

32nd Annual Report 2013-14



**Sree Rayalaseema Alkalies
and Allied Chemicals Limited**



BOARD OF DIRECTORS

Sri T. G. Venkatesh
Chairman & Managing Director
(from 26.05.2014)

Sri G. Krishna Murthy

Sri M.P. Murti
(Upto 07.08.2013)

Sri K. Davidson
(Nominee of IDBI from 29.06.2013)

Smt. Shalini Soni
(Nominee of IFCI from 30.07.2014)

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

Sri P.N. Vedanarayanan

Sri O.D. Reddy

Sri K. Karunakar Rao
Executive Director & CEO

Sri N. Jesvanth Reddy
Executive Director (Technical)

Sri C. Rajesh Khanna
Sr. General Manager (F&A) & CFO

CHIEF GENERAL MANAGER & COMPANY SECRETARY

Sri V. Radhakrishna Murthy

BANKERS

Indian Bank

United Bank of India

The South Indian Bank Ltd.

IDBI Bank Ltd.

The Federal Bank Ltd.

Canbank Factors Ltd.

AUDITORS

Brahmayya & Co.

Chartered Accountants

21/142-6, S.K.D.Colony Extn.

Adoni - 518 301 (A.P.)

REGISTERED OFFICE & FACTORY

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

CORPORATE OFFICE

40-304, 2nd Floor, Krishna Jyothsna Complex
Bhagyanagar,

Kurnool - 518 004 (A.P.)

REGISTRAR & SHARE TRANSFER AGENT

Aarathi Consultants Private Limited

Regd. Office: 1-2-285, Domalguda

Hyderabad - 500 029 (Telangana State)

Tel No. 040 - 27638111 / 4445

Fax No. 040 - 27632184

E-mail : info@aarthiconsultants.com

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Sree Rayalaseema Alkalies and Allied Chemicals Limited

NOTICE

NOTICE is hereby given that the **32nd 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 Thursday, 25th September, 2014 at 4.00 P.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2014 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 Auditors 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 subject to the provisions of Section 139 and other applicable provisions of Companies Act, 2013 the retiring Auditors, M/s. Brahmayya & Co., Chartered Accountants (Regn. No. 000514S), Adoni, Kurnool Dist. be and are hereby appointed as Auditors of the company, to hold office from the conclusion of this Annual General Meeting til the conclusion of the next Annual General Meeting of the company on such remuneration as decided by the Board of Directors on recommendation of the Audit Committee as "Audit Fee" exclusive of reimbursement of actual travelling and other expenses."

SPECIAL BUSINESS :

3. To adopt Articles of Association after effecting changes and modifications in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**.

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft changes and modifications contained in the Articles of Association submitted to this meeting and explained in the explanatory statement be and are hereby approved and adopted.

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."

4. To appoint Smt. V. Surekha (DIN No.06953161) as a Director subject to retire by rotation and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**.

"RESOLVED THAT Smt. V. Surekha (DIN No. 06953161) in respect of whom the company has received a notice in writing under Sec.160 of the Companies Act, 2013 from a Member proposing her candidature for the office of Director pursuant to Sec. 149 of the Act, be and is hereby approved as Director of the Company liable to retire by rotation."

5. To appoint Sri T.G.Venkatesh (DIN: 00108120) as a Director, subject to retire by rotation and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolutions as an **Ordinary Resolution**.

"RESOLVED THAT Sri T.G.Venkatesh (DIN: 00108120), in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director pursuant to Sec. 152 of the Act, be and is hereby appointed as Director of the Company, liable to retire by rotation."

6. To appoint Sri P.N.Vednarayanan (DIN: 00982697) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolutions as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri P.N. Vednarayanan (DIN: 00982697), who was earlier appointed as a Director and who is liable to retire by rotation in this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of



Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term upto the conclusion of the 37th Annual General Meeting of the Company in calendar Year 2019-2020."

7. To appoint Sri G. Krishna Murthy (DIN: 00134828) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolutions as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri G. Krishna Murthy (DIN:00134828), who was earlier appointed as a Director and who is liable to retire by rotation in this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term upto the conclusion of the 37th Annual General Meeting of the Company in calendar Year 2019-2020."

8. To appoint Sri O.D. Reddy (DIN: 00101729) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolutions as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri O.D. Reddy (DIN: 00101729), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold

office for 5 (Five) consecutive years for a term upto the conclusion of the 37th Annual General Meeting of the Company in calendar Year 2019-2020."

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

"RESOLVED THAT in supersession to the resolution passed at the 30th Annual General Meeting of the Company held on 28.09.2012 and pursuant to Sec 180 (1) (C) of the Companies Act, 2013, the Board of Directors be and are hereby authorized to borrow money from time to time for the purpose of the business of the Company on such terms and conditions as the Board of Directors consider fit, any sum or sums of money which together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves (i.e. reserves not set apart for any specific purpose) provided that the total amount which may be so borrowed by the Board of Directors and outstanding at any one time shall not exceed Rs. 750 Crores."

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

"RESOLVED THAT pursuant to Sec. 196, 197, 198 and other applicable provisions of the Companies Act, 2013, Schedule V of the Companies Act, 2013, and subject to any other statutory provisions and after consideration of the recommendation of the Remuneration Committee in its meeting held on 17.05.2014, and the recommendation of Board in its meeting held on 26.05.14, the approval of the Company be and is hereby accorded to ratify the appointment of Sri T.G. Venkatesh as Chairman and Managing Director of the Company for a period of five years with the remuneration as per the following details.

REMUNERATION

Term of appointment : 5 Years

Overall remuneration : 5% of net Profits as per second Proviso to Section 197 of the Companies Act, 2013 to be paid by way of monthly remuneration and also commission on net profits.



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The monthly remuneration is proposed to be paid as under:

- a. Monthly Remuneration: Rs.5,00,000/- per month (salary) as per Schedule-V of the Companies Act, 2013.
- b. Provident Fund, pension and superannuation put together not to exceed taxable limit.
- c. Gratuity payable at a rate not exceeding half month salary for each completed year of service.
- d. Other perquisites.

HRA/Rent free accommodation, Earned Leave encashment, gas, electricity, water, furnishings, medical reimbursement and LTC for self and family, personal accident insurance, club fee etc., and any other benefits in accordance with Rules of the Company. The perquisites shall be as evaluated as per IT Rules.

Use of Company car, landline phone at residence and Cell phone for official purposes.

- e. Such remuneration by way of commission calculated with reference to the net profit of the Company in a financial year as may be determined by the Board of Directors of the Company at the end of the each financial year, subject to ceilings stipulated in sections 196, 197 and 198 read with Schedule-V of the Companies Act, 2013.

RESOLVED FURTHER THAT in case of inadequacy of profits conditions mentioned in Schedule-V of Companies Act, 2013 will be applicable including any amendments thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expediate to give effect to the above resolution."

11. To approve the appointment and remuneration payable to the Cost Auditors for the financial year ending March 31, 2015 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolutions as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the appointment of M/s. Aruna Prasad & Co. (Regn. No. 100883) as Cost Auditors of the Company by the Board of Directors of the Company

in its meeting held on 26.05.2014 on a remuneration of Rs.1,25,000/- + Service Tax and reimbursement of out of pocket expenses, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be 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."

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

"RESOLVED THAT in continuation to the Resolution passed under Section 293 (1) (a) of the Companies Act, 1956 at the Annual General Meeting of members of the Company held on 28.09.2012 and other earlier resolutions in the AGMs/EGMs of the Company and pursuant to the provisions of Section 180 (1) (a) and other applicable provisions if any, of the Companies Act, 2013, and rules made there under and as may be amended from time to time, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for undertakings and/or charging the whole or any part of the undertaking or undertakings of the Company or any assets of the Company both present and future or the whole or substantially the whole of the undertaking or undertakings together with power to takeover the management of business and concern of the Company in certain events for securing any loans and / or advances already obtained or that may be obtained from any Financial Institutions (IDBI and IFCI), Banks (IB, UBI, SIB, FBL and CNBF), Debenture Trustees or any Bodies Corporate, person or persons, entity or entities and to secure any debentures that are issued or may be issued and all interest, commitment charges, costs, charges and all other moneys payable by the Company to the concerned Lenders.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all necessary acts and steps as may be necessary and expedient to give effect to this resolution."

By Order of the Board

Sd/-

Place: Hyderabad
Date : 30th July, 2014

(V. RADHAKRISHNA MURTHY)
C.G.M & Company Secretary



NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more Proxies to attend and vote on a poll on his behalf and such proxy need not be a member of the Company. A Proxy form is enclosed. Proxy Form in order to be effective duly completed, must be received by the company at the Registered Office of the company not less than 48 hours before the schedule time of the Annual General Meeting.
2. Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 is annexed hereto in respect to Special Business.
3. Member/Proxies are requested to produce the attendance Slip at the entrance of the Registered Office duly completed and signed for admission to the meeting hall.
4. Pursuant to Sec. 91 of the Companies Act, 2013 and Clause-16 of the Listing Agreement, the Register of Members and Share Transfer Books of the Company will remain closed for 6 (six) days i.e., from 20.09.2014 to 25.09.2014 (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. 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 32nd Annual General Meeting of the Company dated 30th July, 2014. 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 Friday, August 22, 2014.

The instructions for members for voting electronically are as under:

- (A) In case of members receiving e-mail:
- (i) Log on to the e-voting website www.evotingindia.com

- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED" from the drop down menu and click on "SUBMIT".
- (iv) Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- (v) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below.
- (vi) For Members holding shares in Demat Form and Physical Form.

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

* Physical share holders who have not updated their PAN with the Company are requested to use the first two letters of their name in Capital Letter followed by 8 digits folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of '0' before the folio number. Eg. If your name is Ramesh Kumar with folio number 1234 then enter RA00001234 in the PAN field.

* Demat Share holders who have not updated their PAN with their Depository Participant are requested to use the first two letters of their name in Capital Letter followed by 8 digit CDSL Client ID. For Eg. CDSL Account holder name is Rahul Mishra and Demat A/c No. is 12058700 00001234 then default value of PAN is 'RA00001234'. NSDL Account holder name is Rahul Mishra and DP ID is IN300000 and client ID 12345678 then default value of PAN is 'RA12345678'.

DOB# Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

Dividend Bank Details# Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.



Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on August 22, 2014 in the Dividend Bank details field.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
 - (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 - (x) Click on <SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED> on which you choose to vote.
 - (xi) 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.
 - (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
 - (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
 - (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
 - (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - (xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (B) In case of members receiving the physical copy: Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (C) The voting period starts from 9.00 A.M on Friday, September 19, 2014 and ends at 6.00 P.M on Sunday, September 21, 2014. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on Friday, August 22, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (D) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

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@tgmil.net".



EXPLANATORY STATEMENT

(Pursuant to Section 102(1) of the Companies Act, 2013)

ITEM NO. 3

The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs (MCA) had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction / confirmation of the National Company Law Tribunal (Tribunal) such as variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66), comprises, arrangements and amalgamations (Chapter XV), prevention oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and Certain other provisions including, inter alia, relating to investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). However, substantive sections of the Act which deal with the general working of companies stand notified.

With the coming into force of the Act several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to give effect to certain changes and modifications in the existing AOA as mentioned here under.

1. After Article No.16B, a new Article with No. 16C shall be added to comply with the provisions of Companies Act, 2013 with respect of e-voting
16C. The Company is providing e-voting facility to all the shareholders who have registered their email id either with the Depository Participant (DP) or with the Company or with the Registrar (RTA) of the company. E-voting facility is also provided to other shareholders also as a matter of convenience.
2. In Article No.72, the word "by way of special Resolution" shall be included after the word General Meeting appearing in fifth line.
3. In Article No.77, the word "thirty" shall be included in place of "five" appearing in the first line.
4. In Article No. 81A shall be added which is reproduced hereunder.
81A. A Member may exercise his/her vote at a meeting by electronic means in accordance with Sec. 108 and shall vote only once.
5. In Article 98, the word "12 (Twelve)" appearing in second line shall be deleted and in its place "15 (Fifteen)" shall be included. Further, in the same line after the word nominated the word "Independent" shall be included.

6. Article No.106B shall be included after Article No.106A which is reproduced as under:

106B: The shareholders of the company shall appoint Independent Director subject to the provisions that a Member of the company has proposed his candidature in pursuant to Section 160 of the Companies Act, 2013. In case, the Independent Director is appointed by the Board, the same has to be ratified by the shareholders of the company at the Annual General meeting subject to the provisions of Section 160 of the Companies Act, 2013.

7. In Article 120, the word "not whilst holding that office" after the word shall appearing in fourth line, be deleted.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at item No. 3 of the Notice.

The Board commends the Special Resolution set out at item No.3 of the Notice for approval by the shareholders.

ITEM NO. 4

Pursuant to Section 149 of the Companies Act, 2013 and amended Clause 49 of Listing Agreement a Listed Company shall have atleast one Woman Director. The Company has received requisite deposit from a Member of the Company proposing the candidature of Smt. V. Surekha as Director (whose term is subject to retire by rotation) in Compliance of Section 160 of the Companies Act, 2013.

Brief Resume of the candidate (Smt. V. Surekha) appeared elsewhere in the notice providing the details of Date of Birth, Experience, Educational Qualification, Number of Shares held in the Company, Directorship position held in other Companies appeared for information of the Member.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way concerned or interested, financially or otherwise in this resolution.

The Board commends the above resolution for approval by the shareholders.

ITEM NO. 5

In compliance of Section 160 of the Companies Act, 2013, the company has received requisite deposit from a Member of the company proposing the candidature of Sri T.G. Venkatesh as Director (whose term is subject to retirement by rotation). The appointment of Sri T.G. Venkatesh as Rotational Director is in compliance of the provisions of Section 149, 152 and Clause 49 of the Listing Agreement and proposed amended Articles of Association of the Company vide Item No.3 of Notice of AGM



None of the other Directors / Key Managerial personnel of the company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

ITEM NO(S). 6 AND 7

Sri P.N. Vedanarayanan was appointed as Independent Rotational Director on the Board of the company on 01.04.1994 and Sri G. Krishna Murthy was appointed as Independent Rotational Director on the Board of the Company on 30.11.1996. Since then they are on the Board of the company without any break and the same is in compliance of the provisions of Companies Act, 1956.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia facilitating the condition for the appointment of Independent Directors by a Listed Company.

It is proposed to appoint Sri P.N. Vedanarayanan and Sri G. Krishna Murthy as Independent Directors to comply with the provisions of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement to hold office for consecutive five years (for a term) upto the conclusion of 37th Annual General Meeting to be held in the year 2019-2020 (Calendar Year).

Sri P.N. Vedanarayanan and Sri G. Krishna Murthy are not dis-qualified from being appointed as Directors in terms of Sections 164 of the Act and have given their consent to act as Directors.

The company has received notices in writing from members alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Sri P.N. Vedanarayanan and Sri G. Krishna Murthy and that they meet with the criteria of independence as prescribed both under sub-section of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Sri P.N. Vedanarayanan and Sri G. Krishna Murthy fulfil the condition for appointment as Independent Directors as specified in the Act and the Listing Agreement with BSE where the company' shares are listed. Sri P.N. Vedanarayanan and Sri G. Krishna Murthy are independent of the management.

Brief resume of Sri P.N. Vedanarayanan and Sri G. Krishna Murthy, nature of expertise in specific functional areas and names of companies in which they hold Directorships and Memberships / Chairmanships of Board Committees, shareholding and relationships between Directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided as an attachment to the Notice of AGM which forms part of the Annual Report. The statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange (BSE).

Sri P.N. Vedanarayanan and Sri G. Krishna Murthy are interested in the resolution set out respectively at item Nos. 5 and 6 of the Notice of AGM with regard to their respective appointments.

The Board commends the Ordinary Resolutions set out at Item Nos. 6 and 7 of the Notice for approval by the Members.

ITEM NO. 8

Sri O.D. Reddy was appointed as Independent Director on the Board of the company on 31.12.1996. Since then he is on the Board of the company continuously providing valuable suggestions and advises during the Board meetings.

