to Accounts No:24.3)		(535.19)	(579.23)
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		(535.19)	(579.23)
XV <b>Profit for the period (XI+XIV)</b>		1943.62	2441.71
XVI <b>Dividend on Preference shares (from 1.4.2002 at 0.01%)</b>		-	2.68
Dividend Distribution Tax		-	0.53
XVII <b>Profit for the period (XV+XVI)</b>		1943.62	2438.50
XVIII Earnings per equity share: face value Rs.10/- each			
(1) Basic		2.324	3.07
(2) Diluted		2.324	3.06
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 &amp; Co.,

Chartered Accountants  
Firm's Regn. No. 000514S

Sd/-

CA B. DAVADHEENAM REDDY

Partner  
Membership No. 026450

Place : Hyderabad

Date : 29<sup>th</sup> April, 2017

Sd/-

CA K. KARUNAKAR RAO

Executive Director (Fin. &amp; Comm.) &amp; CEO

Sd/-

N. JESVANTH REDDY

Executive Director (Technical)

Sd/-

CS V. RADHAKRISHNA MURTHY

Company Secretary

Sd/-

CA C. RAJESH KHANNA

C.G.M. (Fin. &amp; Accts) &amp; CFO

Place : Hyderabad  
Date : 29<sup>th</sup> April, 2017



## Sree Royalaseema Alkalies and Allied Chemicals Limited

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

	2016-17			2015-16		
	+	-	Rs. in lakhs	+	-	Rs. in lakhs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>						
NET PROFIT BEFORE TAX AND EXTRAORDINARY / EXCEPTIONAL ITEMS			4251.86			3864.20
ADJUSTMENT FOR:						
DEPRECIATION	4661.32		4661.32	3546.61		3546.61
FOREIGN EXCHANGE						
LOSS / PROFIT ON SALE OF FIXED ASSETS		3.68	(3.68)		3.71	(3.71)
DIVIDEND RECEIVED						
INTEREST PAID / RECEIVED	4977.69	479.60	4498.09	3810.47	393.99	3416.48
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			13407.59			10823.58
ADJUSTMENTS FOR:						
TRADE AND OTHER RECEIVABLES		4452.40	(4452.40)		2566.14	(2566.14)
INVENTORIES		(401.06)	401.06		2673.04	(2673.04)
TRADE PAYABLES AND OTHER CURRENT AND NON-CURRENT LIABILITIES	7670.61		7670.61	3679.28		3679.28
WORKING CAPITAL CHANGES	7670.61	4051.34	3619.27	3679.28	5239.18	(1559.90)
CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES			17026.86			9263.68
INTEREST RECEIVED / PAID	479.60	4977.69	(4498.09)	393.99	3810.47	(3416.48)
DIRECT TAXES PAID		760.70	(760.70)		754.31	(754.31)
DEFERRED REV. EXP. WRITTEN OFF	-		-	-		-
CASH FLOW BEFORE EXTRAORDINARY / EXCEPTIONAL ITEMS			11768.07			5092.89
EXTRAORDINARY ITEMS (DECREASE IN RESERVES)		-	-		-	-
EXTRAORDINARY ITEMS / EXCEPTIONAL ITEMS:						
LOSS FROM DISCONTINUING OPERATIONS OF POWER PLANT	487.17	535.19	(48.02)	487.17	579.23	(92.06)
NET CASH FLOW FROM OPERATING ACTIVITIES			11720.05			5000.83
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>						
SALE / PURCHASE OF FIXED ASSETS	-	8984.87	(8984.87)	-	13231.70	(13231.70)
PURCHASE ON INVESTMENTS	0	-	-	-	0.10	(0.10)
SALE / PURCHASE OF INVESTMENTS			-			
INTEREST RECEIVED	3.68	2.34	1.34	3.71	-	3.71
DIVIDEND RECEIVED						
NET CASHFLOW FROM INVESTING ACTIVITIES	3.68	8987.21	(8983.53)	3.71	13231.80	(13228.09)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>						
PROCEEDS FROM ISSUE OF SHARE CAP./ WARRANTS PREMIUM	29.88		29.88	1612.91		1612.91
REPAYMENT OF FINANCE/LEASE LIABILITIES	4500.00	4869.15	(369.15)	13217.27	5347.89	7869.38
REPAYMENT OF LOANS OF DISCONTINUING OPERATIONS (POWER PLANT)					351.59	(351.59)
NET CASH FLOW FROM FINANCING ACTIVITIES	4529.88	4869.15	(339.27)	14830.18	5699.48	9130.70
<b>D. NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			2397.25			903.44
<b>E. CASH AND CASH EQUIVALENTS as at 01.04.16 (OPENING BALANCE)</b>			4217.25			3313.81
<b>F. CASH AND CASH EQUIVALENTS AS AT 31.03.17 (CLOSING BALANCE)</b>			6614.50			4217.25

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 on 31-03-2017.

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 : 29<sup>th</sup> April, 2017

**Sd/-**  
**CA K. KARUNAKAR RAO**  
Executive Director (Fin. & Comml.) & CEO

**Sd/-**  
**CS V. RADHAKRISHNA MURTHY**  
Company Secretary

Place : Hyderabad  
Date : 29<sup>th</sup> April, 2017

**Sd/-**  
**N. JESVANTH REDDY**  
Executive Director (Technical)

**Sd/-**  
**CA C. RAJESH KHANNA**  
C.G.M. (Fin. & Accts) & CFO



## NOTES TO BALANCE SHEET

(Rs. in lakhs)

	As at 31.03.2017	As at 31.03.2016
<b>NOTE NO. 1 - SHARE CAPITAL</b>		
<b>1.1 EQUITY SHARE CAPITAL</b>		
a) <b>AUTHORISED:</b> 9,50,00,000 Equity shares of Rs.10/- each (Previous year 9,50,00,000 Equity Shares of Rs.10/- each)	<b>9500.00</b>	9500.00
b) <b>ISSUED:</b> 8,74,05,399 Equity shares of Rs.10/- each issued (Previous year 8,30,44,134 Equity Shares of Rs.10/- each)	<b>8740.54</b>	8304.41
c) <b>SUBSCRIBED AND FULLY PAID</b> 8,72,25,313 Equity shares of Rs.10/- each fully paid (Previous year 8,28,64,048 Equity shares of Rs.10/- each)	<b>8722.53</b>	8286.41
d) <b>SUBSCRIBED BUT NOT FULLY PAID</b> 1,80,086 Equity shares of Rs.10/- each	-	-
e) <b>CALLS UNPAID</b>	-	-
f) <b>FORFEITED SHARES</b> Amount received on forfeiture of 1,80,086 equity shares originally issued in 1995-96	<b>4.28</b>	4.28
<b>TOTAL</b>	<b>8726.81</b>	8290.69
<b>1.2 PREFERENCE SHARE CAPITAL</b>		
<b>AUTHORISED:</b> a) 1,90,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each having Coupon rate of 0.01%	<b>1900.00</b>	1900.00
b) <b>ISSUED:</b> 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> 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>10615.04</b>	10178.92
<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	82864048	78720846
Add: Issued during the year	4361265	4143202
Less: Bought back during the year	-	-
At the end of the year	<b>87225313</b>	82864048
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 Royalaseema Alkalies and Allied Chemicals Limited

		As at 31.03.2017		As at 31.03.2016
<b>1.4 LIST OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>
<b>a) EQUITY SHARES</b>				
Sree Royalaseema Hi-Strength Hypo Ltd	23.55	20544496	24.79	20544496
TGV Projects & Investments Pvt Ltd	13.41	11694248	14.11	11694248
Brilliant Industries Pvt Ltd	13.46	11736508	8.90	7375243
<b>b) PREFERENCE SHARES</b>				
Sree Royalaseema Hi-Strength Hypo Ltd	31.28	5906504	31.28	5906504
IDBI Bank Ltd	9.57	1807959	9.57	1807959

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/ICFI 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.

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

The Company has allotted 41,43,202 No of equity share of Rs.10/-each on 29.01.2016 and 43,61,265 on 27.01.2017 at a premium of Rs.7.02 to promoters group on preferential allotment by conversion out of 1,30,95,272 share warrants allotted on 13.01.2016

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.

		As at 31.03.2017		As at 31.03.2016
<b>(Rs. in lakhs)</b>				
<b>NOTE NO. 2 - RESERVES AND SURPLUS</b>				
(a) Capital Reserve - opening balance		2.00		2.00
(b) Capital Redemption Reserve - opening balance	2000.00		2000.00	
Add: Transfer from Surplus in Statement of Profit & Loss	-	2000.00	-	2000.00
(c) Securities Premium Reserve - opening balance		2885.53		2579.37
(d) Debentures Redemption Reserve - opening balance	-		4500.00	
Less : Transfer to General Reserve	-	-	4500.00	-
(e) Revaluation Reserve		-		-
(f) Share Options Outstanding Account		-		-
<b>Other Reserves</b>				
(g) Central Subsidy - opening balance		111.67		111.67
(h) General Reserve - opening balance	13457.36		7457.36	
Add : Transfer from Debentures Redemption Reserve	-		4500.00	
Add: Transfer from Surplus in Statement of Profit & Loss	1500.00	14957.36	1500.00	13457.36
		19956.56		18150.40



		(Rs. in lakhs)	
		As at 31.03.2017	As at 31.03.2016
(i)	Surplus - Balance in Statement of Profit and Loss - opening balance	4518.25	3579.75
	Add: Profit for the Year from Statement of Profit and Loss	1943.62	2438.50
		6461.87	6018.25
	Less: Appropriations		
	Transfer to General Reserve	1500.00	1500.00
	<b>TOTAL</b>	<b>4961.87</b>	<b>4518.25</b>
		<b>24918.43</b>	<b>22668.65</b>
<b>NOTE NO. 3 - LONG TERM BORROWINGS</b>			
<b>SECURED:</b>			
<b>3.1 Term Loans</b>			
a)	From Institutions		
i)	IFCI Ltd. Corporate Term Loan (Rs. 100 Cr. loan is repayable in 48 monthly Instalments from Oct, 2016 and Rs. 45 Cr. loan is repayable in 48 monthly Instalments from November, 2017)	10281.27	8541.67
b)	From Banks @	1151.69	11432.96
3.2	Working Capital Term loan from Banks #	1757.48	3383.32
	<b>TOTAL</b>	<b>13190.44</b>	<b>11924.99</b>
			<b>3095.57</b>
			<b>15020.56</b>
<b>UNSECURED:</b>			
3.3	Deferred Payment liabilities (Sales Tax deferment/ loan sanctioned as per State Incentive Schemes (Repayable from the year 2018-19 to 2023-24 )	832.37	832.37
3.4	Loans and advances from related parties	152.00	152.00
	<b>TOTAL</b>	<b>984.37</b>	<b>984.37</b>
		<b>14174.81</b>	<b>16004.93</b>

3.5 There were no Long Term Deposits and Finance Lease obligations.

3.6 There is no default as on 31.03.2017/31.03.2016 in repayment of loans and interest payments on Term Loans.

3.7 @ Repayment of Term Loans from Banks in respect of Chloromethanes Project availed from Indian Bank (repayable in 45 monthly instalments from Jan 2015 and additional term loan repayable in 39 monthly instalments from July, 2015), United Bank of India (repayable in 72 monthly instalments from Oct, 2012) and The South Indian Bank Ltd. (repayable in 72 monthly instalments from April, 2012 and additional term loan repayable in 36 monthly instalments from April, 2016).

# Repayment of Working Capital term loans availed from IDBI Bank Ltd. (Rs. 629 lakhs repayable in 36 monthly instalments from April, 2015 and Rs.1571 Lakhs loan repayable in 20 Quarterly instalments from October, 2015), United Bank of India (Rs. 479 lakhs repayable in 36 monthly instalments from July, 2015 and Rs. 1198 lakhs repayable in 20 quarterly instalments from January, 2016), The South Indian Bank Ltd. (Rs 215 lakhs repayable in 35 monthly instalments from August, 2015 and Rs. 539 lakhs repayable in 9 Quarterly instalments from April, 2016) and The Federal Bank Ltd. (Rs. 122 lakhs repayable in 36 monthly instalments from August, 2015 and Rs. 305 lakhs repayable in 20 quarterly instalments from April, 2016).