The company has received notice in writing from a Member of the company alongwith requisite deposit proposing the candidature of Sri O.D. Reddy to the office of Independent Director for being elected in the Annual General Meeting. To comply with Clause 49 of the Listing Agreement with BSE and relevant provisions of Section 149 and 160 of the Act, the proposal to appoint Sri O.D. Reddy as Independent Director is placed under Agenda Item No.8 of the Notice of AGM for your approval.

In the opinion of the Board, Sri O.D. Reddy fulfil the condition for appointment as Independent Director for a term of five years i.e. upto the year 2019-20 (Calendar Year) as specified in the Act and Listing Agreement with BSE, Sri O.D. Reddy is independence of the management.

Brief resume of Sri O.D. Reddy in specific functional areas and names of the companies in withold Directorships and Memberships / Chairmanships of Board committees, shareholding and relationship between Directors inter-se stipulated under Clause 49 of the Listing Agreement, are provided as an attachment to the Notice of AGM which forms part of Annual Report.

None of the other Directors / Key Managerial personnel in the company / their relatives are, in any way, concerned or interested, financial or otherwise, in the Resolution.

Your Directors commend the Resolution for your approval.

ITEM NO. 9

As per the provisions of Section 180 of the Companies Act, 2013 Borrowing powers of the Board shall be passed by the Members by way of a Special Resolution only. This is as against the requirement of Ordinary Resolution under Section 293 of the Companies Act, 1956.

The Members of the company have given their approval in the AGM held on 28.09.2012 to the Board for Borrowing powers of Rs.750 Crores by way of Ordinary Resolution to comply with the then provisions of the Companies Act, 1956. The present Resolution is placed in the Notice for your approval by way of a Special Resolution to comply



Sree Royalaseema Alkalies and Allied Chemicals Limited

with the provisions of Section 180 of the Companies Act, 2013 to enable the company to avail the Borrowing powers as and when required.

None of the other Directors / Key Managerial personnel of the company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

Your Directors commends the Resolution for your approval.

ITEM NO. 10

Sri T.G. Venkatesh is the Founder Promoter of the company and hence he is associated with the company right from incorporation except a break from 01.12.2010 to 24.05.2014 during which time he has assumed the responsibility as Minister for Minor Irrigation in the unified State of Andhra Pradesh.

After completion of his tenure with Andhra Pradesh Government as Minister, the company has approached Sri T.G. Venkatesh to associate with the company for the purpose of steering the company to achieve desired goals.

After considering the recommendation of Remuneration Committee in its meeting held on 17.05.2014, the Board in its meeting held on 26.05.2014, has appointed Sri T.G. Venkatesh as Chairman and Managing Director of the company subject to ratification by the Members of the company in the AGM. Accordingly, the present Resolution is placed under item No.10 of Notice of AGM for your approval and to ratify the action taken by the Board.

Brief Resume of Sri T.G. Venkatesh and other details are furnished hereunder to comply with the relevant provisions of Listing Agreement and Schedule-V of the Companies Act, 2013 as an annexure here under.

Annexure referred to the Explanatory note:

Statement containing the information as required under relevant provisions of Schedule-V in respect of Sri T.G. Venkatesh, the Appointee.

1. General information :

Nature of Industry: Manufacture of Organic, Inorganic Chemicals, Castor Oil Derivatives and power generation.

2. Year of commencement of Commercial production :

The company was incorporated on 24.06.1981. Certificate of Commencement of Business was given on 08.07.1981.

3. Financial performance :

(Rs. In lacs)

| Particulars | Year ended | | | | |
|--|------------|----------|----------|----------|----------|
| | 31.03.14 | 31.03.13 | 31.03.12 | 31.03.11 | 31.03.10 |
| Total Revenue | 77303 | 82115 | 79266 | 71075 | 62015 |
| Profit before interest, depreciation and Tax | 8365 | 11908 | 9943 | 9507 | 9652 |
| Profit before Tax | 1392 | 4014 | 2763 | 2718 | 2961 |
| Profit after Tax | 477 | 3773 | 1388 | 1365 | 1401 |

The effective capital of the company based on the latest audited accounts of the company for the year ended 31st March, 2014 was Rs. 36006 lakhs.

4. Foreign investment or collaboration, if any. The company has no foreign collaboration so far.

5. Information about the appointee:

a. Background details:

Sri T.G. Venkatesh, aged about 64 years, is a Commerce Graduate besides his Articleship with M/s. Brahmaiah & Co., Chartered Accountants, Adoni having versatile experience in the fields of industrial, entrepreneurial, political and administrative experience of over 40 years.

b. Past remuneration:

Sri T.G. Venkatesh as Chairman and Managing Director was drawing Rs. 5,00,000/- per month as salary rent free accommodation and other perquisites within the limits of 5% net profits of company as per Section 198 of the Companies Act, 1956.

c. Recognition or Awards:

Under his leadership the Company has received National Award for Environmental Protection and Pollution Control during the year 1991-93.

Sri T.G. Venkatesh, Chairman and Managing Director has been awarded Rajiv Ratna - Excellent Chief Executive Award for the year 1991. Under his able leadership, the Company has been awarded ISO 9002, ISO 14001 certificates for implementation of Environment Management Firm and ISO 9002 Certificate for maintenance of Business in addition to quality standards.



d. Job profile and his suitability:

Sri T.G. Venkatesh is the founder Promoter of the company. He will be in charge of the whole or substantially the whole of the management of the company. He is eminently suited for the job in view of his very long association with the company.

Remuneration proposed is Rs. 60,00,000/- per year as salary, Rent free accommodation upto Rs.6,00,000/- per year and other benefits of Rs.2,00,000/- per year is as per Schedule V of the Companies Act, 2013 plus commission as may be decided by the Board of Directors of the Company at the end of the year depending upon the profits.

6. Comparative remuneration with respect to industry, size of the company, profits of the position and person:

Considering the size of the company and the job profile of the position and the credentials and performance of the appointee, the remuneration proposed is reasonable and compares well with that of similar companies.

Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:

Sri T.G. Venkatesh is founder Promoter of the company and together with his family and associate companies, he holds substantial stake in the company.

7. Other information :

a. Reasons for loss or inadequate profits:

The margins in the business are reasonable and the company optimistic to generate higher margins considering the nature of business. In the event of inadequacy of profits also, the proposed yearly remuneration of Rs.60,00,000/- per year as salary plus perquisites and other benefits shall be in the limits prescribed under Schedule V of the Companies Act, 2013.

b. Steps taken or proposed to be taken for improvement:

Various measures like expansion, diversification, cost control and other related activities are for improvement of the company in every aspect and increase of productivity.

c. Expected increase in productivity and profits in measurable terms:

The company is expected to register an increase of 5% to 10% per annum in productivity and thereby profits by about 3% to 5% every year.

8. Disclosures:

The shareholders of the company are informed of the remuneration package of the Managerial personnel through the notice of the Annual General Meeting.

The Company being an Listed Company, the Corporate Governance is applicable and the company has provided a detailed Corporate Governance Report as per Clause 49 of the Listing Agreement of BSE.

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. 10 of the Notice.

ITEM NO. 11

The Board of Directors on consideration of the recommendation of Audit Committee has appointed M/s. Aruna Prasad & Co. (Regn. No. 100883) as Cost Auditor for the Financial year 2014-15 on a remuneration of Rs.1,25,000/- + Service Tax and reimbursement of out of pocket expenses in its meeting held on 26.05.2014 to conduct Cost Audit of cost records of the company compliance of MCA Notification Ref. No. 52/56/CAB-2010, dated 06.11.2013.

As per the provisions of Section 148 of the Act, payment of remuneration and appointment of Cost Auditors needs Members ratification for the action taken by the Board as explained above.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested in passing the resolution set out in Item No. 11 of the Notice.

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

ITEM NO. 12

At Annual General Meeting held on 28.09.2012 and other earlier AGMs/EGMs, the Members have, by way of Ordinary Resolution in pursuance to provisions of 293 (1) (a) of the Companies Act, 1956, authorized the Board of Directors to provide security in favour of Banks (UBI, IB, FBL, SIB,



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CBF, Financial Institutions (IDBI and IFCI) Under Section 180 of the Act, the above powers of the Board are required to be exercised only with the consent of the Company by a Special Resolution.

To give validity to the earlier resolutions of the Board and members resolutions and for its continuation in favour of Banks and Fls, Debenture Trustees etc., with respect to Term Loans, Working Capital and other financial assistance provided by the above Lenders and Fls the present resolution is placed in the notice for your approval.

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. 12 of the Notice.

The Board commends the Special Resolution set out in Item No.12 of the Notice for approval by the Shareholders.

By Order of the Board
Sd/-

Place: Hyderabad
Date : 30th July, 2014

(V. RADHAKRISHNA MURTHY)
C.G.M & Company Secretary

Additional Information :

| Details of Directors seeking appointment/reappointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement). | | | |
|---|---|--|--|
| 1. Name of the Director | Sri G. Krishna Murthy | Sri P.N. Vedanarayanan | Sri O.D. Reddy |
| 2. Date of Birth | 17-09-1941 | 04-06-1933 | 15-03-1940 |
| 3. Date of Appointment | November 30, 1996 | April 1, 1994 | December 31, 1996 |
| 4. Experience in Specific areas | More than 45 years experience in Industrial and Business fields as Promoter and entrepreneur. He is an eminent personality having interest in the field of social services and human relations. | More than 45 years experience at very senior level in public sector units. Ex-Chairman and Managing Director of NTC Mills Ltd. | More than 37 years experience at Senior level in Management and Administration in Govt. undertaking. |
| 5. Qualifications | Graduate of MILT | I.A.S (Retd.) | B.Sc (Agri) |
| 6. Shareholding in the Company | Nil | Nil | 2,850 |
| 7. Directorships in other public Ltd., Companies | Nil | Nil | Roopa Industries Ltd. |
| 8. Membership in other public Ltd., Company committees | Nil | Nil | Audit and Shareholders Grievance Committee in Roopa Industries Ltd. |
| 1. Name of the Director | Smt. V. Surekha | | |
| 2. Date of Birth | 16-04-1970 | | |
| 3. Date of Appointment | To be elected in the Annual General Meeting. | | |
| 4. Experience in Specific areas | She is having more than 15 years experience as Company Secretary of Listed Companies. At present she is working as Company Secretary of M/s. Sree Rayalaseema Hi-Strength Hypo Limited (SRHHL) an associate of the Company. | | |
| 5. Qualifications | B.Com., ACS | | |
| 6. Shareholding in the Company | Nil | | |
| 7. Directorships in other public Ltd., Companies | Nil | | |
| 8. Membership in other public Ltd., Company committees | Nil | | |

**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 31st March, 2014.

Operations :

The turnover for the year under review is Rs.85095 lakhs as compared to Rs.90941 lakhs in the previous year. The decrease is on account of prolonged disturbances in the State and severe power cuts in the first quarter.

Division / Segment Wise Operations :

The Caustic unit has produced 136882 MTs of Caustic Soda as against 130773 MTs for the previous year. As against net sales of Rs.41465 lakhs for previous year, the current year sales comes to Rs.42635 lakhs representing an increase of 3 %.

The Potassium plant has produced 12483 MTs of Potassium Hydroxide as against 8947 MTs for the previous year. As against net sales of Rs.6540 lakhs for previous year, the current sales comes to Rs.9297 lakhs representing an increase of 42% attributed to better realizations.

The Castor Oil Plant has processed 12526 MTs of oil as against 14864 MTs for the previous year. As against net sales of Rs.13951 lacs for the previous year, the current year sales stood at Rs. 12490 lacs representing a decrease of 10 %.

The Fatty acid plant has processed 13711 MTs for the current year as against 23673 MTs for the previous year. The net sales of this division has decreased from Rs.16559 lakhs to Rs.10245 lakhs representing a decrease of 38 %.

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. As there is no activity, previous year figures comparison is not possible.

The Wind Farm at Ramagiri has generated 29.41 lakh/KWH power in the current year as against previous year generation of 26.01 lakh/KWH representing an increase of 13% when compared to previous year. All the power generated is wheeled through State Grid to the Company for internal use.

Outlook for the Current Year :

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

FINANCIAL RESULTS

YEAR ENDED
(Rs.in lakhs)

| | 31.03.2014 | 31.03.2013 |
|--|------------|------------|
| Profit before Finance Costs & depreciation | 9712.61 | 11909.60 |
| Less: Finance Cost | 3420.65 | 3844.50 |
| Profit before Depreciation | 6291.96 | 8065.10 |
| Less: Depreciation | 3553.30 | 4050.97 |
| Profit (Loss) before Exceptional items and Tax | 2738.66 | 4014.13 |
| Less: Exceptional items | 1345.71 | — |
| Profit/Loss Before Tax | 1392.95 | 4014.13 |
| Tax Expense: | | |
| Less: - Current Tax | 186.49 | 803.00 |
| - Deferred Tax | (231.74) | (561.65) |
| Profit for the period from continuing operations | 1438.20 | 3772.78 |
| Less : Loss from discounting operations | 961.02 | — |
| Profit for the period | 477.18 | 3772.78 |
| Add: Balance Carried from Previous year | 3887.43 | 2614.65 |
| Profit available for Appropriation | 4364.61 | 6387.43 |
| Less: Transfer to General Reserve | 1000.00 | 1500.00 |
| Less: Transfer to Capital Redemption reserve | 500.00 | 1000.00 |
| Surplus carried to Balance Sheet | 2864.61 | 3887.43 |

Profit for the Current year at Rs. 477.18 Lakhs shows a decrease of 87 % compared to previous year Profit of Rs.3772.78 Lakhs. Reduction in current year profit is due to loss from discontinued operations of Bellary Power Project and exceptional items of Rs.1345.71 lakhs being the recompense amount paid to Banks and Financial Institutions (FIs) and also high fluctuations in raw materials for oils division not commensurate with finished products prices.

Dividend :

In view of the need for strengthening the financial base of the company, your Directors have decided not to declare any dividend for the year 2013-14.

Capital Expenditure :

During the year the Company has incurred an amount of Rs.7460 lakhs on Capital Expenditure which is mainly



towards Chloromethane Project and other normal expenditure. The funds required for the above is met from Promoters contribution / Term loans and internal accruals.

Preferential allotment of Convertible Share Warrants to Promoters :

Listing of Equity shares issued to Promoters on conversion of First, Second and Third Tranche Warrants.

The Allotment Committee in its meeting held on 05.04.2014 has allotted 39,36,042 Equity Shares of Rs.10/- each at par upon conversion of fully paid Third tranche warrants into Equity in the ratio 1:1 in dematerialized form to Promoters i.e. 10,00,000 Shares to M/s. Sree Rayalaseema Hi-Strength Hypo Ltd. (SRHHL) and 29,36,042 Shares to M/s. TGV Projects & Inv. Pvt. Ltd. On completion of all formalities by the Company BSE vide its letter Ref.No.DCS/ REF/BS/FIP/239/2014-15 dt.10.07.2014 has given In-principle Listing approval for these Equity Shares. NSDL vide its letter dt.21.07.2014 and CDSL vide its letter dt.18.07.2014 has credited these shares in demat form. These shares are subject to lock-in provision of three years. Trading approval in respect of these shares has been issued by BSE vide its letter dated 25.07.2014.

Company's Exit from CDR :

After fulfillment of required formalities, the company has made application with CDR Cell for company's exit. CDR Cell vide their letter Ref. No. By.CDR (SSA)/No.1152/2013-14 dt.18.03.2014 has given its approval for company's exit. The company has to pay Rs.1345.71 lakhs as recompense amount to Banks Consortium and Financial Institutions.

Safety and Environment Protection :

Your Company accords most importance to safety as well as development of green environment. All out effort is being made to ensure round the clock safety in all activities of the company. The steps taken by the management to develop green environs around the factory has given desired results. A separate cell has been entrusted with the responsibility of ensuring safety with a team of officials working with the motto of continuous "SAFETY FOR 3M's i.e., MEN, MACHINES AND MATERIALS". The Company is conducting mock drills and proper training to staff at regular intervals in the safety aspects. The Company's policy is safety with green environs is not ones responsibility but the responsibility of every one related to the Company.

Listing Fees :

The Company has paid Listing Fee for the year 2013-14 to Bombay Stock Exchange vide its letter dtd.17.04.2014.

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 at as on 31.3.2014.