### 3.8 SECURITY:

#### A) TERM LOANS

- The above Corporate Term Loan from IFCI Ltd is secured by first pari passu charge on immovable / movable assets of the company both present and future (excluding the project assets of Chloromethanes Project which are exclusively charged to Banks) and further guaranteed by the Chairman Sri.T.G.Venkatesh.
- 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 and on the current assets and personal guarantee of Chairman Sri T.G.Venkatesh.
- The above Working capital term loans from banks by IDBI Bank Ltd., The South Indian Bank, The Federal Bank Ltd.and United Bank of India (agreed by company for modifying 2nd cahrgre on fixed assets to 1st pari passu charge similar to other 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 Acid & Potassium Hydroxide Plant and personal guarantee of Chairman Sri. T.G.Venkatesh.





## Sree Rayalaseema Alkalies and Allied Chemicals Limited

(Rs. in lakhs)		
	As at 31.03.2017	As at 31.03.2016
<b>NOTE NO. 4 - DEFERRED TAX LIABILITY (NET)</b>		
a) Deferred tax liability as on 31.03.2017/31.03.2016 in respect of timing difference arising on account of difference between straight line and written down Value methods and rates of depreciation	9178.76	8256.94
b) Less: Deferred tax asset as on 31.03.2017/31.03.2016 in respect of unabsorbed depreciation/losses and expenses allowable U/s 43B of IT Act.	1306.57	1297.61
c) Net Deferred tax liability as on 31.03.2017	7872.19	6959.33
d) Less: Opening Deferred tax liability as on 01.04.2016/01.04.2015	6959.33	6879.17
<b>Net Deferred tax liability/(asset) for the year</b>	<b>912.86</b>	<b>80.16</b>
<b>NOTE NO. 5 - SHORT TERM BORROWINGS</b>		
<b>SECURED</b>		
5.1 From Banks		
a) Working capital Demand Loans	545.86	548.36
b) Cash Credits	1934.44	1017.38
c) Bill Discounting	580.61	693.48
d) Letters of Credit issued by Banks to Creditors (Payable to Banks on due dates of Letters of Credit)	21158.32	18497.27
e) Loan on fixed deposits	240.50	200.00
	<b>24459.73</b>	<b>20956.49</b>
5.2 From Others		
a) Sale/Purchase Bills Discounted with Can Bank Factors Ltd (Payable on due dates of Bills/factors)	1297.60	1510.94
<b>TOTAL</b>	<b>25757.33</b>	<b>22467.43</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 31.3.2017(31.03.2016) 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 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 Letters of credit for capital goods secured by exclusive charge on specific asset procured and guaranteed by the Chairman 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 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.		



(Rs. in lakhs)		
	As at 31.03.2017	As at 31.03.2016
<b>NOTE NO. 6 - TRADE PAYABLES</b>		
<b>UNSECURED CREDITORS</b>		
6.1 for Capital goods	470.33	696.15
6.2 for Supplies of raw materials/stores and spares etc	6183.31	4394.13
6.3 for Services	2016.97	1447.37
<b>TOTAL</b>	<b>8670.61</b>	<b>6537.65</b>
DUES TO MICRO, SMALL & MEDIUM ENTERPRISES AS REQUIRED UNDER THE MICRO, SMALL & MEDIUM ENTERPRISES AND DEVELOPMENT ACT, 2006 (Refer Notes to Accounts No: 24.8)		
<b>NOTE NO. 7 - OTHER CURRENT LIABILITIES</b>		
7.1 Current maturities of long term debt (payable within 12 months after the reporting date)		
<b>SECURED:</b>		
a) Term Loans from IFCI	2968.75	1458.33
b) Term Loans from Banks	3194.92	3244.37
c) Interest accrued but not due on term loans	75.86	33.09
	<b>6239.53</b>	<b>4735.79</b>
<b>UNSECURED:</b>		
7.2 Deferred Payment Sales Tax payable within 12 months after the reporting date	-	-
<b>7.3 OTHERS</b>		
a) Trade Deposits from Dealers/customers payable on demand	681.50	8.50
b) Statutory Dues towards Excise duty, Service tax, VAT, TDS etc	1294.88	999.44
c) Employees Salaries, Bonus and P F/ ESI recoveries and contributions to Superannuation Fund	415.70	477.76
d) Advances from customers	2695.84	1619.31
e) Dues to Banks (Cheques issued in current accounts)	183.68	144.55
f) Power charges and other expenses payable	2880.02	2718.16
<b>TOTAL</b>	<b>14391.15</b>	<b>10703.51</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	13.55	20.72
b) Gratuity obligation / contribution	28.22	-
8.2 Others		
a) Provision for Income Tax	804.62	705.14
b) Provision for Dividend on Preference shares	0.34	2.68
<b>TOTAL</b>	<b>846.73</b>	<b>728.54</b>



**NOTE NO. 9 - FIXED ASSETS**

S.No.	Description	ORIGINAL COST			DEPRECIATION AND AMORTISATION			BOOK VALUE	
		As at 0/04/2016	Additions	Deductions	As at 31/03/2017	Upto 31/03/2016	For the Year	Deductions	Upto 31/03/2017
1	a) Free-Hold Land & Development	721.41	2.88	-	724.29	-	-	-	724.29
	b) Lease Hold Land	15.29	-	-	15.29	-	-	-	15.29
2	Buildings								
	a) Factory Buildings	9426.78	697.55	-	10124.33	2072.91	290.53	-	7760.89
	b) Non-Factory Buildings	1050.39	34.03	-	1084.42	143.56	16.43	-	924.43
	c) Roads & Borwells	512.27	10.01	-	522.28	281.01	33.47	-	207.80
3	Plant & Machinery - Continuous Process	69115.93	6983.24	-	76099.17	29460.08	3047.09	-	43592.00
4	Thermal Power Plants	33868.84	1116.17	-	34985.01	18542.20	1398.76	-	15044.05
5	Other Plant & Machinery	4604.53	11.10	-	4615.63	3196.53	202.99	-	1216.11
6	Furniture & Fittings	104.28	1.50	-	105.78	86.72	4.08	-	14.98
7	Office & Telephone Equipments	442.73	31.81	-	474.54	322.78	49.59	-	102.17
8	Computers	462.69	95.09	-	557.78	355.62	62.49	-	139.67
9	Lab, Workshop & Other Equipment	357.84	1.48	-	359.32	231.11	32.61	-	95.60
10	Vehicles	334.40	-	-	334.40	288.83	10.45	-	35.12
	Grand Total:	121017.38	8984.86	-	130002.24	54981.35	5148.49	-	69872.40
	Previous Year	107785.67	31161.00	17929.29	121017.38	50947.57	4033.78	-	66036.03
									56838.10