Directors :

Sri G. Krishna Murthy and Sri P.N. Vedanarayanan are retiring by rotation at the ensuing Annual General Meeting (AGM). The Company has received necessary deposits from shareholders proposing their candidature as Independent Director for election in the AGM. Necessary resolutions along with explanatory statement placed in the notice of AGM for your approval. The Company has also received necessary deposit from a shareholder of the company proposing the candidature of Sri O.D. Reddy (existing Director) as an Independent Director. Necessary resolution along with explanatory statement placed in the notice of AGM for your approval. M/s.IFCI Limited vide their letter Ref.No. IFCI/NDC-1/2013-131107033 dtd.06.11.2013 has appointed Mrs. S. Usha as their nominee in place of Smt. Venus Bhanot. The Board in its meeting held on 11.11.2013 has Co-opted the nominee Director on the Board of the Company. The Board place on record its appreciation for the valuable advises and suggestions provided by Smt. Venus Bhanot during her term on the Board and audit committee and authorized the Chairman to convey the message.

Again M/s.IFCI Ltd., intimated vide its letters Ref. No. IFCI/ NDC/2014-140606066, dt. 05.06.14 and Ref.No.IFCI/NDC/ 2014-140718311, dt.18.07.14, that Smt. Shalini Soni, Deputy General Manager, Hyderabad Branch of IFCI has been nominated in place of Smt S. Usha. The Board of Directors in their meeting held on 30.07.2014 has co-opted Ms. Shalini Soni in place of Smt S. Usha . The Board has placed on record its appreciation for her active participation and advises during deliberations of Board and audit committee meetings during her tenure and authorized Sri T.G.Venkatesh, CMD to convey the message. Sri T.G. Venkatesh has been appointed as Chairman and Managing Director (CMD) of the Company by the Board in its meeting held on 26.05.2014. A member of the company has deposited requisite amount at the Regd.Office proposing his candidature to be appointed as Director (whose position is subject to retire by rotation). Necessary resolution is placed in the notice of AGM to carry out the election for your approval.



Sree Rayalaseema Alkalies and Allied Chemicals Limited

Industrial Relations :

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

Particulars of Employees :

The information as required under Sec. 217 (2A) of the Companies Act, 1956 and the rules framed thereunder was not annexed as none of the employees were in receipt of the remuneration above the limits prescribed thereunder.

Energy Conservation Technology Absorption and Foreign Exchange Earnings And Outgo :

Particulars required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed hereto as Annexure - A to this report.

Directors' Responsibility Statement :

As required by the provisions of Section 217(2AA) of the Companies Act, 1956, Directors' Responsibility Statement is attached as Annexure - B.

Corporate Governance :

Pursuant to clause-49 to the Listing Agreement, the mandatory requirements relating to Corporate Governance were to be complied with by your Company. Accordingly your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance in terms of Clause-49 to the Listing Agreement with the Stock Exchanges, are complied with.

Corporate Governance - Clause- 49 of Listing Agreement :

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 Clause-49 of listing agreement "Management Discussion and Analysis" has been given as "Annexure - E" to the Directors' Report.

Auditors :

M/s. Brahmayya & Co., Chartered Accountants, Adoni, will retire at the conclusion of this Annual General Meeting and are eligible for reappointment. M/s. Brahmayya & Co., are being proposed for reappointment as Auditors to hold office for the current year 2014-15. The company has received

the consent from M/s.Brahmayya & Co., to act as Auditors of the Company provided their reappointment is approved by shareholders in the Annual General Meeting (AGM).

Cost Audit :

Products manufactured by the Company are coming under Central Govt. order Letter Ref. Nos. (1) 52/26/CAB-2010 dtd.24.01.2012 for Caustic Soda [Chemicals] (2) 52/26/CAB-2010 dtd.02.05.2011 for Electricity Generation (3) 52/26/CAB-2010 dtd.24.01.2012 (4) 52/26/CAB-2010 dtd.06.11.2012 for other Products not covered by the above order. As per this order Compliance Report (Form-A) has been filed in XBRL format with MCA portal vide SRN : S28038636 dt.25.11.2013, with respect to the products covered by above two orders reference nos. 1 & 2. Cost Audit Report (Form-I) has been filed in XBRL format vide SRN: S22596605 dt.27.09.2013 with MCA portal for financial year 2012-13.

Audit Committee:

An Audit Committee continues to function to comply with provisions of Clause-49 of Listing Agreement and other statutory provisions. The Audit Committee was reconstituted on 11.11.2013 with the following members Smt. S. Usha, Sri K. Davidson, Sri G. Krishna Murthy and Sri O.D. Reddy as members with Sri P.N. Vedanarayanan as Chairman of the Audit Committee. Again the Audit Committee was reconstituted on 30.07.2014 by the Board with following members: Ms. Shalini Soni, Sri K. Davidson, Sri G. Krishna Murthy, Sri O.D. Reddy as members and Sri P.N. Vedanarayanan as Chairman of the Committee to give effect to the change in Nominee Director of IFCI Ltd.

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 Karnataka.

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

On behalf of the Board of Directors

Place : Hyderabad
Date : 30th July, 2014

Sd/-
K. KARUNAKAR RAO
Executive Director & CEO



ANNEXURE 'A' TO THE DIRECTORS' REPORT

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

A. Conservation of Energy :

- ◆ Planning to upgrade BM 2.72 Generation IV (narrow gap) elements to latest generation (zero gap) to reduce power consumption.
- ◆ 3 Nos. (4 M V AR) HT capacity banks are installed to improve power factor >0.99.
- ◆ 2 Nos. high energy intensive pumps replaced with latest energy saving pumps in cooling tower, thereby saving > 600000 KWH/Annum.

FORM - A

| Disclosure of Particulars with respect to conservation of energy | | Current Year 31.03.2014 | Previous Year 31.03.2013 |
|--|--|--|-------------------------------|
| A. Power and Fuel Consumption : | | | |
| 1. Electricity : | | | |
| a) i) | Electricity from APCPDCL Units (KWH) Total Amount (Rs. In lakhs) including FSA charges) Rate/Unit (Rs.) | 270655741 17732.31 6.55 | 211127714 10953.14 5.19 |
| ii) | Electricity from APGPCL Units (KWH) Total Amount (Rs. In lakhs) Rate/Unit (Rs.) | 17086457 595.37 3.48 | 16122363 506.64 3.14 |
| b) | Own Generation : | | |
| i) | Through Wind farm Units(KWH) Cost/Unit (Rs.) | 2941460 2.80 | 2601341 3.57 |
| ii) | Through Co-Gen plant Units(KWH) Cost/Unit (Rs.) | 56948946 6.15 | 126927895 5.08 |
| 2. | Coal : | | |
| | Quantity (MT) | 213089 | 242782 |
| | Total amount (Rs. In lakhs) | 7001.35 | 8264.40 |
| | Average Rate (Rs./MT) | 3285 | 3404 |
| 3. | Husk : | | |
| | Quantity (MT) | 3048 | 28813 |
| | Total amount (Rs. In lakhs) | 88.38 | 812.58 |
| | Average Rate (Rs./MT) | 2900 | 2820 |
| 4. | Fuel Oil : | | |
| | Qty (KL) (consist of HSD & FO) | 418 | 694 |
| | Total Amount (Rs. In lakhs) | 207.45 | 320.72 |
| | Average Rate (Rs./MT) | 49629 | 46223 |
| B. Consumption per MT of Caustic Soda Lye Production : | | | |
| No. of Units (KWH) (AC Power) | | 2448 | 2443 |



Sree Rayalaseema Alkalies and Allied Chemicals Limited

B. Technology Absorption:

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

FORM - B

Research and Development (R & D) :

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

- ♦ Pilot plant studies were carried out to 'implement single stage brine filtration instead of conventional clarifier, anthracite filter and precoat filter. Results are encouraging.
- ♦ Recovery of mercury from mercury nitrate solution used in the analytical works of Quality Assurance Division by chemical treatment and the same mercury is recycled for use again in the process.

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

- ♦ By installing single stage filtration major operations like brine clarifier, anthracite filters and precoat filters will be eliminated, resulting in saving energy and man power.
- ♦ By recovering mercury from mercury nitrate after analysis will eliminate contamination of trade effluents with mercury and also reduce inventory of mercury metal.

3. Future Plans :

- ♦ Planning to install Capacitor banks for LT Transformers to improve power factor.
- ♦ Replacement of balance high energy intensive pumps with energy saving pumps.
- ♦ Modification of HCL 'E' furnace to generate LP steam and to reduce cooling water requirement.

4. Technology Absorption, Adoption and Innovation :

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

C. Foreign Exchange Earnings and Outgo :

- a) Activities relating to exports; initiatives taken to increase exports, development of new export markets for products and export plans:
 - i) Exported Hydrogenated Castor Oil, 12 Hydroxy Stearic Acid, Caustic Potash and planning to enlarge exports by increasing export quantity and explore export possibility for other products.

| | |
|---|----------------|
| b) Total Foreign Exchange used and earned | (Rs. in lakhs) |
| i) Foreign Exchange used | 5451.66 |
| ii) Foreign Exchange earned | 7721.76 |



ANNEXURE 'B' TO THE DIRECTORS' REPORT

Directors' Responsibility Statement

Yours Directors Further Confirm that :

- (i) In the presentation of the Annual Accounts, applicable Accounting Standards have been followed.
- (ii) The accounting policies are consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the company for that period.
- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors had prepared the Annual Accounts on a going concern basis.

On behalf of the Board of Directors

Place : Hyderabad
Date : 30th July, 2014

Sd/-
K. KARUNAKAR RAO
Executive Director & CEO

ANNEXURE 'C' TO THE DIRECTORS' REPORT

Report on Corporate Governance :

The Management of SRAAC Ltd., hereby confirm and certify that the relevant provisions of Clause-49 of Listing Agreement dealing with "Corporate Governance" as amended from time to time by SEBI and BSE have been complied for the year 2013-14. 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 in the Listing Agreement by BSE on the order of SEBI. This shows the commitment of the management of the company for fair and efficient Corporate Governance. The company's humble philosophy is "SERVING SOCIETY THROUGH HARMONIOUS AND CORDIAL INDUSTRY ACTIVITIES AND RELATIONS" synchronizing socio, economic and human objectives which are backed by principles of concern, commitment, ethics, excellence and learning in all its activities and harmonious relationships with stakeholders, customers, associates and community at large which has always propelled the Company towards higher horizons.

(2) Board Procedure :

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

(3) Board of Directors :

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



| S. No. | Name of Director | Category | F.Y. 2013-14 attendance at | | | | |
|--------|--------------------------------------|----------------------------|----------------------------|----------|---------------------|---------------------|--------|
| | | | BM | Last AGM | No. of Directorship | Committee Positions | |
| | | | | | | Chairman | Member |
| 1. | Sri G. Krishna Murthy | Director | 4 | Yes | - | - | - |
| 2. | Sri K. Karunakar Rao | E.D & CEO | 4 | Yes | - | - | - |
| 3. | Sri N. Jesvanth Reddy | E.D (Technical) | 4 | Yes | - | - | - |
| 4. | Sri M.P. Murti (upto 07.08.13) | Director (Independent) | - | No | - | - | - |
| 5. | Smt. Venus Bhanot (Upto 11.11.13) | Director (IFCI Nominee) | - | No | - | - | - |
| 6. | Smt. S. Usha (from 11.11.13) | Director (IFCI Nominee) | 1 | No | 5 | - | - |
| 7. | Sri P. Sitaram (Upto 29.06.13) | Director (IDBI Nominee) | 1 | No | - | - | - |
| 8. | Sri K. Davidson | Director (IDBI Nominee) | 1 | No | - | - | - |
| 9. | Sri P.N. Vedanarayanan | Director (Independent) | 4 | Yes | - | - | - |
| 10. | Sri O.D. Reddy | Director (Independent) | 4 | Yes | 1 | - | 3 |

During the financial year ended 31st March, 2014, Four Board Meetings were held on (1) 15.05.2013 (2) 07.08.2013 (3) 11.11.2013 and (4) 29.01.2014 respectively.

(4) Audit Committee :

The composition of the Audit Committee is in accordance with the Corporate Governance guidelines and the provisions of 292A of the Companies Act, 1956. The main terms of reference of the Audit Committee are;

1. Overseeing 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, reappointment, fixation of fees etc., of Statutory auditors, Cost Auditors etc.,
3. Reviewing with management the annual Financial Statement before submitting to the Board with particular reference to Directors Responsibility statement, Changes in Accounting Policies, major accounting entries involving estimates, compliance with other Listing Agreement, disclosure of other related party transactions.
4. Qualifications in draft Audit Report.
5. Reviewing with management quarterly financial statements.
6. The adequacy of internal audit functions.
7. Discussion with statutory auditors before the audit commences.
8. Reviewing the findings of any investigations by the internal auditors etc.,
9. Appointment of CFO.

In addition to quarterly and yearly Un-audited/Audited financial results the Committee deliberate upon the relevant matters mentioned in Listing Agreement, Companies Act and Cost Audit Report rules etc. The Committee is headed by Sri P.N. Vedanarayanan, the Senior most independent Director. Majority of the committee members are independent Directors or



Sree Royalaseema Alkalies and Allied Chemicals Limited

Nominee Directors of Financial Institutions viz., IDBI and IFCI. The Audit Committee was reconstituted by the Board in its meeting held on 11.11.2013 with the following Directors as its members (1) Sri P.N. Vedanarayanan, Chairman (2) Mrs. S. Usha, Member (3) Sri K. Davidson, Member (4) Sri G. Krishna Murthy, Member and (5) Sri O.D. Reddy, Member.

| Sl. No. | Name of the Director | Designation | No. of Meetings | |
|---------|-----------------------------------|-------------|-----------------|----------|
| | | | Held | Attended |
| 1. | Sri M.P. Murti (upto 07.08.13) | Chairman | 2 | 2 |
| 2. | Sri P.N. Vedanarayanan | Chairman | 4 | 4 |
| 3. | Smt. Venus Bhanot (Upto 11.11.13) | Member | 4 | - |
| 4. | Smt. S. Usha (from 11.11.13) | Member | 4 | 1 |
| 5. | Sri P. Sitaram (Upto 29.06.13) | Member | 4 | 1 |
| 6. | Sri K. Davidson (from 29.06.13) | Member | 4 | 1 |
| 7. | Sri G. Krishna Murthy | Member | 4 | 3 |
| 8. | Sri O.D. Reddy | Member | 4 | 4 |

During the financial year ended 31st March, 2014, Four Board Audit Committee Meetings were held on (1) 15.05.2013 (2) 07.08.2013 (3) 11.11.2013 and (4) 29.01.2014 respectively.

(5) Remuneration Committee :

The Remuneration Committee was reconstituted by the Board in its Meeting held on 07.08.2013 with the following Directors as its members. The committee comprises of the following Directors as its members (1) Sri G. Krishna Murthy, Chairman (2) Sri P.N.Vedanarayanan, Member and (3) Sri O.D.Reddy, Member.

The non-executive Directors will be paid sitting fee of Rs.5000/- per meeting of Board and Audit Committee and Rs.1500/- for other Sub-committee meetings of the Board. The Executive Directors will not be paid any sitting fee for attending the Board/ Committee meetings. The details of total remuneration paid to Executive Directors for the year are furnished hereunder :

(Amount in Rs.)

| S. No. | Name of the Director | Salary | Perquisites | Commission | Total |
|--------|-----------------------|-----------|-------------|------------|-----------|
| 1. | Sri K. Karunakar Rao | 10,80,000 | 7,07,620 | N.A | 17,87,620 |
| 2. | Sri N. Jesvanth Reddy | 10,80,000 | 6,99,347 | N.A | 17,79,347 |

(6) Shareholder(s) / Investor(s) 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 Investors Grievance Committee/Shareholders Committee was constituted by the Board on 27.01.2003 and the same was subsequently reconstituted latest on 07.08.2013. The details of the committee meetings and composition are detailed hereunder:

| S. No. | Name of the Director | Designation | No. of Meetings | |
|--------|--------------------------------|-------------|-----------------|----------|
| | | | Held | Attended |
| 1. | Sri M.P. Murti (upto 07.08.13) | Chairman | 2 | 2 |
| 2. | Sri P.N. Vedanarayanan | Chairman | 4 | 4 |
| 3. | Sri G. Krishna Murthy | Member | 4 | 4 |
| 4. | Sri O.D. Reddy | Member | 4 | 4 |

During the financial year ended 31st March, 2014, Four Investors Grievance Committee Meetings were held on (1) 10.04.2013 (2) 12.07.2013 (3) 11.10.2013 and (4) 09.01.2014 respectively.