(Rs. in lakhs)		
	As at 31.03.2017	As at 31.03.2016
<b>NOTE NO. 10 - NON CURRENT INVESTMENTS</b>		
<b>10.1 NON-TRADE INVESTMENTS</b>		
a) In Government Securities: National Saving Certificates (unquoted and valued at cost)	1.90	1.90
b) In Equity Shares (Quoted and valued at cost)		
i) Sree Rayalaseema Hi-Strength Hypo Ltd (244749 Equity Shares of Rs.10/- each)	24.48	24.48
ii) Indian Bank (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) Andhra Pradesh Gas Power Corporation Ltd., (536000 Equity Shares of Rs.10/- each and 804000 Equity Shares of Rs.10/- each at Rs.12.50 & Bonus Shares 53600, which are pledged with Financial Institutions)	144.05	144.05
<b>TOTAL</b>	<u>171.19</u>	<u>171.19</u>
<b>10.3 Aggregate Amount of :</b>		
a) Quoted Investments	25.24	25.24
b) Market Value of Quoted Investments	308.92	156.49
c) Unquoted Investments	145.95	145.95
d) Provision for diminution in value of investments	NIL	NIL
<b>10.4</b> There were no investments in Subsidiaries, Associates, Joint Ventures and controlled special purpose Entities and in Preference Shares, Bonds, 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	666.55	557.17
(b) Security Deposits with Power Distribution Corporation Ltd	2495.66	2395.60
(c) Loans and advances to related parties (Rent Deposit & Land advance)	166.58	137.13
(d) Other loans and advances (Includes amounts paid under protest and claims receivable)	1977.28	1045.41
<b>TOTAL</b>	<u>5306.07</u>	<u>4135.31</u>
<b>NOTE NO. 12 - INVENTORIES</b>		
12.1 Raw Materials	1562.70	1200.33
12.2 Work-in-progress	550.20	687.60
12.3 Finished Goods	1317.92	1519.60
12.4 Stores and spares, Chemicals, fuel and packing materials	2221.46	2285.74
12.5 Scrap and other disposals	11.99	10.88
12.6 Goods in transit (In Port Yard)		
a) Raw Materials	492.76	1178.28
b) Stores and spares and fuels	419.05	94.71
<b>TOTAL</b>	<u>6576.08</u>	<u>6977.14</u>
<b>METHOD OF VALUATION OF STOCKS:</b>		
Refer Accounting Policies under Note No. 24.1-B		



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

(Rs. in lakhs)			
	As at 31.03.2017		As at 31.03.2016
<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	73.01		21.45
b) Considered Doubtful/Bad	64.00	86.25	
Less :Provision for doubtful debts	-	64.00	-
Less : Bad debts written off during the year	64.00	22.25	
	<u>73.01</u>		<u>21.45</u>
13.2 Other Trade Receivables			
a) Unsecured and considered good	7503.07		6476.32
<b>TOTAL</b>	<u>7576.08</u>		<u>6497.77</u>
<b>NOTE NO. 14 - CASH AND CASH EQUIVALENTS</b>			
14.1 Cash on hand	2.68		19.39
14.2 Balances with banks in current accounts	247.92		205.31
14.3 Cheques/Drafts in hand	-		100.00
14.4 Balance with Banks in Margin Money/Fixed Deposits for LC/BG	5947.27	3876.16	
14.5 Bank Deposits with more than 12 Months Maturity	416.63	16.39	3892.55
	<u>6614.50</u>		<u>4217.25</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	12.77		127.53
15.2 Others			
a) Advance to Suppliers	603.28	367.15	
b) Advance to Employees	101.80	90.10	
c) Advance to Contractors & Transporters	112.44	50.46	
d) Prepaid Insurance and other Expenses	325.97	275.15	
e) Tender/Security/Telephone Deposits	317.07	175.12	
f) Advance Excise Duties/CENVAT/VAT/Service Tax	429.56	390.39	
g) Advance Income Tax and TDS	257.68	436.94	
h) Other Advances	12.00	76.40	
	<u>2159.80</u>		<u>1861.71</u>
<b>TOTAL</b>	<u>2172.57</u>		<u>1989.24</u>
<b>NOTE NO. 16 - OTHER CURRENT ASSETS</b>			
16.1 Sales tax, Power and Export Incentives and claims receivable	9152.74		7132.75
<b>TOTAL</b>	<u>9152.74</u>		<u>7132.75</u>

### NOTES TO STATEMENT OF PROFIT AND LOSS

	Year ended 31.03.2017		Rs. in lakhs Year ended 31.03.2016
<b>NOTE NO. 17 - REVENUE FROM OPERATIONS</b>			
17.1 Sale of Manufactured Products (Refer Note No. 24.15 for details of Product wise sales)	98766.83		86556.25
17.2 Other Operating revenues			
a) Process charges	332.75	266.04	
b) Export Incentives	156.63	197.35	
c) Sales Tax and Power Incentives	3590.59	5151.01	5614.40
<b>TOTAL</b>	<u>102846.80</u>		<u>92170.65</u>



(Rs. in lakhs)

	Year ended 31.03.2017	Year ended 31.03.2016
<b>NOTE NO. 18 - OTHER INCOME</b>		
18.1 Interest on Bank and other deposits and customers	479.60	393.99
18.2 Dividend Income	3.68	3.71
18.3 Net gain on Foreign exchange	209.87	-
18.4 Insurance Claim	-	3.98
18.5 Rent Receipts	10.08	11.11
18.6 Creditors written back and bad debts collections	107.24	63.93
18.7 Other Receipts	54.48	57.48
<b>TOTAL</b>	<b>864.95</b>	<b>534.20</b>
<b>NOTE NO.19 - COST OF MATERIALS CONSUMED</b>		
19.1 Consumption of raw materials (Refer Notes to Account No. 24,18)	30129.83	29257.10
19.2 Consumption of chemicals	2283.46	1972.28
19.3 Consumption of packing materials	1107.91	749.69
<b>TOTAL</b>	<b>33521.20</b>	<b>31979.07</b>
<b>NOTE NO. 20 - CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK IN TRADE</b>		
<b>20.1 OPENING STOCKS</b>		
a) Finished Goods	1519.60	703.62
b) Stock-in-process	687.60	419.00
c) Scrap & Disposables	10.88	13.88
<b>TOTAL</b>	<b>2218.08</b>	<b>1136.50</b>
<b>20.2 CLOSING STOCKS</b>		
a) Finished goods	1317.92	1519.60
b) Stock-in-process	550.20	687.60
c) Scrap & Disposables	11.99	10.88
<b>TOTAL</b>	<b>1880.11</b>	<b>2218.08</b>
<b>NET DECREASE/(INCREASE) IN STOCKS (NET TOTAL)</b>	<b>337.97</b>	<b>(1081.58)</b>
<b>NOTE NO. 21 - EMPLOYEE BENEFITS EXPENSES</b>		
21.1 Salaries, Wages, Bonus and Allowances	3244.45	2856.67
21.2 Contribution to ESI & Provident Fund	135.62	132.80
21.3 Contribution to Gratuity & Superannuation Schemes	66.11	26.00
21.4 Staff Welfare expenses	353.74	333.26
<b>TOTAL</b>	<b>3799.92</b>	<b>3348.73</b>
<b>NOTE NO. 22 - FINANCE COSTS</b>		
22.1 Interest expenses		
a) On Term Loans and Debentures	2522.71	1377.85
b) On Working capital cash credits	238.46	202.03
c) On Purchase/ Sale bills discounting	1337.76	1367.01
d) Interest on Trade Deposits	57.54	19.82
e) On Others	725.94	671.40
	<b>4882.41</b>	<b>3638.11</b>
22.2 Other borrowing costs		
a) Loan processing charges	95.28	158.70
22.3 Net gain/loss on foreign currency Loans	-	13.66
<b>TOTAL</b>	<b>4977.69</b>	<b>3810.47</b>



## Sree Royalaseema Alkalies and Allied Chemicals Limited

(Rs. in lakhs)

	Year ended 31.03.2017	Year ended 31.03.2016
<b>NOTE NO. 23 - OTHER EXPENSES</b>		
23.1 Consumption of stores and spares	929.73	914.50
23.2 Rent including Lease Rents	363.89	308.62
23.3 Insurance	93.28	100.05
23.4 Repairs & Maintenance		
a) Buildings	98.21	77.68
b) Plant & Machinery	922.57	731.85
c) Others	183.75	224.61
23.5 Rates & Taxes	9.12	8.30
23.6 Excise duty on captive consumption/Stocks	(12.20)	69.28
23.7 Processing Charges	39.99	39.36
23.8 Travelling and conveyance	398.05	338.13
23.9 Printing and stationery	41.71	37.28
23.10 Postage Telegrams and Telephones	44.55	44.81
23.11 Managing Director Remuneration	11.00	182.44
23.12 Directors sitting fee	2.93	2.57
23.13 Directors Travelling	20.11	49.84
23.14 Remuneration to Auditors		
Audit -Fee	12.00	12.00
Tax Audit Fee	1.25	1.25
Cost Audit Fee	1.25	1.25
23.15 Freight Inward & Material handling charges	720.95	675.62
23.16 Freight outward & Ocean freight	1438.87	1438.19
23.17 Discounts and Commission on sales	649.14	812.02
23.18 Other Selling expenses	230.92	284.74
23.19 Advertisement	25.56	21.12
23.20 Fee and Expenses	71.70	60.95
23.21 Bank Charges	692.67	579.87
23.22 Service Charges	484.29	241.04
23.23 Legal Expenses	29.36	47.76
23.24 Research and Development /Lab Expenses	36.14	34.93
23.25 Water Charges	20.54	20.96
23.26 Provision for Bad and Doubtful Debts	-	64.00
23.27 Net Loss on Exchange fluctuations	-	316.26
23.28 Other Expenses	401.52	371.71
23.29 Corporate Social Responsibility expenses	52.16	60.40
23.30 Donations	55.20	23.65
23.31 Amounts charge off	28.34	70.55
23.32 Expenses/(Income) relating to Earlier Years (Net)	(9.13)	36.94
	<u>8089.42</u>	<u>8304.53</u>



## 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 from 01.04.2014 on Straight line Method in respect of Plant & Machinery and Buildings and in respect of other assets on written down value method as per section 123 and the useful lives of assets specified in Schedule II to the Companies Act, 2013. Accordingly the useful lives of fixed assets adopted as specified 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 Plants (i.e., 20 years adopted as against 40 years prescribed) based on internal assessment and technical evaluation report.

#### 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 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 the 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 2016-17	Previous Year 2015-16
a) Cheques / Bills Discounted with Banks.	216.73	139.92
b) Unexpired Letter of Credits/Bank guarantees (net of margin money paid)	487.12	503.09
c) CAPITAL COMMITMENTS: Estimated amount of Contracts remaining to be executed on Capital Account. (Net of advances).	2671.91	4307.96
d) 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., (Paid under protest Rs. 13.08 lakhs)	347.05 (13.08)	454.86 (-)
ii) 1) Customs matters regarding dispute on classification of goods pending before High Court (During the year the High Court dismissed case filed by the Department)	-	9.90
2) Differential Customs duty on classification of goods disputed (Lauric Acid) pending before CESTAT, Customs, (paid under protest Rs. 1.07 lakhs ).	10.70 (1.07)	10.70 (1.07)
3) Imposition of Anti-Dumping Duty on inputs during December 2010 pending before ADC, Customs.	32.69	32.69
4) Customs duty levied on import of material during the year 2006-07 pending in appeal before CESTAT	16.06	16.06
5) Differential Customs duty on classification of Lauric Acid pending before Asst. Commissioner of Customs, Chennai	10.51	-
6) Customs duty claimed on procurement of Raw Material by the Customs Authorities is contested before CESTAT, Chennai 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 (125.00)	1161.14 (125.00)
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 (53.91)	53.91 (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)	46.71 (15.08)	46.71 (15.08)
v) Claim of entry tax & interest on Entry Tax payable on Machinery items is pending before Assessing Officer DC (CT), Bellary (50% Paid ) (During the year appeal disposed in favour of the company)	3.88 (2.10)	3.88 (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)	351.14 (196.85)	351.14 (69.04)
vii) Levy of delay charges on late payment of Provident Fund by Regional Provident Fund Commissioner.	15.34	15.34
viii) 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.69.30 lakhs pending in Supreme Court.	NIL	NIL
ix) The Fuel Surcharge Adjustment (FSA) charges for the year 2008-09 & 2009-10 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 stay for 2009-10 and the matter was referred to Supreme Court and the same is pending.	1523.80	1523.80
x) Fuel Surcharge Adjustment charges and interest levied by APCPDCL for the period May and June 2010 and from October, 2011 to March, 2012 during the year 2014-15 contested and obtained Stay Order from Honorable High Court of Andhra Pradesh and case is pending.	1897.33	1299.18
xi) Writ petition filed before Hon' ble High Court against the demand for additional consumption deposit and interest by APSPDCL. Stay for the demand is granted till the disposal of writ petition. (Amount paid)	1756.12 (100.00)	-
xii) Interest levied by APCPDCL in regular monthly bills towards the disputed court cases not provided, being the cases are pending in courts.	294.30	268.05
e) 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 (500.00)	500.00 (500.00)
f) Claims made by M/s Singareni Collieries towards Dist. Mineral Foundation Cess at 30% on Royalty charges of Coal supplies for the period from 12.01.2015 to 19.01.2016 not accepted by the company and obtained Stay Order from AP High Court.	68.68	68.68
g) Electricity Duty Demand by The Director of Electrical Safety and Electrical Inspector to Government of AP on Captive consumption at 25 paise per unit is pending with Supreme Court; (Paid under protest)	1378.60 (827.16)	-