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



| No. of Investor Queries/complaints received in the year 2013-14 | Pending at the end of the year | No. of pending Share Transfers |
|---|--------------------------------|--------------------------------|
| 10 | NIL | NIL |

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

(7) General Body Meetings :

The last three Annual General Meetings were held as follows :

| Financial Year | Day & Date | Time | Venue |
|----------------|------------------------|----------|------------------------------------|
| 2010-11 | Tuesday & 09.08.2011 | 3.15 P.M | Regd. Office : Gondiparla, Kurnool |
| 2011-12 | Friday & 28.09.2012 | 4.00 P.M | Regd. Office : Gondiparla, Kurnool |
| 2012-13 | Wednesday & 07.08.2013 | 3.15 P.M | Regd. Office : Gondiparla, Kurnool |

All resolutions moved at the last Annual General Meeting were passed unanimously by a show of hands by the members attending the meeting. The last Annual General Meeting of the Company was held on 07.08.2013 and it was attended by Sri G. Krishna Murthy, Chairman and besides other Directors viz., Sri P.N. Vedanarayanan, Sri O.D. Reddy, Sri K. Karunakar Rao and Sri N. Jesvanth Reddy.

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

- (a) 2010-2011
- Nil -
- (b) 2011-2012
 1. Increase in Authorised Share Capital from Rs.87 Crs to Rs.100 Crs.
 2. Alteration of Capital Clause of Memorandum of Association.
 3. Alteration of Articles of Association.
 4. To execute Mortgage and / or charge in favour of Indian Bank (Lead Bank).
 5. To execute Mortgage and / or charge in favour of IDBI (Lead Financial Institution).
 6. Increase in Borrowing powers upto Rs.750 Crores.
 7. Issue of convertible Share warrants to be converted into equity within 18 months.
- (c) 2012-2013
 1. Reappointment of Sri K. Karunakar Rao as Executive Director (Finance & Commercial) and fixation of remuneration.
 2. Reappointment of Sri N. Jesvanth Reddy as Executive Director (Technical) and fixation of remuneration.

Postal Ballot : No Postal Ballot was conducted during the year 2013-14.

(8) Disclosures :

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



(9) Means of Communication :

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

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

(10) General Shareholder Information :

- a) AGM Date, time and Venue : 25th September, 2014 at 4.00 P.M.
at Regd. Office : Gondiparla, Kurnool - 518 004 (A.P).
- b) Tentative Financial Calendar : The next financial year covers the period
from 1st April, 2014 to 31st March, 2015
Un-Audited Financial results for : First Quarter - July / August, 2014
Second Quarter - October / November, 2014
Third quarter - January / February, 2015
Fourth quarter - April / May, 2015
- c) Book Closure period : 20.09.2014 to 25.09.2014 (Both days inclusive)
- d) Dividend payment date : - Not Applicable -
- e) The Shares of the Company is listed on : Bombay Stock Exchange Limited, Dalal Street, Mumbai.
ISIN No : INE 284B01028, SCRIP CODE : 507753 for EQUITY SHARES
ISIN No : INE 284B04014, SCRIP CODE : 700102 for C.R.P.S

f) Market Price Data: The Monthly High And Low of Stock Quotations during the Financial Year 2013-14.

| MONTH & YEAR | EQUITY SHARES | | C.R.P.S | |
|-----------------|---------------|-----------|------------|-----------|
| | HIGH (Rs.) | LOW (Rs.) | HIGH (Rs.) | LOW (Rs.) |
| April, 2013 | 8.20 | 6.75 | 5.30 | 3.63 |
| May, 2013 | 9.00 | 7.07 | 6.38 | 3.82 |
| June, 2013 | 7.45 | 6.07 | 5.00 | 4.01 |
| July, 2013 | 7.35 | 6.25 | 5.25 | 3.81 |
| August, 2013 | 6.98 | 5.71 | 4.70 | 3.80 |
| September, 2013 | 7.00 | 6.00 | 4.99 | 3.41 |
| October, 2013 | 7.34 | 6.01 | 5.40 | 3.66 |
| November, 2013 | 7.70 | 6.00 | 7.17 | 4.15 |
| December, 2013 | 7.92 | 6.04 | 6.57 | 4.32 |
| January, 2014 | 7.76 | 6.50 | 6.74 | 4.43 |
| February, 2014 | 7.51 | 6.30 | 6.00 | 4.51 |
| March, 2014 | 9.90 | 6.17 | 6.10 | 4.20 |



g) Distribution of Shareholding pattern for Equity Shares and CRPS as on 31st March, 2014.

| S. No. | CATEGORY | EQUITY SHARES | | C.R.P.S(*) | |
|--------|---|-----------------|---------------|-----------------|---------------|
| | | SHARES | % | SHARES | % |
| 1. | Promoter | 35352176 | 47.27 | 8448145 | 44.74 |
| 2. | Mutual Funds and UTI | 17787 | 0.02 | 17787 | 0.09 |
| 3. | Banks & Financial Institution & Insurance Companies | 19065483 | 25.49 | 2424694 | 12.84 |
| 4. | Corporate Bodies | 3002066 | 4.01 | 1593583 | 8.44 |
| 5. | Indian Public | 16091461 | 21.53 | 5869576 | 31.09 |
| 6. | NRIs / OCBs | 1255831 | 1.68 | 528547 | 2.80 |
| | TOTAL | 74784804 | 100.00 | 18882332 | 100.00 |

(*) CRPS Cumulative Redeemable Preference Shares

h) Share Transfer Agents :

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

i) Dematerialisation of Shares and Liquidity :

As on 31st March, 2014 out of 74784804 Equity Shares 73071779 No. of Shares were dematerialised (97.71%). Out of 18882332 No. of 0.01% CRP Shares 16621019 (88.03%) CRPS were dematerialized. Since the company's shares are trading under compulsory De-mat mode shareholders are requested to take necessary steps to dematerialise their shares held in physical form.

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

- Not Applicable -

k) Code of Conduct :

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

DECLARATION BY CEO

As provided in Clause 49 of the Listing Agreement with Stock Exchanges the Directors and Senior Management personnel have confirmed compliance with code of conduct for the period ended 31.03.2014.

On behalf of the Board of Directors

Sd/-

Place : Hyderabad
Date : 30th July, 2014

K.KARUNAKAR RAO
Executive Director & CEO

l) Plant Location :

Regd.Office : Gondiparla, Kurnool - 518 004 (A.P).
Bellary Power Plant : Tagginabudihalli, Bellary, Karnataka.



Sree Rayalaseema Alkalies and Allied Chemicals Limited

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

- (A) Registrar and Share Transfer Agent : Aarthi Consultants Private Limited
Regd.Office : 1-2-285, Domalguda, Hyderabad - 500 029 (T.G)
Tel.No. : 040 - 27638111, 27634445, 27642217, 66611921 Fax No. : 040 - 27632184
E-mail : info@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.G)
Tel No. : 040 - 23313843 Fax No.: 040 - 23313875

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

On behalf of the Board of Directors

Sd/-

K.KARUNAKAR RAO

Executive Director & CEO

Place : Hyderabad

Date : 30th July, 2014

ANNEXURE 'D' TO THE DIRECTORS' REPORT

Auditor's Certificate on Corporate Governance :

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

To

The Members of

M/s. SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

(CIN: L24110AP1981PLC003077)

We have examined the compliance of conditions of Corporate Governance by Sree Rayalaseema Alkalies and Allied Chemicals Ltd., Kurnool for the year ended March 31, 2014 as stipulated in Clause-49 of the Listing Agreement of the Company with Stock Exchanges.

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

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

We state that generally no Investor Grievances are pending for a period exceeding 15 days against the Company as per the records maintained by the Company.

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

For Brahmayya & Co.,

Chartered Accountants

Firm Regn. No. 000514S

Sd/-

B.DAIVADHEENAM REDDY

Partner

Membership No.026450

Place : Hyderabad

Date : 30th July, 2014



ANNEXURE 'E' TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS :

The Company is having mainly three Business Divisions namely:-

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

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

1. CHEMICALS DIVISION :

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

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

2. OILS AND FATS DIVISION :

Wide fluctuations in raw materials mainly vegetable and non-vegetable oils is the basic nature of this division. In view of the agricultural based raw materials procurement process will stress the liquidity of the Industry in general. Transportation from agricultural markets and farmers is one of the problem due to uneconomic sizes in procurement. However export oriented finished goods will ease this problem. Castor oil derivatives (comprising of Hydrogenated Castor Oil, 12 Hydroxy Stearic Acid and Ricinolic Acid), Fatty Acids, Soap noodles, Glycerine and bathing / toilet soap forms part of this division. The raw materials namely Castor Oil, various industrial vegetable oils and crude glycerine are highly volatile in their prices in view of this procurement of raw materials is to be planned properly. India is a leading country in exporting castor oil derivatives with abundant availability of raw material. Being a composite plant, many inputs like caustic soda, steam, Hydrogen are available internally and the same is main advantage and an opportunity for the company. During the year the market for both fatty acids and castor oil is encouraging and it is hoped that the same will prevail in future. Frequent fluctuations in Castor Oil prices is the main concern for this division.

3. POWER DIVISION:

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

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

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



INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

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

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

Relations with the employees remained cordial in general throughout the year. In order to optimise the contribution of the employees to the Company's business and operations, in-house training is given to the employees to induce contribution to productivity increase and development programmes for all levels of employees have been devised. Occupational Health Safety and Environmental Management are given utmost importance. As at 31st March, 2014 the employee strength (on permanent rolls) of the Company was 1020.

CAUTIONARY STATEMENT :

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

On behalf of the Board of Directors

Place : Hyderabad
Date : 30th July, 2014

Sd/-
K. KARUNAKAR RAO
Executive Director & CEO



INDEPENDENT AUDITOR'S REPORT

To
The Members of
Sree Rayalaseema Alkalies And Allied Chemicals Limited
(CIN : L24110AP1981PLC003077)

(1) Report on the Financial Statements

We have audited the accompanying financial statements of M/s.Sree Rayalaseema Alkalies and Allied Chemicals Ltd., Kurnool ("the Company"), Which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and also 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 Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

(3) Auditors' Responsibility

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

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

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

(4) Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31st March, 2014;
- 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) Emphasis of Matter

We draw attention to Note No.24.3 to the financial statements relating to the Recomense amount of Rs.1345.71 lakhs payable to CDR Lenders (FIs and Banks) by the company being exit from CDR Scheme, was considered as Exceptional Item as stated in the said note. Our opinion is not qualified in respect of this matter.

(6) Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order. As required by Section 227(3) of the Act, we report that:



Sree Rayalaseema Alkalies and Allied Chemicals Limited

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books.
- iii) 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.
- iv) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act. (which continue to be applicable in respect of Section 133 of Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
- v) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274 (1)(g) of the Act.

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

Place: Hyderabad (Camp)

Date : 26th May, 2014

Sd/-
(B.DAIVADHEENAM REDDY)
Partner
Membership No.026450



ANNEXURE TO AUDITOR'S REPORT

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

Referred to in Paragraph (6) 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, all the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- (ii) In respect of inventories;
 - a. The inventories have been physically verified by the management at regular intervals during the year. In our opinion, the frequency of verification is reasonable.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company has maintained proper records of inventories. As explained to us, no material discrepancies were noticed on physical verification.
- (iii)
 - a) The Company has taken interest free unsecured loans from five companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1613.14 lakhs and the year end balance of loans taken from such companies was Rs. 1613.14 lakhs. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
 - b) In our opinion and according to the information and explanations given to us, the terms and conditions on which loans have been taken from the companies listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
 - c) In our opinion and according to the information and explanations given to us and as represented by the Company, interest free unsecured loans were taken from Promoters group as contribution towards approved project scheme as stipulated by Lenders (Banks) to be converted into Equity. Therefore, no repayment of principal and interest payment.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal controls.
- (v) In respect of transactions covered under Section 301 of the Companies Act, 1956;
 - a. According to the information and explanations given to us, we are of the opinion that the transactions made in pursuance of contracts or arrangements, that needed to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time, other than purchases of certain items of fixed assets that are of the Company's specialized requirements for which prevailing market prices at the relevant time were not available for comparison.
- (vi) 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 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. No order has been passed by the Company Law Board.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has prescribed for the maintenance of Cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the products of the company. We have broadly reviewed the cost records relating to materials, labour and other items of cost maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 and we are of the opinion, that prima facie, the prescribed cost records have been made and maintained. We have not, however, made a detailed examination of the cost records with a view to determine whether they are accurate or complete.



Sree Rayalaseema Alkalies and Allied Chemicals Limited

(ix) In respect of statutory dues;

- a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees's State Insurance, Income-Tax, Wealth Tax, Sales Tax, Value Added Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it have generally been regularly deposited with marginal delays with the appropriate authorities.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employee State Insurance, Income Tax, Wealth Tax, Sales Tax, Value Added Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues were in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.
- c. According to the information and explanations given to us, there are disputed statutory dues, which have not been deposited in respect of the following :

| Sl. No. | Name of the Statute | Nature of dues | Amount in lakhs | Period | Forum where dispute is pending |
|---------|---|---|-----------------------------------|--|---|
| 1. | The Central Excise Act, 1944 | CENVAT Credit disallowed on input services | 85.62 177.84 11.91 | April, 2005 to Feb, 2008 Mar, 2008 to March, 2011 April, 2011 to March, 2013 | Central Excise and Service Tax Appellate Tribunal, Bangalore. Additional Commissioner/ Commissioner of Central Excise and Customs, Tirupati. Asst Commissioner of Central Excise and Customs, Kumool. |
| 2. | The Central Excise Act, 1944 | CENVAT Credit availed against manufacture of exempted goods disallowed. | 95.41 | 2008-09 | Central Excise and Service Tax Appellate Tribunal, Bangalore. |
| 3. | A.P.VAT Act, 2005 | Input tax credit on furnace oil & coal disallowed (Paid) | 53.91 (53.91) | April, 2005 to Dec, 2005 | High Court of Andhra Pradesh. |
| 4. | AP VAT Act, 2005 | Interest on delay payment of deferred sales tax (Paid). | 132.11 (44.04) | 2005-06 | High Court of Andhra Pradesh. |
| 5. | KERALA VAT Act, 2005 | VAT on estimated turnover (paid). VAT on stock transfer price (Paid) | 20.51 (5.13) 6.69 (1.81) | 2008-09 2010-11 | Sales tax Appellate Tribunal, Ernakulam. Deputy Commissioner of Appeals, Palakkad. |
| 6. | KERALA VAT Act, 2005 | Disallowance of input tax on sales returns. | 4.41 2.68 | August, 2009 2009-10 | Sales tax Appellate Tribunal, Ernakulam. Deputy Commissioner of Appeals, Palakkad |
| 7. | KERALA VAT Act, 2005 | Late submission of Form-F | 9.95 | 2009-10 | Deputy Commissioner of Appeals, Palakkad. |
| 8. | The Central Sales Tax Act, 1956 | Differential Tax for Non submission of C Forms (Paid) | 16.43 (2.05) | 2009-10 | The Deputy Commissioner of Appeals, Kumool. |
| 9. | Karnataka Tax on Entry of Goods Act, 1979 | Entry tax on purchase of machinery items and interest (50% paid) | 4.20 (2.10) | 2006-07 2007-08 2008-09 | Deputy Commissioner of Commercial Taxes, Bellary. |
| 10. | Indian Customs Act, 1962 | Differential customs duty on raw material purchases (Paid) | 1161.14 (125.00) | 2000 to 2006 | Commissioner of Customs, Chennai. |
| 11. | Indian Customs Act, 1962 | Finalisation of assessed Bill of Entries pertaining to KCL. | 16.06 | 2006-07 | Commissioner of Customs (Appeals), Mumbai. |
| 12. | Indian Customs Act, 1962 | Penalty on classification of goods disputed | 9.90 | 2008-09 | High Court of Andhra Pradesh, Hyderabad. |