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### 24.3 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 31.3.2017 Rs. in Lakhs	As on 31.3.2016 Rs. in Lakhs
a. Carrying amount of Fixed Assets :	3036.52	3523.69
b. Current Assets including claims receivable:	899.64	921.77
Total Assets	3936.16	4445.46
Less: Term Loans from IFCI Ltd. :	-	-
Current Liabilities	-	0.61
Net Carrying amount :	3936.16	4444.85
Loss from discontinuing operations for the year:	535.19	579.23

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

	2016-17 Rs. in Lakhs	2015-16 Rs. in Lakhs
a) Against Debtors, Contractors and Suppliers	80.42	142.61

- 24.5 a) Exchange differences on Foreign Currency Term Loans from Financial Institutions in respect of installments paid during the year resulting in amounting to Rs. Nil lakhs (Previous year loss Rs.30.50 lakhs).
- b) The Exchange difference in respect of imports and exports during the year resulting in Gain amounting to Rs. 209.87 lakhs credited to Statement of Profit and Loss. (Previous Year Loss Rs.310.64 lakhs).

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

	2016-17 Rs. in Lakhs	2015-16 Rs. in Lakhs
(i) Not later than one year	31.20	22.20
(ii) Later than one year and not later than five years	120.95	49.00
(iii) Later than five years	Nil	Nil

### 24.7 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.94,16,434/- (Previous year Rs.90,16,376/-) for Provident Fund contributions and Rs.26,30,660/- (Previous year Rs. Nil) 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

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.



(In Rupees)

Particulars	2016-17	2015-16
<b>1. Changes in present value of Obligations</b>		
Present value at the beginning of the year	4,10,18,172	3,65,89,164
Interest cost	32,81,454	29,27,133
Current Service Cost	28,56,492	26,16,757
Benefits paid	(30,31,277)	(25,40,895)
Actuarial (gain)/loss on obligations	14,55,567	14,26,013
Present value at the end of the year	4,55,80,408	4,10,18,172
<b>2 The fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	4,53,80,703	4,38,88,739
Expected return on plan assets	36,12,626	35,74,282
<b>Contributions</b>	6,60,356	4,58,576
Benefits paid	(30,31,277)	(25,40,895)
Fair value of plan assets at the end of the year	4,66,22,408	4,53,80,702
<b>3. Actuarial Return on plan assets</b>		
Actuarial (gain)/ loss on obligations	14,55,567	14,26,013
Total (gain) / loss for the year	14,55,567	14,26,013
Actuarial (gain)/loss recognized in the year	14,55,567	14,26,013
<b>4. Amount recognized in the balance sheet</b>		
Present value of obligations as at the end of year	4,55,80,408	4,10,18,172
Fair value of plan assets as at the end of the year	4,66,22,408	4,53,80,702
Net asset/(liability) recognized in balance sheet	10,42,000	43,62,530
<b>5. Expenses recognized in Statement of Profit and Loss</b>		
Current service cost	28,56,702	26,16,757
Interest cost	32,81,454	29,27,133
Expected return on plan assets	(36,12,626)	(35,74,282)
Net Actuarial (gain) / loss recognized in the year	14,55,567	14,26,013
Expenses recognized in statement of profit and loss.	39,80,887	33,95,621
<b>6. Assumptions</b>		
Discount rate	8%	8%
Salary escalation	7%	7%
Expected rate of return on Plan Assets	8%	8%

24.8 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 31.03.2017:

- A] SMALL ENTERPRISES-Rs.1326.87 Lakhs (Previous Year Rs.1384.26 Lakhs);
- B] MICRO ENTERPRISES -Rs. 1124.11 Lakhs (Previous Year Rs.58.42 Lakhs); and
- C] MEDIUM ENTERPRISES-Rs.275.66 Lakhs (Previous Year Rs.407.44 Lakhs);



24.9 Segment Reporting

(Rs. in lakhs)

Sl. No	Particulars	For the year 2016-17	For the year 2015-16
01	Segment Revenue		
	A. Chemicals	69365	58445
	B. Oils & Fats	23683	24866
	<b>TOTAL</b>	<b>93048</b>	<b>83311</b>
	Less: Inter Segment Revenue	2208	1602
	Net Sales/Income from Operations	90840	81709
02	Segment Results Profit/(Loss) before Tax and interest:		
	A. Chemicals	9472	7108
	B. Oils & Fats	(722)	172
	<b>TOTAL</b>	<b>8750</b>	<b>7280</b>
	Less: i) a) Interest Expense	4978	3810
	b) Interest Income	(480)	(394)
	(ii) Other un-allocable Expenditure net off Income	-	-
	(iii) Loss from discontinuing operation of Power Plant *	535	579
	Total Profit before Tax	3717	3285
3	Segment Assets		
	a) Chemicals	86540	76853
	b) Oils & Fats	12978	12618
	c) Others	3956	3313
	d) Discontinuing operations of Power Plant	3936	4445
	<b>TOTAL</b>	<b>107410</b>	<b>97229</b>
4.	Segment Liabilities		
	a) Chemicals	29687	20067
	b) Oils & Fats	10793	9413
	c) Others	2931	2888
	<b>TOTAL</b>	<b>43411</b>	<b>32368</b>



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### 24.10 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 YEAR 2016-17 (Previous Year 2015-16)</b>	
1.	Sree Rayalaseema Hi-Strength Hypo Limited	Associate / Shareholding
2.	TGV Projects and Investments Private Limited	Associate / Shareholding
3.	Brilliant Bio Pharma Private Limited	Associate / Shareholding
4.	Sree Maruthi Marine Industries Limited	Associate / Shareholding
5.	Sree Maruthi Agro Tech Private Limited	Associate / Shareholding
6.	Gowri Gopal Hospitals Private Limited	Associate / Shareholding
7.	Sree Rayalaseema Galaxy Projects Private Limited	Associate / Shareholding
8.	Roopa Industries Limited	Associate / Shareholding
9.	S.K.Salts Private Limited	Associate / Shareholding
10.	JSM International Limited	Associate / Shareholding
11.	TGV Securities Private Limited	Associate / Shareholding
12.	M.V.Salt & Chemicals Private Limited	Associate / Shareholding
13.	Brilliant Industries Private Limited	Associate / Shareholding

Note: Associate companies by virtue of shareholding

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

##### C. Relatives of K.M.P:

Smt. T.G.Rajyalakshmi, wife of T.G.Venkatesh, Chairman and Smt. O.Sarada Reddy, mother of Dr. M. Asha Reddy.

#### 2. Disclosures of transactions between the company and Related Parties and outstanding balances as on 31<sup>st</sup> March, 2017.

(Rs. in lakhs)

Sl. No.	Nature of Transaction	For the year ended 31.03.17	For the year ended 30.03.16	Balance outstanding as on 31.03.17	Balance outstanding as on 31.03.16
<b>A.</b>	<b>Associate Companies</b>				
1	Sales / Receivables	7884.67	6909.67	884.90 (Cr)	140.79 (Dr)
2	Purchases / Payables	2703.71	703.40	7.45 (Cr)	121.57 (Dr)
3	Purchase of Capital Goods	-	-	91.46 (Dr)	-
4	Office / Lease Rentals Paid	144.54	143.04	-	-
5	Office / Lease Rents received	3.90	4.88	-	-
6	Rent / cylinder deposit paid	-	-	76.12 (Dr)	137.13(Dr)
7	Services availed/(rendered)	149.09	173.92	97.26 (Cr)	31.12 (Cr)
8	Share Warrants Application money received	29.90	907.73	195.34 (Cr)	907.73(Cr.)
9	Equity Shares allotted with premium	742.29	705.17	-	-
10	Unsecured loans received / Adjusted	-	1612.90	-	-
11	Investment in Equity Shares	-	-	24.48 (Dr)	24.48(Dr)
<b>B.</b>	<b>Key Management personnel</b>				
1.	Remuneration	106.20	273.11	-	-
2.	Un secured loans received / paid	NIL	72.50 (Dr)	-	-
<b>C.</b>	<b>Relatives to Key Management Personnel</b>	29.35	1.27	152.00 (Cr)	152.00(Cr)

Note : Cr indicates Credit balance & Dr indicates Debit balance



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

**24.11** 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.

### 24.12 Earnings per Share:

Basic and diluted earnings per share calculated in compliance with the provisions of Accounting standard (AS20) for the year ending 31.03.17 comes to Rs.2.32 p.s (Previous year Rs.3.07 p.s.) and Rs.2.32 p.s (previous year Rs.3.06 p.s.) respectively.

The denominator for both Basic EPS and Diluted EPS is 8,36,28,763 (previous year 7,94,35,974) equity shares and the numerator is net profit after tax as per Statement of Profit and Loss and after adjusting preference dividend for the year and tax thereon, amounting to Rs.19,43,38,983 (previous year Rs.24,41,49,340).

**24.13** Figures have been rounded off to the nearest decimal of lakhs as required under Schedule III.

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

**24.15** Revenue from Operations or Sale of Goods:

**(Rs. in lakhs)**

Sl.No.	Description of Products	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016
<b>A</b>	<b>MANUFACTURED GOODS</b>		
1	Caustic Soda Lye / Flakes	45520.74	41600.93
2	Liquid Chlorine	2693.54	1954.11
3	Hydrochloric Acid	1272.97	843.22
4	Hydrogen Gas	1067.67	1114.44
5	Bleach Liquor	1019.04	1092.06
6	Caustic Potash Lye/Flakes	10137.11	12287.48
7	Potassium Carbonate	783.07	1138.70
8	Hydrogenated Castor Oil	1346.19	1162.60
9	12 Hydroxy Stearic Acid	5131.68	7191.85
10	Refined Glycerine	448.30	647.55
11	Stearic Acid	3597.16	4961.00
12	Soap Noodles.	12720.21	9578.88
13	Toilet Soaps	663.26	894.48
14	Methylene Chloride	6938.53	20.18
15	Chloroform	2595.57	9.80
16	Others less than 1% of Total Turnover	2831.79	2058.97
	<b>TOTAL</b>	<b>98766.83</b>	<b>86556.25</b>
<b>B</b>	<b>TRADED GOODS</b>	<b>NIL</b>	<b>NIL</b>



24.16 Cost of Raw Materials Consumed:

(Rs. in lakhs)

Sl.No.	Description of Material	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016
1.	SALT	5492.58	4995.59
2	CASTOR OIL	5785.66	7470.50
3	ACID OILS & OTHER OILS	11494.56	10413.89
4	POTASSIUM CHLORIDE AND CORBONATE	4741.86	6226.49
5	RAW MATERIALS-SOAPS	36.56	51.58
6	HYDROCHLORIC ACID NORMAL GRADE (PURCHASED)	45.92	-
7	METHANOL	2532.69	98.84
8	OTHERS	-	0.21
	<b>TOTAL</b>	<b>30129.83</b>	<b>29257.10</b>
9	PURCHASE OF TRADED GOODS	NIL	NIL

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

(Rs. in lakhs)

		Current Year 31.03.2017	Previous Year 31.03.2016
i)	Raw Materials	9409.04	7536.23
ii)	Coal	1280.22	64.56
iii)	Chemicals & Spares & Stores	247.27	315.64
iv)	Capital Goods / Services	850.27	2668.02