Sree Rayalaseema Alkalies and Allied Chemicals Limited

| | | | | | |
|-----|--|--|--------------------|--------------------------------------|---|
| 13. | Indian Customs Act, 1962 | Anti dumping duty on import of Barium Carbonate | 32.69 | 2010-11 | Deputy Commissioner of Customs, Chennai. |
| 14. | Employees Provident Fund and Miscellaneous Provisions Act, 1952. | PF delay charges/ damages for belated payments | 15.34 | May, 2002 to Dec, 2007 | Regional PF Commissioner, Cuddapah, for waiver. |
| 15. | The Electricity Act, 2003. | Refund of Income tax on account of change in tax rates as per PPA.(paid) | 500.00 (500.00) | 2000-2005 | The Supreme Court of India. |
| 16. | The Electricity Act, 2003. | Fuel Surcharge Adjustment (FSA) charges. | 871.93 695.34 | 2008-09 April, 2009 to June, 2010 | Supreme court of India. High Court of Andhra Pradesh, Hyderabad. |

- (x) In our opinion, the company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, we are of the opinion, that the Company has not defaulted in repayment of dues to Financial Institutions, Banks or Debenture holders, except the interest and principal dues fallen due during the year, which were paid subsequent to due dates and an amount of Rs.757.50 lakhs was due at the year end.
- (xii) In our opinion and according to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loans received during the year have been applied for the purposes for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) According to the information and explanations given to us, during the year, the company has made preferential allotment of Equity Shares by conversion of convertible share warrants issued in earlier years, to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. In our opinion, the price at which the share warrants have been issued in earlier years was determined in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and is not prejudicial to the interest of the company.
- (xix) According to the information and explanations given to us, the Company has created securities in respect of debentures issued.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Place : Hyderabad (Camp)
Date : 26th May, 2014

Sd/-
(B.DAIVADHEENAM REDDY)
Partner
Membership No.026450



Sree Rayalaseema Alkalies and Allied Chemicals Limited

BALANCE SHEET AS AT 31ST MARCH, 2014

Rs. in lakhs

| | Note No | As at 31.03.2014 | As at 31.03.2013 |
|--|---------|---------------------|---------------------|
| I EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | 1 | 9370.99 | 8997.07 |
| (b) Reserves and Surplus | 2 | 17724.15 | 17246.97 |
| (c) Money received against share warrants from related parties | | 393.60 | 767.53 |
| | | 27488.74 | 27011.57 |
| (2) Share application money pending allotment | | - | - |
| (3) Non-current Liabilities | | | |
| (a) Long-term borrowings | 3 | 10910.48 | 11018.68 |
| (b) Deferred tax liabilities (Net) | 4 | 6631.65 | 6863.39 |
| (c) Other Long term liabilities | | - | - |
| (d) Long-term provisions | | 17542.13 | 17882.07 |
| (4) Current Liabilities | | | |
| (a) Short-term borrowings | 5 | 15174.66 | 16484.81 |
| (b) Trade payables | 6 | 7582.23 | 7471.13 |
| (c) Other current liabilities | 7 | 11701.88 | 8054.84 |
| (d) Short-term provisions | 8 | 150.44 | 832.07 |
| | | 34609.21 | 32842.85 |
| TOTAL | | 79640.08 | 77736.49 |
| II ASSETS | | | |
| (1) Non-current Assets: | | | |
| (a) Fixed Assets | 9 | | |
| (i) Tangible Assets | | 43103.37 | 45565.20 |
| (ii) Intangible Assets | | - | - |
| (iii) Capital work-in-progress | | 12632.16 | 6952.41 |
| (iv) Intangible assets under development | | - | - |
| | | 55735.53 | 52517.61 |
| (b) Non-current investments | 10 | 171.09 | 170.79 |
| (c) Deferred tax assets(net) | | - | - |
| (d) Long-term loans and advances | 11 | 3893.78 | 4883.06 |
| (e) Other non-current assets | | - | - |
| (2) Current Assets: | | | |
| (a) Current investments | | | |
| (b) Inventories | 12 | 6248.75 | 6075.00 |
| (c) Trade receivables | 13 | 5248.52 | 5970.26 |
| (d) Cash and Cash equivalents | 14 | 2203.68 | 3078.90 |
| (e) Short term loans and advances | 15 | 2080.92 | 2294.82 |
| (f) Other current assets | 16 | 4057.81 | 2746.05 |
| | | 19839.68 | 20165.03 |
| TOTAL | | 79640.08 | 77736.49 |
| 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/-
K. KARUNAKAR RAO
Executive Director & CEO

Sd/-
O.D. REDDY
Director

Sd/-
B. DAIWADHEENAM REDDY
Partner
Membership No. 026450

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

Sd/-
M.V. KUMARA SWAMY
Vice President (Finance) & CFO

Place:Hyderabad
Date: 26th May, 2014

Place:Hyderabad
Date: 26th May, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

| | | | Rs. in lakhs |
|---|---------|-----------------------|-----------------------|
| | Note No | Year Ended 31.03.2014 | Year Ended 31.03.2013 |
| I Revenue from Operations (Gross) | 17 | 87331.15 | 92437.28 |
| Less: Excise duty and Sales Tax | | 10428.54 | 10779.01 |
| Revenue from Operations (Net) | | 76902.61 | 81658.27 |
| II Other Income | 18 | 400.79 | 457.53 |
| III Total Revenue (I+II) | | 77303.40 | 82115.80 |
| IV Expenses: | | | |
| a) Cost of materials consumed | 19 | 29819.31 | 36456.32 |
| b) Purchases of Stock-in-Trade | | - | - |
| c) Changes in inventories of finished goods | 20 | (211.79) | 560.53 |
| work-in-progress and stock in Trade | | | |
| d) Employee benefits expenses | 21 | 3160.63 | 3335.10 |
| e) Finance costs | 22 | 3420.65 | 3844.50 |
| f) Depreciation and amortization expense | 9 | 3553.30 | 4050.97 |
| g) Power and Fuel charges | | 27680.15 | 2068.40 |
| h) Other expenses | 23 | 7142.49 | 7785.85 |
| Total Expenses | | 74564.74 | 78101.67 |
| V Profit before exceptional and extraordinary items and tax (III-IV) | | 2738.66 | 4014.13 |
| VI Exceptional items Recompense of Interest differential under CDR Scheme (Refer Notes to Accounts No:24.3) | | 1345.71 | - |
| VII Profit before extraordinary items and tax (V-VI) | | 1392.95 | 4014.13 |
| VIII Extraordinary Items | | - | - |
| IX Profit before tax (VII-VIII) | | 1392.95 | 4014.13 |
| X Tax expense: | | | |
| (1) Current year and earlier years (MAT) | | 186.49 | 803.00 |
| (2) Deferred tax liability/(asset) | | (231.74) | (561.65) |
| XI Profit for the period from continuing operations (IX-X) | | 1438.20 | 3772.78 |
| XII Profit/(loss) from discontinuing operations(Refer Notes to Accounts No:24.4) | | (961.02) | - |
| XIII Tax expense of discontinuing operations | | - | - |
| XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII) | | (961.02) | - |
| XV Profit for the period (XI+XIV) | | 477.18 | 3772.78 |
| XVI Earnings per equity share: face value Rs.10/- each | | | |
| (1) Basic | | 0.64 | 5.50 |
| (2) Diluted | | 0.638 | 5.44 |
| Significant Accounting Policies and Notes to Accounts | 24 | | |

Notes "17" to "24" Annexed form integral part of Statement of Profit and Loss
As Per our Report of even date attached

For and on behalf of the Board

For Brahmayya & Co.,

Chartered Accountants
Firm's Regn. No. 000514S

Sd/-
B. DAIVADHEENAM REDDY
Partner

Membership No. 026450

Place:Hyderabad

Date: 26th May, 2014

Sd/-
K. KARUNAKAR RAO
Executive Director & CEO

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

Place:Hyderabad
Date: 26th May, 2014

Sd/-
O.D. REDDY
Director

Sd/-
M.V. KUMARA SWAMY
Vice President (Finance) & CFO



Sree Rayalaseema Alkalies and Allied Chemicals Limited

CASH FLOW STATEMENT AS PER CLAUSE 32 OF LISTING AGREEMENT

| | 2013-14 | | | 2012-13 | | |
|--|---------|---------|--------------|---------|---------|--------------|
| | + | - | Rs. in lakhs | + | - | Rs. in lakhs |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | | | | |
| NET PROFIT BEFORE TAX AND EXTRAORDINARY / EXCEPTIONAL ITEMS | | | 2738.66 | | | 4014.14 |
| ADJUSTMENT FOR: | | | | | | |
| DEPRECIATION | 3553.30 | | 3553.30 | 4050.97 | | 4050.97 |
| FOREIGN EXCHANGE | | | | | | |
| LOSS / PROFIT ON SALE OF FIXED ASSETS | | | - | 35.36 | 0.59 | 34.77 |
| INTEREST PAID / RECEIVED | 3420.65 | 380.49 | 3040.16 | 3844.50 | 411.62 | 3432.88 |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | | | 9332.12 | | | 11532.76 |
| ADJUSTMENTS FOR: | | | | | | |
| TRADE AND OTHER RECEIVABLES | 613.17 | | 613.17 | 1609.67 | | (1609.67) |
| INVENTORIES | | 173.74 | (173.74) | | | 1626.60 |
| TRADE PAYABLES AND OTHER CURRENT AND NON-CURRENT LIABILITIES | 3574.22 | | 3574.22 | | 5381.26 | (5381.26) |
| WORKING CAPITAL CHANGES | 4187.39 | 173.74 | 4013.65 | 1626.60 | 6990.93 | (5364.33) |
| CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES | | | 13345.77 | | | 6168.43 |
| INTEREST RECEIVED / PAID | 380.49 | 3420.65 | (3040.16) | 411.62 | 3844.50 | (3432.88) |
| DIRECT TAXES PAID | | 868.12 | (868.12) | | | - |
| CASH FLOW BEFORE EXTRAORDINARY / EXCEPTIONAL ITEMS | | | 9437.49 | | | 2735.55 |
| EXTRAORDINARY ITEMS / EXCEPTIONAL ITEMS: | | | | | | |
| RECOMPENSE OF INTEREST DIFFERENTIAL UNDER CDR | | 1345.71 | (1345.71) | | | |
| LOSS FROM DISCONTINUING OPERATIONS | | | | | | |
| OF POWER PLANT (DEPRECIATION RS. 688.45 LAKHS) | 688.45 | 961.02 | (272.57) | | | |
| NET CASH FLOW FROM OPERATING ACTIVITIES | | | 7819.21 | | | 2735.55 |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | | | | | |
| SALE / PURCHASE OF FIXED ASSETS | | 7459.66 | (7459.66) | 1.20 | 5331.77 | (5330.57) |
| PURCHASE ON INVESTMENTS | | | - | | | |
| SALE / PURCHASE OF INVESTMENTS | | 0.30 | (0.30) | | | |
| INTEREST RECEIVED | | | - | | | |
| DIVIDEND RECEIVED | | | - | | | |
| NET CASHFLOW FROM INVESTING ACTIVITIES | - | 7459.96 | (7459.96) | 1.20 | 5331.77 | (5330.57) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | | | | |
| PROCEEDS FROM ISSUE OF SHARE CAP/ WARRANTS | - | | - | 1122.76 | | 1122.76 |
| REPAYMENT OF FINANCE/LEASE LIABILITIES | 2263.37 | 3237.29 | (973.92) | 2174.43 | 3578.95 | (1404.52) |
| REPAYMENT OF LOANS OF DISCONTINUING OPERATIONS (POWER PLANT) | 86.67 | 347.21 | (260.54) | | | |
| NET CASH FLOW FROM FINANCING ACTIVITIES | 2350.04 | 3584.50 | (1234.46) | 3297.19 | 3578.95 | (281.76) |
| D. NET INCREASE IN CASH AND CASH EQUIVALENTS | | | (875.21) | | | (2876.78) |
| E. CASH AND CASH EQUIVALENTS AS AT 01.04.13 | | | 3078.90 | | | 5955.68 |
| (OPENING BALANCE) | | | | | | |
| F. CASH AND CASH EQUIVALENTS AS AT 31.03.14 | | | | | | |
| (CLOSING BALANCE) | | | 2203.69 | | | 3078.90 |

The above Cash Flow Statement has been prepared on the basis of Audited Accounts approved by the Board of Directors and is in agreement with the Statement of Profit and Loss and Balance Sheet as at 31.03.2014.

As per our Report of even date attached

For Brahmayya & Co.,
Chartered Accountants
Firm's Regn. No. 000514S
Sd/-

B. DAIVADHEENAM REDDY
Partner
Membership No. 026450
Place: Hyderabad
Date: 26th May, 2014

For and on behalf of the Board

Sd/-
K. KARUNAKAR RAO
Executive Director & CEO

Sd/-
O.D. REDDY
Director

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

Sd/-
M.V. KUMARA SWAMY
Vice President (Finance) & CFO

Place: Hyderabad
Date: 26th May, 2014



NOTES TO BALANCE SHEET

Rs. in lakhs

| | As at 31.03.2014 | As at 31.03.2013 |
|--|----------------------|----------------------|
| NOTE NO. 1 - SHARE CAPITAL | | |
| 1.1 EQUITY SHARE CAPITAL | | |
| a) AUTHORISED: 8,10,00,000 Equity shares of Rs.10/- each (Previous year 8,10,00,000 Equity Shares of Rs.10/- each) | 8100.00 | 8100.00 |
| b) ISSUED: 7,49,64,890 Equity shares of Rs.10/- each issued (Previous year 7,12,25,650 Equity Shares of Rs.10/- each) | 7496.49 | 7122.57 |
| c) SUBSCRIBED AND FULLY PAID 7,47,84,804 Equity shares of Rs.10/- each fully paid (Previous year 7,10,45,564 Equity shares of Rs.10/- each) | 7478.48 | 7104.56 |
| d) SUBSCRIBED BUT NOT FULLY PAID 1,80,086 Equity shares of Rs.10/- each | - | - |
| e) CALLS UNPAID | - | - |
| f) FOREFITED SHARES Amount received on forfeiture of 1,80,086 equity shares originally issued in 1995-96 | 4.28 | 4.28 |
| TOTAL | 7482.76 | 7108.84 |
| 1.2 PREFERENCE SHARE CAPITAL | | |
| a) AUTHORISED: 1,90,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each having Coupon rate of 0.01% | 1900.00 | 1900.00 |
| b) ISSUED: 1,88,82,332 Cumulative Redeemable Preference Shares of Rs.10/- each | 1888.23 | 1888.23 |
| c) SUBSCRIBED AND FULLY PAID 1,88,82,332 Cumulative Redeemable Preference Shares of Rs.10/- each | 1888.23 | 1888.23 |
| d) SUBSCRIBED BUT NOT FULLY PAID | - | - |
| TOTAL | 1888.23 | 1888.23 |
| TOTAL SHARE CAPITAL (1.1+1.2) | 9370.99 | 8997.07 |
| 1.3 RECONCILIATION OF NUMBER OF SHARES OUTSTANDING | | |
| a) EQUITY SHARES | No. of Shares | No. of Shares |
| At the beginning of the year | 71045564 | 67493286 |
| Add: Issued during the year | 3739240 | 3552278 |
| Less:Bought back during the year | - | - |
| At the end of the year | 74784804 | 71045564 |
| b) PREFERENCE SHARES | | |
| At the beginning of the year | 18882332 | 18882332 |
| Add: Issued during the year | - | - |
| Less:Redeemed during the year | - | - |
| At the end of the year | 18882332 | 18882332 |



Sree Royalaseema Alkalies and Allied Chemicals Limited

| | | As at 31.03.2014 | | As at 31.03.2013 |
|---|-------|---------------------|-------|---------------------|
| 1.4 LIST OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES | | | | |
| a) EQUITY SHARES | | | | |
| Sree Royalaseema Hi-Strength Hypo Ltd | % | No. of Shares | % | No. of Shares |
| The Industrial Finance Corporation of India Ltd (IFCI Ltd) | 26.13 | 19544496 | 5.15 | 3656858 |
| SRHHL Industries Ltd | 16.24 | 12143528 | 17.09 | 12143528 |
| TGV Projects & Investments Pvt Ltd | * | * | 15.83 | 11248398 |
| IDBI Bank Ltd | 11.71 | 8758206 | 13.59 | 9658206 |
| | 8.43 | 6305620 | 8.88 | 6305620 |
| b) PREFERENCE SHARES | | | | |
| Sree Royalaseema Hi-Strength Hypo Ltd | 31.28 | 5906504 | 24.67 | 4658106 |
| IDBI Bank Ltd | 9.57 | 1807959 | 9.57 | 1807959 |
| Parag Gases and Chemicals Pvt Ltd | 7.00 | 1321105 | 7.00 | 1320855 |
| SRHHL Industries Ltd | * | * | 6.61 | 1248398 |

*SRHHL Industries Ltd. amalgamated with Sree Royalaseema Hi-Strength Hypo Ltd and the shares were merged with that company.

- 1.5 The Company has no Subsidiaries/ Associates and has no Holding Company.
- 1.6 Out of Equity shares issued, subscribed and fully paid up 2,86,10,955 No. of equity shares of Rs.10/- each allotted on preferential allotment to Financial Institutions IDBI/IFCI by conversion of 15% Rupee/F.C loans and Debentures on 08.03.2005. The company has allotted 1,45,80,000 No. of equity shares of Rs.10/- each on 08.03.2005 and 54,20,000 on 25.04.2006 to promoters group on preferential allotment by conversion of 2,00,00,000 fully paid share warrants issued on 08.3.2005. During the year, 37,39,240 No. of equity shares of Rs.10/- each allotted on 27.04.2013 and 35,52,278 No. of Equity Share of Rs.10/- each allotted on 10.12.2012 to promoters group on preferential allotment by conversion out of 1,12,27,560 Share Warrants allotted on 19.11.2012.
- 1.7 Cumulative Redeemable Preference shares issued, subscribed and fully paid up 1,88,82,332 of Rs.10/- each having a coupon rate of 0.01% from April, 2002 were allotted on sub-division and consolidation of 50% holding of equity shares and are redeemable after 15 year in 4 quarterly instalments commencing from 01.04.2018.
- 1.8 Redeemable Optionally Fully Convertible Debentures of 5% Series "B" 2,05,177 of Rs.100/- each issued to IFICI Ltd as per restructuring package are redeemable in 96 monthly instalments from April, 2008. In case of default in redemption of debentures, option can be exercised by IFICI Ltd to the extent of outstanding balance as on 31.3.2014 of Rs.55.56 lakhs (as on 31.3.2013 Rs.76.93 lakhs) and no fixed date of conversion.

| | | As at 31.03.2014 | | As at 31.03.2013 |
|--|---------|---------------------|---------|---------------------|
| NOTE NO. 2 - RESERVES AND SURPLUS | | | | |
| (a) Capital Reserve - opening balance | | 2.00 | | 2.00 |
| (b) Capital Redemption Reserve - opening balance | 1500.00 | | 500.00 | |
| Add: Transfer from Surplus in Statement of Profit & Loss | 500.00 | 2000.00 | 1000.00 | 1500.00 |
| (c) Securities Premium Reserve - opening balance | | 2288.51 | | 2288.51 |
| (d) Debentures Redemption Reserve - opening balance | 4500.00 | | 4500.00 | |
| Add: Transfer from Surplus in Statement of Profit & Loss | - | 4500.00 | - | 4500.00 |
| (e) Revaluation Reserve | | - | | - |
| (f) Share Options Outstanding Account | - | | - | |
| Other Reserves | | | | |
| (g) Central Subsidy - opening balance | | 111.67 | | 111.67 |
| (h) General Reserve - opening balance | 4957.36 | | 3457.36 | |
| Add: Transfer from Surplus in Statement of Profit & Loss | 1000.00 | 5957.36 | 1500.00 | 4957.36 |
| | | 14859.54 | | 13359.54 |



| | | Rs. in lakhs | |
|---|---------------------|---------------------|-----------------|
| | As at 31.03.2014 | As at 31.03.2013 | |
| (i) Surplus - Balance in Statement of Profit and Loss - opening balance | 3887.43 | 2614.65 | |
| Add: Profit for the Year from Statement of Profit and Loss | 477.18 | 3772.78 | |
| | 4364.61 | 6387.43 | |
| Less: Appropriations | | | |
| Transfer to General Reserve | 1000.00 | 1500.00 | |
| Transfer to Debenture Redemption Reserve | - | - | |
| Transfer to Capital Redemption Reserve | 500.00 | 1000.00 | 3887.43 |
| TOTAL | 17724.15 | | 17246.97 |
| NOTE NO. 3 - LONG TERM BORROWINGS | | | |
| SECURED: | | | |
| 3.1 Debentures | | | |
| a) 8,50,000 - 11% Redeemable Non-convertible Debentures of Rs.100/- each issued to IDBI (As per Restructuring of Debts payable in 96 Monthly instalments from April, 2008) | 106.25 | 212.50 | |
| b) 2,05,177 - Series "B" 5% interest, Redeemable Optionally Fully convertible debentures of Rs.100/- each issued to I.F.C.I. Ltd (as per restructuring package redeemable in 96 Monthly Instalments from April, 2008) | 25.64 | 51.29 | |
| c) 3,10,761- Series "A" 5% interest, Redeemable Non-Convertible Debentures of Rs.100/- each issued to I.F.C.I. Ltd (as per restructuring package redeemable in 96 Monthly Instalments from April, 2008) | 38.82 | 77.64 | |
| d) 30,32,011 - Series "C" 5% interest, Redeemable Non-convertible Debentures of Rs.100/- each issued to I.F.C.I. Ltd (liability to the extent of crystallised dues) as per restructuring package Redeemable in 96 Monthly Instalments from April, 2008) | 379.00 | 549.71 | 757.99 |
| | | | 1099.42 |
| 3.2 Term Loans | | | |
| a) From Institutions | | | |
| i) IDBI & IFCI Term Loans (Repayable in 96 Monthly Instalments from April, 2008) | 2081.44 | 4033.47 | |
| ii) IDBI & IFCI Deferred Loans (Repayable in 120 Monthly instalments from April, 2006 as per Restructuring package) | 478.58 | 956.85 | |
| b) From Banks (Repayable in 45 monthly instalments from January, 2015 as per Revised Loan Agreement) | 5355.24 | 3337.33 | |
| | | | 8327.65 |
| TOTAL | | 7915.26 | 9427.07 |
| | | 8464.97 | |
| UNSECURED: | | | |
| 3.3 Deferred Payment liabilities (Sales Tax deferrment/ loan sanctioned as per State Incentive Schemes (Repayable from the year 2018-19 to 2023-24) | 832.37 | 832.37 | |
| 3.4 Loans and advances from related parties (contribution from promoters group as per approved project scheme and convertible into Equity) | 1613.14 | 759.24 | |
| | | | 1591.61 |
| TOTAL | | 2445.51 | 11018.68 |
| | | 10910.48 | |



- 3.5 There were no Long Term Deposits, Deferred Payments liabilities and Finance Lease obligations.
- 3.6 There is no continuing default as on 31.3.2014 (31.03.2013) in repayment of loans and interest payments on Debentures and Term Loans, except two monthly instalments of Rs. 480.27 Lakhs. Deferred payment of Sales Tax of Rs.289.83 Lakhs was over due as per instalments granted by the Department. The above amounts were classified as other current liabilities.
- 3.7 Redeemable Optionally Fully Convertible Debentures of 5% Series "B" 2,05,177 of Rs.100/- each issued to IFCL Ltd as per restructuring package are redeemable in 96 monthly instalments from April, 2008. In case of default in redemption of debentures, option can be exercised by IFCL Ltd to the extent of outstanding balance as on 31.3.14 of Rs.55.56 lakhs (as on 31.3.13 Rs.76.93 lakhs) and no fixed date of conversion.

3.8 SECURITY:

A) DEBENTURES:

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

B) TERM LOANS

- 1) The above Term Loans and Deferred loans from Institutions [except the Term Loan amount of Rs.2448 lakhs from M/s. IFCL Ltd. secured by first exclusive charge on the building, plant and machinery acquired under project schemes of Fatty Acid, Potassium Hydroxide / and power plant at Bellary are secured by first charge on all the immovable properties both present and future and further secured by first charge by way of hypothecation of all movables (save and except book debts and inventories including movable machineries, spares, tools, accessories both at present and future, subject to prior charges created/ to be created in favour of the company's bankers as specified movables for working capital requirements) and further Guaranteed by the Ex-Chairman & Managing Director, Sri T.G. Venkatesh.

IFCL's Additional Margin money for working capital loan outstanding of Rs.230.21 Lakhs is further secured by pledge of 536000 Nos. of APGPCL Equity shares of Rs.10/- each and corporate guarantee provided by Sree Rayalaseema Hi-strength Hypo Ltd.
- 2) The above Term loans from Banks are secured by first pari passu charge on fixed assets of chloromethanes Project, and 2nd pari-passu charge on other existing fixed assets, 2nd pari passu charge on the current assets and personal guaranteed by Ex-Chairman and Managing Director, Sri T.G. Venkatesh.



| | | Rs. In lakhs |
|---|---------------------|---------------------|
| | As at 31.03.2014 | As at 31.03.2013 |
| NOTE NO. 4 - DEFERRED TAX LIABILITY (NET) | | |
| a) Deferred tax liability as on 31.03.2014/31.03.2013 in respect of timing difference arising on account of difference between straight line and written down Value methods and rates of depreciation | 6631.65 | 6886.11 |
| b) Less: Deferred tax asset as on 31.03.2014/31.03.2013 in respect of unabsorbed depreciation/losses and expenses allowable U/s 43B of IT Act. | - | 22.72 |
| c) Net Deferred tax liability as on 31.03.2014 | 6631.65 | 6863.39 |
| d) Less: Opening Deferred tax liability as on 01.04.2013/01.04.2012 | 6863.39 | 7425.04 |
| Net Deferred tax liability/(asset) for the year | (231.74) | (561.65) |
| NOTE NO. 5 - SHORT TERM BORROWINGS | | |
| SECURED | | |
| 5.1 From Banks | | |
| a) Working capital Demand Loans | 554.03 | 554.40 |
| b) Cash Credits | 1692.14 | 1808.59 |
| c) Bill Discounting | 579.71 | 580.58 |
| d) Letters of Credit issued by Banks to Creditors (Payable to Banks on due dates of Letters of Credit) | 11309.22 | 11847.98 |
| e) Loan on fixed deposits (Secured against fixed deposits) | - | 621.92 |
| | 14135.10 | 15413.47 |
| 5.2 From Others | | |
| a) Sale/Purchase Bills Discounted with Can Bank Factors Ltd (Payable on due dates of Bills/factors) | 1039.56 | 1071.34 |
| TOTAL | 15174.66 | 16484.81 |
| 5.3 There were no loans repayable on demand and short term Deposits/loans and advances from related parties. | | |
| 5.4 There is no default as on 31.03.2014 (31.03.2013) in repayment of loans and interest payments on Working capital Loans, Letters of Credit issued and Bills discounted with Banks and others. | | |
| 5.5 SECURITY | | |
| 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 Ex-Chairman and Managing Director, Sri T.G. Venkatesh. | | |
| b) Letters of Credit from Banks: | | |
| The above Letter of credit facility availed from Banks were secured by 1st pari passu by way of hypothecation of inventories and receivable of the company and further secured by 2nd pari passu charge on land, building and Plant and machinery and guaranteed by the Ex-Chairman and Managing Director, Sri T.G. Venkatesh. | | |
| c) Bills discounted with Can Bank Factors Ltd: | | |
| The above Sale Bill discounting facility from Can Bank Factors Ltd is secured by second charge on respective fixed assets of the company ranking pari passu with charges already created/ to be created by the Company and further guaranteed by the Ex-Chairman and Managing Director, Sri T.G. Venkatesh and purchase bill discounting facility sanctioned by Can Bank Factors Ltd are secured by 2nd pari passu charge on fixed assets of the company. | | |



Sree Rayalaseema Alkalies and Allied Chemicals Limited

| | Rs. in lakhs | |
|--|-----------------------------------|----------------------------------|
| | As at 31.03.2014 | As at 31.03.2013 |
| NOTE NO. 6 - TRADE PAYABLES | | |
| UNSECURED CREDITORS | | |
| 6.1 for Capital goods | 653.76 | 506.80 |
| 6.2 for Supplies of raw materials/stores and spares etc | 6032.13 | 6078.02 |
| 6.3 for Services | 896.34 | 886.31 |
| TOTAL | <u>7582.23</u> | <u>7471.13</u> |
| DUES TO MICRO, SMALL & MEDIUM ENTERPRISES AS REQUIRED UNDER THE MICRO, SMALL & MEDIUM ENTERPRISES AND DEVELOPMENT ACT, 2006 (Refer Notes to Accounts No: 24.9) | | |
| NOTE NO. 7 - OTHER CURRENT LIABILITIES | | |
| 7.1 Current maturities of long term debt (payable within 12 months after the reporting date) | | |
| SECURED: | | |
| a) Debenture Loans from IDBI & IFCI | 636.20 | 549.71 |
| b) Term Loans from IDBI & IFCI | 2432.00 | 2016.73 |
| c) Deferred Term Loans from IDBI & IFCI | 521.80 | 478.43 |
| d) Term Loans from Banks | 382.52 | 1200.00 |
| e) Interest due and accrued but not due on term loans | 182.50 | 54.71 |
| f) Recompense of Interest differential on restructuring of Loans payable to lenders under CDR Scheme | 800.82 | - |
| | <u>4955.84</u> | <u>4299.58</u> |
| UNSECURED: | | |
| 7.2 Deferred Payment Sales Tax payable within 12 months after the reporting date | 289.83 | 389.83 |
| 7.3 OTHERS | | |
| a) Trade Deposits from Dealers/customers payable on demand | 461.20 | 413.19 |
| b) Statutory Dues towards Excise duty, Service tax, VAT, TDS etc | 763.78 | 864.49 |
| c) Employees Salaries, Bonus and P F/ ESI recoveries and contributions to Superannuation Fund | 334.33 | 339.46 |
| d) Advances from customers | 1672.51 | 627.06 |
| e) Dues to Banks (Cheques issued in current accounts) | 205.02 | 199.30 |
| f) Power charges and other expenses payable | 3019.38 | 921.93 |
| TOTAL | <u>6456.21</u> <u>11701.88</u> | <u>3365.43</u> <u>8054.84</u> |
| 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. | | |
| NOTE NO. 8 - SHORT TERM PROVISIONS | | |
| 8.1 Provision for employee benefits. | | |
| a) Un-availed Leave encashment | 22.63 | 16.97 |
| 8.2 Others | | |
| a) Provision for Income Tax | 127.81 | 815.10 |
| TOTAL | <u>150.44</u> | <u>832.07</u> |



| NOTE NO. 9 - FIXED ASSETS | | | | | | | | | | | Rs. in Lakhs | |
|--|-----------------------------------|--------------------|----------------|---------------|-------------------------------|--------------------|-----------------|----------------------------------|---------------------|---------------------|--------------|--|
| S.No. | Description | ORIGINAL COST | | | DEPRECIATION AND AMORTISATION | | | BOOK VALUE | | | | |
| | | As at 0/04/2013 | Additions | Deductions | As at 31/03/2014 | Upto 31/03/2013 | For the Year | Deductions Upto 31/03/2014 | As at 31/03/2014 | As at 31/03/2013 | | |
| | TANGIBLE ASSETS | | | | | | | | | | | |
| 1 | a) Free hold Land and Development | 660.63 | 127.06 | - | 787.69* | - | - | - | 787.69 | 660.63 | | |
| | b) Lease hold Land | 15.29 | - | - | 15.29 | - | - | - | 15.29 | 15.29 | | |
| 2 | Buildings | 7350.21 | 306.67 | - | 7656.88 | 1600.24 | 238.42 | 1838.66 | 5818.22 | 5749.97 | | |
| 3 | Plant & Machinery | 56321.84 | 1313.95 | - | 57635.79 | 26387.27 | 2801.44 | 29188.71 | 28447.08 | 29934.56 | | |
| 4 | Power Plant & Machinery | 12625.97 | - | - | 12625.97 | 7780.33 | 666.65 | 8446.98 | 4178.99 | 4845.63 | | |
| 5 | Electricals & D.G.Sets | 10029.56 | - | - | 10029.56 | 5966.04 | 478.35 | 6444.39 | 3585.17 | 4063.53 | | |
| 6 | Furniture & Fittings | 92.78 | 5.87 | - | 98.65 | 72.89 | 3.71 | 76.60 | 22.05 | 19.89 | | |
| 7 | Office and Telephone Equipment | 323.39 | 10.85 | - | 334.24 | 192.86 | 18.93 | 211.79 | 122.45 | 130.53 | | |
| 8 | Computers | 320.12 | 10.38 | - | 330.50 | 284.90 | 15.49 | 300.39 | 30.11 | 35.22 | | |
| 9 | Lab/Workshop & Other Equipment | 253.80 | 1.55 | - | 255.35 | 174.31 | 11.08 | 185.39 | 69.96 | 79.49 | | |
| 10 | Vehicles | 303.44 | 3.59 | - | 307.03 | 272.99 | 7.68 | 280.67 | 26.36 | 30.44 | | |
| | Total | 88297.03 | 1779.92 | - | 90076.95 | 42731.83 | 4241.75 | 46973.58 | 43103.37 | 45565.19 | | |
| | Capital Works-in-Progress | | | | | | | | | | | |
| | a) Civil Works | 1421.13 | 509.32 | 104.95 | 1825.50 | - | - | - | 1825.50 | 1421.13 | | |
| | b) Plant & Machinery | 5531.28 | 5889.55 | 614.17 | 10806.66 | - | - | - | 10806.66 | 5531.28 | | |
| | Total | 6952.41 | 6398.87 | 719.12 | 12632.16 | - | - | - | 12632.16 | 6952.41 | | |
| | GRAND TOTAL | 95249.44 | 8178.79 | 719.12 | 102709.11 | 42731.83 | 4241.75 | 46973.58 | 55735.53 | 52517.60 | | |
| | PREVIOUS YEAR | 89926.37 | 8914.06 | 3590.99 | 95249.43 | 38681.63 | 4050.97 | 42731.82 | 52517.61 | 51244.74 | | |
| *Includes land value of Rs.89.38 Lakhs (Previous year Rs.90.62 Lakhs) registered in the name of Ex-Chairman and Managing Director and Company's employee due to restriction on registration in Company's name. | | | | | | | | | | | | |

*Includes land value of Rs.89.38 Lakhs (Previous year Rs.90.62 Lakhs) registered in the name of Ex-Chairman and Managing Director and Company's employee due to restriction on registration in Company's name.