24.18 Raw Material Consumed

	Current Year 2016-17			Previous year 2015-16		
	Qty MT/KL	Rs. in lakhs	%	Qty MT/KL	Rs. in lakhs	%
<b>i) Salt</b>						
- Imported	-	-	-	-	-	-
- Indigenous	238565	5492.58	100	230239	4995.59	100
<b>ii) Potassium chloride</b>						
- Imported	22022	4741.86	100	24314	6226.49	100
- Indigenous	-	-	-	-	-	-
<b>iii) Castor Oil</b>						
- Imported	-	-	-	-	-	-
- Indigenous	7760	5785.66	100	9583	7470.50	100
<b>iv) Lauric acid</b>						
- Imported	171	119.97	100	1115	859.69	100
- Indigenous	-	-	-	-	-	-
<b>v) Palm fatty acid distilled</b>						
- Imported	499	230.78	3.01	-	-	-
- Indigenous	16394	7425.37	96.99	15849	5273.29	100





## Sree Rayalaseema Alkalies and Allied Chemicals Limited

<b>vi) Palm kernal oil/Distilled fatty acid</b>						
- Imported	2707	1997.29	91.68	1636	820.35	91.66
- Indigenous	192	181.30	8.32	146	74.69	8.34
<b>vii) Crude Glycerine</b>						
- Imported	1564	325.28	89.32	1042	253.26	100
- Indigenous	149	38.91	10.68	-	-	-
<b>viii) RBD Palm Stearine</b>						
- Imported	-	-	-	-	-	-
- Indigenous	1607	754.38	100	8755	2959.84	100
<b>ix) Methanol</b>						
- Imported	10662	2532.69	100	195	51.82	52
- Indigenous	-	-	-	297	47.03	48
<b>x) Other Raw Materials</b>						
- Imported	-	-	-	-	224.55	100
- Indigenous	-	503.76	100	-	-	-
<b>TOTAL</b>						
- Imported	-	9947.87	26.52	-	8211.60	28.07
- Indigenous	-	20181.96	73.48	-	21045.50	71.93
		30129.83			29257.10	

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

	Current Year 2016-17		Previous Year 2015-16	
	Rs. in lakhs	%	Rs. in lakhs	%
a) Imported	62.11	1.44	216.84	5.96
b) Indigenous	4258.98	98.56	3419.63	94.04
<b>TOTAL</b>	<u>4321.09</u>	<u>100.00</u>	<u>3636.47</u>	<u>100.00</u>

### 24.20 Earnings in Foreign Exchange

(Rs. in lakhs)

	Current Year 2016-17	Previous Year 2015-16
i) FOB value of exports	4593.05	5798.79
ii) Others	34.16	Nil

### 24.21 Expenditure in Foreign Exchange

(Rs. in lakhs)

	Current Year 2016-17	Previous Year 2015-16
i) Traveling	-	15.26
ii) Fees and charges	5.00	4.62
iii) Commission Paid	21.20	134.99
iv) Raw Materials and Chemicals	6365.32	5378.48
v) Stores & Spares	149.92	139.44
vi) Capital Goods	929.63	2647.69
vi) Refundable security deposit	-	26.56
vii) Interest payment	84.40	31.19



**24.22: Disclosure on specified Bank notes (SBNs):**

During the year the company had specified bank notes or other denomination notes as defined in the MCA Notification G.S.R. 308 (E) Dt. 31.3.2017 on the details of specified bank notes (SBNs) held and transacted during the period from 8.11.2016 to 30.12.2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs*	Other Denomination Notes	Total
Closing cash on hand as on 8.11.2016	1281000	552235	1833235
(+) Permitted Receipts		2971734	2971734
(-) Permitted payments		2538027	2538027
(-) Amount deposited into bank	1281000	20405	1301405
Closing cash on hand as on 30.12.2016		965537	965537

\* SBNs: For the purposes of this clause, the term "Specified Bank Notes" shall have the meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs No. S.O.3407 (E), Dt. 8.11.2016.

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

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

Place : Hyderabad  
Date : 29<sup>th</sup> April, 2017

For and on behalf of the Board

Sd/-  
**CA K. KARUNAKAR RAO**  
Executive Director (Fin. & Comm.) & CEO

Sd/-  
**CS V. RADHAKRISHNA MURTHY**  
Company Secretary

Place : Hyderabad  
Date : 29<sup>th</sup> April, 2017

Sd/-  
**N. JESVANTH REDDY**  
Executive Director (Technical)

Sd/-  
**CA C. RAJESH KHANNA**  
C.G.M. (Fin. & Accts) & CFO





## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

CIN: L24110AP1981PLC003077

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

### Form No. MGT-11

### Proxy Form

Equity 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 : \_\_\_\_\_

DP ID \_\_\_\_\_

No. of Shares held : Equity : \_\_\_\_\_

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 **35<sup>th</sup> ANNUAL GENERAL MEETING** of the Company to be held at Regd. Office of the Company : Gondiparla, Kurnool, A.P. on Wednesday, 27<sup>th</sup> September, 2017 at 4.00 P.M. or at any adjournment thereof.

Signed this .....Day of ....., 2017.

Affix a  
Re.1/-  
Revenue  
Stamp

Signature of the Shareholder

#### **Note:**

1. 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 Shareholders

Client ID No.: \_\_\_\_\_

Regd. Folio No. : Equity : \_\_\_\_\_

DP ID \_\_\_\_\_

No. of Shares held : Equity : \_\_\_\_\_

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

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

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

I, hereby record my presence at the **35<sup>th</sup> ANNUAL GENERAL MEETING** of the Company to be held at Regd. Office of the Company : Gondiparla, Kurnool, A.P. on Wednesday, 27<sup>th</sup> September, 2017 at 4.00 P.M.

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

Signature of Member / Proxy



*This page is intentionally left blank*



## PRINTED MATTER

If undelivered, please return to :

**Sree Rayalaseema Alkalies  
and Allied Chemicals Limited**

**(CIN : L24110AP1981PLC003077)**

6-2-1012, 2<sup>nd</sup> Floor, TGV Mansion, Above ICICI Bank,  
Khairatabad, Hyderabad - 500 004. (Telangana State)  
Ph: No. 040-23313842