Sree Rayalaseema Alkalies and Allied Chemicals Limited

| | Rs. in lakhs | |
|---|---------------------|---------------------|
| | As at 31.03.2014 | As at 31.03.2013 |
| NOTE NO. 10 - NON CURRENT INVESTMENTS | | |
| 10.1 NON-TRADE INVESTMENTS | | |
| a) In Government Securities: National Saving Certificates (unquoted and valued at cost) | 1.80 | 1.50 |
| 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 |
| 10.2 TRADE INVESTMENTS | | |
| 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 |
| TOTAL | <u>171.09</u> | <u>170.79</u> |
| 10.3 Aggregate Amount of : | | |
| a) Quoted Investments | 25.24 | 25.24 |
| b) Market Value of Quoted Investments | 54.32 | 79.75 |
| c) Unquoted Investments | 145.85 | 145.55 |
| d) Provision for diminution in value of investments | NIL | NIL |
| 10.4 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. | | |
| NOTE NO. 11 - LONG TERM LOANS AND ADVANCES | | |
| 11.1 Unsecured and considered good | | |
| (a) Capital Advances | 568.27 | 1500.96 |
| (b) Security Deposits with Power Distribution Corporation Ltd | 1815.68 | 1815.68 |
| (c) Loans and advances to related parties (Rent and Cylinder Deposit) | - | 474.85 |
| (d) Other loans and advances (Includes amounts paid under protest and claims receivable) | 1509.83 | 1091.57 |
| TOTAL | <u>3893.78</u> | <u>4883.06</u> |
| NOTE NO. 12 - INVENTORIES | | |
| 12.1 Raw Materials | 2440.67 | 2013.45 |
| 12.2 Work-in-progress | 511.41 | 444.52 |
| 12.3 Finished Goods | 773.98 | 635.76 |
| 12.4 Stores and spares, Chemicals, fuel and packing materials | 1966.82 | 2558.96 |
| 12.5 Scrap and other disposals | 14.73 | 8.06 |
| 12.6 Goods in transit (In Port Yard) | | |
| a) Raw Materials | 323.22 | 409.30 |
| b) Stores and spares and fuels | 217.92 | 4.95 |
| TOTAL | <u>6248.75</u> | <u>6075.00</u> |
| METHOD OF VALUATION OF STOCKS: | | |
| Refer Accounting Policies under Note No. 24.1-B | | |



| | Rs. in lakhs | |
|--|--------------------------|--------------------------|
| | As at 31.03.2014 | As at 31.03.2013 |
| NOTE NO. 13 - TRADE RECEIVABLES | | |
| 13.1 Trade Receivables outstanding for a period exceeding six months from the date due for payment | | |
| a) Unsecured and considered good | 203.23 | 238.95 |
| b) Considered Doubtful/Bad | - | 37.23 |
| Less :Bad debts written off | - | 37.23 |
| | 203.23 | 238.95 |
| 13.2 Other Trade Receivables | | |
| a) Unsecured and considered good | 5045.29 | 5731.31 |
| TOTAL | 5248.52 | 5970.26 |
| NOTE NO. 14 - CASH AND CASH EQUIVALENTS | | |
| 14.1 Cash on hand | 14.03 | 17.38 |
| 14.2 Balances with banks in current accounts | 291.70 | 223.85 |
| 14.3 Cheques/Drafts in hand | 2.20 | 374.74 |
| 14.4 Balance with Banks in Margin Money/Fixed Deposits for LC/BG | 1510.72 | 1745.93 |
| 14.5 Bank Deposits with more than 12 Months Maturity | 385.03 | 717.00 |
| | 1895.75 | 2462.93 |
| | 2203.68 | 3078.90 |
| NOTE NO. 15 - SHORT TERM LOANS AND ADVANCES | | |
| UNSECURED AND CONSIDERED GOOD | | |
| 15.1 Loans and advances to related parties | - | 135.60 |
| 15.2 Others | | |
| a) Advance to Suppliers | 652.82 | 648.10 |
| b) Advance to Employees | 88.65 | 92.00 |
| c) Advance to Contractors & Transporters | 76.18 | 29.36 |
| d) Prepaid Insurance and other Expenses | 205.59 | 203.30 |
| e) Tender/Security/Telephone Deposits | 245.90 | 174.32 |
| f) Advance Excise Duties/CENVAT/VAT/Service Tax | 580.37 | 477.12 |
| g) Advance Income Tax and TDS | 163.24 | 449.20 |
| h) Other Advances | 68.17 | 85.82 |
| | 2080.92 | 2159.22 |
| TOTAL | 2080.92 | 2294.82 |
| NOTE NO. 16 - OTHER CURRENT ASSETS | | |
| 16.1 Sales tax, Power and Export Incentives and claims receivable | 4057.81 | 2746.06 |
| TOTAL | 4057.81 | 2746.06 |
| NOTES TO STATEMENT OF PROFIT AND LOSS | | |
| | Rs. in lakhs | |
| | Year ended 31.03.2014 | Year ended 31.03.2013 |
| NOTE NO. 17 - REVENUE FROM OPERATIONS | | |
| 17.1 Sale of Manufactured Products (Refer Note No. 24.16 for details of Product wise sales) | 85095.10 | 90940.65 |
| 17.2 Other Operating revenues | | |
| a) Process charges | 241.66 | 230.51 |
| b) Export Incentives | 222.98 | 378.97 |
| c) Sales Tax and Power Incentives | 1771.41 | 887.15 |
| TOTAL | 2236.05 | 1496.63 |
| | 87331.15 | 92437.28 |



Sree Royalaseema Alkalies and Allied Chemicals Limited

| | Rs. in lakhs | |
|---|--------------------------|--------------------------|
| | Year ended 31.03.2014 | Year ended 31.03.2013 |
| NOTE NO. 18 - OTHER INCOME | | |
| 18.1 Interest on Bank and other deposits and customers | 380.49 | 411.62 |
| 18.2 Dividend Income | 0.08 | 0.06 |
| 18.3 Rent Receipts | 13.15 | 12.24 |
| 18.4 Creditors written back and bad debts collections | 1.49 | 29.38 |
| 18.5 Profit on sale of Fixed Assets | - | 0.59 |
| 18.6 Other Receipts | 5.58 | 3.64 |
| TOTAL | <u>400.79</u> | <u>457.53</u> |
| NOTE NO.19 - COST OF MATERIALS CONSUMED | | |
| 19.1 Consumption of raw materials (Refer Notes to Account No. 24.17) | 27257.96 | 33901.69 |
| 19.2 Consumption of chemicals | 1825.72 | 1811.94 |
| 19.3 Consumption of packing materials | 735.63 | 742.69 |
| TOTAL | <u>29819.31</u> | <u>36456.32</u> |
| NOTE NO. 20 - CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK IN TRADE | | |
| 20.1 OPENING STOCKS | | |
| a) Finished Goods | 635.76 | 1116.57 |
| b) Stock-in-process | 444.52 | 521.52 |
| c) Scrap & Disposables | 8.06 | 10.78 |
| TOTAL | <u>1088.34</u> | <u>1648.87</u> |
| 20.2 CLOSING STOCKS | | |
| a) Finished goods | 773.98 | 635.76 |
| b) Stock-in-process | 511.42 | 444.52 |
| c) Scrap & Disposables | 14.73 | 8.06 |
| TOTAL | <u>1300.13</u> | <u>1088.34</u> |
| NET DECREASE/(INCREASE) IN STOCKS (NET TOTAL) | <u>(211.79)</u> | <u>560.53</u> |
| NOTE NO. 21 - EMPLOYEE BENEFITS EXPENSES | | |
| 21.1 Salaries, Wages, Bonus and Allowances | 2722.12 | 2841.21 |
| 21.2 Contribution to ESI & Provident Fund | 126.49 | 124.35 |
| 21.3 Contribution to Gratuity & Superannuation Schemes | 31.07 | 68.13 |
| 21.4 Staff Welfare expenses | 280.95 | 301.41 |
| TOTAL | <u>3160.63</u> | <u>3335.10</u> |
| NOTE NO. 22 - FINANCE COSTS | | |
| 22.1 Interest expenses | | |
| a) On Term Loans and Debentures | 643.85 | 981.50 |
| b) On Working capital cash credits | 341.26 | 243.06 |
| c) On Purchase/ Sale bills discounting | 1503.12 | 1792.58 |
| d) Interest on Trade Deposits | 61.84 | 50.32 |
| e) On Others | 779.70 | 633.45 |
| | <u>3329.77</u> | <u>3700.91</u> |
| 22.2 Other borrowing costs | | |
| a) Loan processing charges | 36.68 | 58.65 |
| 22.3 Net gain/loss on foreign currency Loans | 54.20 | 84.94 |
| TOTAL | <u>3420.65</u> | <u>3844.50</u> |



Rs. in Lakhs

| | Year ended 31.03.2014 | Year ended 31.03.2013 |
|--|--------------------------|--------------------------|
| NOTE NO. 23 - OTHER EXPENSES | | |
| 23.1 Consumption of stores and spares | 1324.49 | 1637.63 |
| 23.2 Rent including Lease Rents | 300.14 | 373.32 |
| 23.3 Insurance | 119.45 | 128.99 |
| 23.4 Repairs & Maintenance | | |
| a) Buildings | 49.72 | 127.49 |
| b) Plant & Machinery | 690.50 | 692.65 |
| c) Others | 153.23 | 238.96 |
| 23.5 Rates & Taxes | 18.56 | 14.96 |
| 23.6 Excise duty on captive consumption/Stocks | 13.07 | (41.16) |
| 23.7 Processing Charges | 42.11 | 9.93 |
| 23.8 Travelling and conveyance | 319.80 | 315.34 |
| 23.9 Printing and stationery | 32.49 | 29.24 |
| 23.10 Postage Telegrams and Telephones | 36.85 | 42.93 |
| 23.11 Directors sitting fee | 2.25 | 2.65 |
| 23.12 Directors Travelling | 4.64 | 4.97 |
| 23.13 Remuneration to Auditors | | |
| Audit - Fee | 6.00 | 6.00 |
| Tax Audit Fee | 1.25 | 1.25 |
| Audit - Expenses | 0.10 | 0.13 |
| Cost Audit Fee | 1.25 | 1.25 |
| Cost Audit expenses | - | 0.07 |
| 23.14 Freight Inward & Material handling charges | 543.76 | 604.06 |
| 23.15 Freight outward & Ocean freight | 978.44 | 1119.25 |
| 23.16 Discounts and Commission on sales | 504.76 | 743.77 |
| 23.17 Other Selling expenses | 285.54 | 264.89 |
| 23.18 Advertisement | 4.21 | 3.81 |
| 23.19 Fee and Expenses | 130.92 | 57.35 |
| 23.20 Bank Charges | 562.25 | 625.55 |
| 23.21 Service Charges | 185.51 | 187.47 |
| 23.22 Legal Expenses | 55.02 | 61.15 |
| 23.23 Research and Development /Lab Expenses | 34.27 | 45.13 |
| 23.24 Water Charges | 20.95 | 21.88 |
| 23.25 Bad Debts written off | - | 37.23 |
| 23.26 Net Loss on Exchange fluctuations | 240.95 | 33.40 |
| 23.27 Other Expenses | 318.27 | 271.20 |
| 23.28 Loss on sale of damaged stock of capital goods | - | 56.49 |
| 23.29 Diminution in value of investments | - | 28.02 |
| 23.30 Corporate Social Responsibility expenses and donations | 139.26 | 92.50 |
| 23.31 Expenses/(Income) relating to Earlier Years (Net) | 22.48 | (53.90) |
| | <u>7142.49</u> | <u>7785.85</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, 1956. The Company follows the mercantile method of accounting.

B. Inventories:

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

C. Depreciation:

Depreciation on Fixed Assets has been provided on Straight line method in respect of Plant & Machinery and Buildings and in respect of other assets on written down value method as per the rates prescribed in Schedule XIV to the Companies Act, 1956.

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. Capital work-in-progress includes advances paid for capital items / works. Indirect & pre-operative expenses related or attributable to the capital works and trial run expenses incurred up to commencement of commercial production are added to the cost of fixed assets. Advances paid towards the acquisition of Fixed Assets outstanding at the Balance Sheet Date are disclosed as "Capital Advances" under long term loans and advances as per revised Schedule VI to the companies Act, 1956.

G. Foreign Currency Transactions:

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



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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 during 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.



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NOTES TO ACCOUNTS:

24.2 Contingent Liabilities not provided in respect of :

(Rs. in Lakhs)

| Particulars | Current Year 2013-2014 | Previous Year 2012-2013 |
|--|---------------------------|----------------------------|
| a) Cheques / Bills Discounted with Banks. | 171.72 | 513.67 |
| b) Unexpired Letter of Credits/Bank guarantees (net of margin money paid) | 804.11 | 786.63 |
| c) Estimated amount of Contracts remaining to be executed on Capital Account. (Net of advances). | 2824.88 | 4603.15 |
| d) Arrears of dividend on cumulative redeemable preference shares of Rs.1888.23 lakhs at a coupon rate of 0.01 % issued and allotted as per Debt Restructuring package and scheme of arrangement sanctioned by High Court of A.P. for the period from 01.04.2002 to 31.03.2014. (Payable after 15 years) i.e., from 01.04.2018. | 2.27 | 2.08 |
| e) Claims against the company not acknowledged as debts, being disputed and pending in appeals/ Assessments in respect of | | |
| i) Central excise matters regarding Cenvat credit availed on input consumables and on service tax payments on input services like freight, telephone, and courier etc., | 370.78 | 368.62 |
| ii) 1] Customs matters regarding dispute on classification of goods pending before High Court | 9.90 | 9.90 |
| 2] Imposition of Anti Dumping Duty on in puts during December, 2010 pending before ADC, Customs | 32.69 | 32.69 |
| 3] Disputed duty levied on import of material during the year 2006-07 pending in appeal before the Commissioner Appeals. | 16.06 | 16.06 |
| iii) Sales tax matters regarding Input tax credit availed on fuels used for steam generation disallowed by the Department and levied penalty and interest; Case is pending before Hon'ble High Court of AP (Paid under Protest) | 53.91 (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) | 44.24 (6.94) | 44.24 (5.13) |
| v) Claim of entry tax & interest on Entry Tax payable on Machinery items is pending before Assessing Officer DC (CT), Bellary (50% Paid) | 4.20 (2.10) | 4.20 (2.10) |
| vi) Sales tax matters regarding liability of interest on delay in payment of deferred sales tax liability for the years 2005-06 and 2006-07. Stay petition filed and stay granted by Hon'ble High Court of AP. (Paid under protest) | 132.11 (44.04) | 132.11 - |
| vii) Liability of differential tax for non submission of C forms for the year 2009-10 Case is pending before Appellate Deputy Commissioner (Paid under protest) | 16.43 (2.05) | 16.43 (2.05) |
| viii) Levy of delay charges on late payment of Provident Fund by Regional Provident Fund Commissioner. | 15.34 | 15.34 |
| ix) 1) Wheeling Charges levied by APCPDCL pending in Supreme Court | 24.21 | 24.21 |
| 2) Wheeling charges levied on APGAS power supplies covered by Bank guarantee Rs.69.30lakhs | NIL | NIL |
| x) The Fuel Surcharge Adjustment (FSA) charges for the year 2008-09, 2009-10 and for the 1st quarter of 2010-11 payable to APCPDCL was contested by the Industrial units including the company before Hon'ble High Court of A.P. and obtained favourable order for 2008-09 and the matter was referred to Supreme Court and the same is pending. Hon'ble High Court granted stay for the year 2009-10 and first quarter of 2010-11. | 1567.27 | 1567.27 |
| f) Differential duty on procurement of raw material as per show cause notices issued by the Customs Authorities is contested and for which no provision is considered as there will be no liability on the company as per legal opinion obtained (paid under Protest) | 1161.14 (125.00) | 1161.14 (125.00) |
| g) Demand raised by Power Distribution Companies (DISCOMS) for the differential tax on account of change in Income Tax rates / tax holiday as per terms of PPA was contested by the Company before the Electricity Regulatory Commission and the liability has been reduced to Rs. 500 lakhs. The DISCOMS have recovered the same from monthly bills. The company contested before the Supreme Court for refund of the recovered amount and it is pending. (Recovered amount is shown under loans and advances) | 500.00 (500.00) | 500.00 (500.00) |



24.3 EXCEPTIONAL ITEM:

The company has opted to exit from CDR Scheme and the CDR Lenders (FIs and Banks) have agreed and claimed the recompense amount of Rs.1345.71 lakhs as per CDR Scheme terms and conditions. The Company has considered the recompense amount as an exceptional item of expenditure in the accounts for the year 2013-14.

24.4 DISCONTINUING OPERATIONS OF POWER PLANT AT BELLARY:

Disclosures under Accounting Standard (AS-24) 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. During the year, the company has discontinued the operations of this segment and exploring the possibilities for disposal of its Plant.

| | As at 31.3.2014 Rs. in Lakhs |
|---|---------------------------------|
| a. Carrying amount of Fixed Assets | 4649.67 |
| b. Current Assets including claims receivable | 1410.39 |
| Total Assets | 6060.06 |
| Less: Term Loans from IFCI Ltd. | 912.98 |
| Less: Current Liabilities | 6.54 |
| Net Carrying amount | 5140.54 |
| Loss from discontinuing operations for the year | 961.02 |

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

| | 2013-2014 Rs. in Lakhs | 2012-2013 Rs. in Lakhs |
|-----------------------------------|---------------------------|---------------------------|
| a) Against Debtors | 102.46 | 75.94 |
| b) Against suppliers/transporters | - | 18.03 |

24.6 a) Exchange differences on Foreign Currency Term Loans from financial institutions in respect of installments paid during the year resulting in Loss amounting to Rs.66.58 lakhs (previous year Loss Rs. 27.08 lakhs) and exchange difference on outstanding loans as on 31.3.2014 valued at applicable Foreign Currency Exchange Rates on 31st March, 2014 resulting in Loss amounting to Rs.128.95 lakhs debited to statement of profit and loss as per AS-11 (previous year Loss Rs.67.35 lakhs).

b) The Exchange difference in respect of imports and exports during the year resulting in Loss amounting to Rs.186.30 lakhs charged to Statement of Profit and Loss. (Previous Year Loss Rs. 23.91 lakhs)

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

| | 2013-2014 Rs. in Lakhs | 2012-2013 Rs. in Lakhs |
|--|---------------------------|---------------------------|
| i) Not Later than one year | 14.40 | 14.40 |
| ii) Late than one year and not later than five years | 37.80 | 52.48 |
| iii) Later than five years | Nil | Nil |

24.8 Employee Benefits:

A) Defined Contribution Plans

The Company makes Provident Fund and superannuation Fund contributions which are defined contribution plans, for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized Rs.78,60,153/- (Previous year Rs. 80,47,727/-) for Provident Fund contributions and Rs.23,74,629/- (Previous year Rs.23,98,472/-) for Superannuation Fund contributions in the Statement of Profit and Loss. The contribution payable to these plans by the Company is at rates specified in the rules of the schemes.

B) Defined Benefit Plan

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



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(Rupees)

| PARTICULARS | 2013-14 | 2012-13 |
|--|-------------|-------------|
| 1. Changes in present value of Obligations | | |
| Present value at the beginning of the year | 3,55,90,434 | 3,12,28,590 |
| Interest cost | 28,47,235 | 24,98,287 |
| Current Service Cost | 30,29,368 | 26,38,719 |
| Benefits paid | (23,68,619) | (24,62,739) |
| Actuarial (gain)/loss on obligations | 17,85,655 | 16,87,577 |
| Present value at the end of the year | 3,73,12,763 | 3,55,90,434 |
| 2 The fair value of plan assets | | |
| Fair value of plan assets at the beginning of the year | 4,13,70,511 | 3,53,59,652 |
| Expected return on plan assets | 35,09,429 | 32,02,383 |
| Contributions | 3,49,279 | 52,71,215 |
| Benefits paid | (23,68,619) | (24,62,739) |
| Fair value of plan assets at the end of the year | 4,28,60,599 | 4,13,70,511 |
| 3. Actuarial Return on plan assets | | |
| Actuarial (gain)/ loss on obligations | 17,85,655 | 16,87,577 |
| Actuarial (gain) / loss on obligations | 17,85,655 | 16,87,577 |
| Actuarial Return on plan asset | 17,85,655 | 16,87,577 |
| 4. Amount recognized in the balance sheet | | |
| Present value of obligations as at the end of year | 3,73,12,763 | 3,55,90,434 |
| Fair value of plan assets as at the end of the year | 4,28,60,599 | 4,13,70,511 |
| Net asset/(liability) recognized in balance sheet | 55,47,836 | 57,80,077 |
| 5. Expenses recognized in Statement of Profit and Loss | | |
| Current service cost | 30,29,368 | 26,38,719 |
| Interest cost | 28,47,235 | 24,98,287 |
| Expected return on plan assets | (35,09,429) | (32,02,383) |
| Net Actuarial (gain) / loss recognized in the year | 17,85,655 | 16,87,577 |
| Expenses recognized in statement of profit and loss. | 5,81,519 | 36,22,200 |
| 6. Assumptions | | |
| Discount rate | 8% | 8% |
| Salary escalation | 8% | 8% |
| Expected rate of return on Plan Assets | 8% | 9.30% |

24.9 Under the Micro, Small and Medium Enterprises Development Act, 2006 and in accordance with the notification issued by the Ministry of Corporate Affairs, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises as defined in the said Act. The company is in the process of compiling the relevant information from its suppliers about their coverage under the said Act and hence required disclosures made to the extent available. The following are outstanding balances as at 31.03.2014:

- A) SMALL ENTERPRISES - Rs.2274.18 Lakhs (Previous Year Rs.2315.44 Lakhs)
- B) MICRO ENTERPRISES - Rs.317.45 Lakhs (Previous Year Rs. 41.29 Lakhs); and
- C) MEDIUM ENTERPRISES - Rs.817.99 Lakhs (Previous Year Rs. 252.39 Lakhs);



24.10 Segment Reporting

(Rs. in lakhs)

| Sl. No | Particulars | For the year 2013-14 | For the year 2012-13 |
|--------|--|-------------------------|-------------------------|
| 01 | Segment Revenue | | |
| | A. Chemicals | 54746 | 49965 |
| | B. Oils & Fats | 23398 | 31226 |
| | C. Power Plant | * | 1646 |
| | TOTAL | 78144 | 82837 |
| | Less: Inter Segment Revenue | 1221 | 1132 |
| | Net Sales/Income from Operations | 76923 | 81705 |
| 02 | Segment Results Profit/(Loss) before Tax and interest: | | |
| | A. Chemicals | 5242 | 7743 |
| | B. Oils & Fats | 538 | 292 |
| | C. Power Plant | * | (588) |
| | TOTAL | 5780 | 7447 |
| | Less: i) a) Interest Expense | 3421 | 3845 |
| | b) Interest Income | (380) | (412) |
| | (ii) Other un-allocable expenditure (Net of un-allocable income) | - | - |
| | (iii) Recompense of Interest differential under CDR scheme | 1346 | - |
| | (iv) Loss from discontinuing operation of Power Plant | 961 | - |
| | Total Profit before Tax | 432 | 4014 |
| 03 | Capital Employed (Segment Assets-Segment Liabilities) (Based on Estimate in terms of available data) | | |
| | a) Chemicals | 44659 | 44603 |
| | b) Oils & Fats | 2136 | 976 |
| | c) Power plant (Discontinued during the year) | - | 6769 |
| | d) Others | 550 | 1375 |
| | TOTAL | 47345 | 53723 |
| 04 | Discontinuing operations of power plant (carrying amount of assets minus liabilities & loans) | 5140 | - |

*During the year the operations of the Power Plant segment were discontinued on account of expiry of PPA and hence no segment results. The recompense amount of Rs. 1346 lakhs payable to lenders as per CDR scheme terms and conditions was considered as un allocable expenditure being exit from CDR FORUM.



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24.11 Related Parties Disclosures:

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

A. Particulars of Associate Companies:

| S.No. | Name of the transacting related party | Nature of Relationship |
|-------|---|------------------------|
| 1. | CURRENT YEAR 2013-14 Sree Royalaseema Hi-Strength Hypo Ltd. | Associate |
| | PREVIOUS YEAR 2012-13 | |
| 1. | Sree Royalaseema Hi-Strength Hypo Ltd. | Associate |
| 2. | TGV Projects and Investments Private Ltd | Associate |
| 3. | Brilliant Bio Pharma Limited | Associate |
| 4. | Sree Maruthi Marine Industries Limited | Associate |
| 5. | Sree Maruthi Agro Tech Limited | Associate |
| 6. | Gowri Gopal Hospitals Private Limited | Associate |
| 7. | Sree Royalaseema Galaxy Projects Private Ltd | Associate |
| 8. | Roopa Industries Limited | Associate |
| 9. | S.K.Salts Private Limited | Associate |
| 10. | JSM International Limited | Associate |
| 11. | TGV Securities Private Limited | Associate |
| 12. | M.V.Salts & Chemicals Private Ltd | Associate |

Note: Associate companies by virtue of shareholding.

B. Key Management Personnel: Executive Directors Sri K.Karunakar Rao (Finance & Commercial) and Sri N. Jesvanth Reddy (Technical).

2. Disclosures of transactions between the company and Related Parties and outstanding balances as on 31st March, 2014.

(Rs. in lakhs)

| Sl. No. | Nature of Transaction | For the year ended 31.03.14 | For the year ended 30.03.13 | Balance outstanding as on 31.03.14 | Balance outstanding as on 31.03.13 |
|-----------|--|-----------------------------|-----------------------------|------------------------------------|------------------------------------|
| A. | Associate Companies | | | | |
| 1 | Sales / Receivables | 7690.09 | 7898.18 | 532.79 (Dr) | 186.53(Dr) |
| 2 | Purchases / Payables | 466.87 | 695.92 | - | 135.60(Dr) |
| 3 | Purchase of Capital Goods | 330.15 | - | - | - |
| 4 | Office / Lease Rentals Paid | 17.18 | 260.66 | - | - |
| 5 | Office / Lease Rents received | 3.81 | 7.85 | - | - |
| 6 | Rent /cylinder deposit paid | - | - | - | 474.85(Dr) |
| 7 | Services availed/(rendered) | - | 97.38 | - | - |
| 8 | Corporate Guarantees provided by Associate Company | NIL | NIL | 230.21 | 318.75 |
| 9 | Share Warrants issued | - | 767.53 | - | - |
| 10 | Equity Shares allotted | 373.92 | 355.23 | - | - |
| 11 | Unsecured loans | 320.00 | - | 610.85(Cr) | 759.24(Cr) |
| 12 | Investment in Equity Shares | - | - | 24.47(Dr) | 24.47(Dr) |
| B. | Key Management personnel | | | | |
| 1 | Remuneration | 35.67 | 35.90 | - | - |
| C. | Relatives to Key Management Personnel | | | | |
| | | - | - | - | - |

Note : Cr indicates Credit balance & Dr indicates Debit balance



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

24.13. Earnings per Share:

Basic and diluted earnings per share calculated in compliance with the provisions of Accounting standard (AS-20) for the year ending 31.03.14 comes to Rs. 0.64 p.a (Previous year Rs.5.50 p.a.) and Rs 0.638 p.a (previous year Rs.5.44 p.a.) respectively.

The denominator for Basic EPS is 7,45,18,447 (previous year 6,85,73,568) equity shares and the numerator is net profit after tax as per Profit and Loss account and after adjusting preference dividend for the year and tax thereon, amounting to Rs.4,76,95,806 (previous year Rs. 37,72,56,038).

The denominator for diluted EPS is increased by potential equity deemed to be issued for OFCD i.e 7,51,48,862 (previous year 6,94,60,423) and the numerator for this calculation is the net profit after tax as per Statement of Profit and Loss and after adjusting preference dividend and the interest at 5 % on OFCDs and the tax liability thereon, amounting to Rs.4,79,08,744 (previous year Rs. 37,75,55,595).

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

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

24.16 Revenue from Operations or Sale of Goods:

(Rs. in lakhs)

| Sl.No. | Description of Products | For the Year Ended 31.03.2014 | For the Year Ended 31.03.2013 |
|----------|---------------------------------------|----------------------------------|----------------------------------|
| A | MANUFACTURED GOODS | | |
| 1 | Caustic Soda Lye / Flakes | 41428.10 | 41483.32 |
| 2 | Liquid Chlorine | 2805.94 | 2503.94 |
| 3 | Hydrochloric Acid | 2059.90 | 1564.35 |
| 4 | Hydrogen Gas | 1288.75 | 1144.04 |
| 5 | Bleach Liquor | 1517.99 | 1197.21 |
| 6 | Caustic Potash Lye/Flakes | 10420.86 | 7255.73 |
| 7 | Hydrogenated Castor Oil | 2103.46 | 2869.41 |
| 8 | 12 Hydroxy Stearic Acid | 9805.96 | 10522.58 |
| 9 | Refined Glycerine | 1472.50 | 2114.60 |
| 10 | Stearic Acid | 3063.17 | 5861.20 |
| 11 | Soap Noodles. | 6077.52 | 9991.94 |
| 12 | Power Generation under PPA | - | 1645.97 |
| 13 | Toilet Soaps | 905.63 | 717.54 |
| 14 | Others less than 1% of Total Turnover | 2145.32 | 2068.82 |
| | TOTAL | 85095.10 | 90940.65 |
| B | TRADED GOODS | NIL | NIL |



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24.17 Cost of Raw Materials Consumed:

(Rs. in lakhs)

| Sl.No. | Description of Material | For the Year Ended 31.03.2014 | For the Year Ended 31.03.2013 |
|--------|--|----------------------------------|----------------------------------|
| 1 | Salt | 5183.74 | 4903.60 |
| 2 | Castor Oil | 9262.49 | 10786.13 |
| 3 | Acid Oils & Other Oils | 7205.19 | 12388.01 |
| 4 | F O/ HSD/Lubricants for Power Generation | - | 1398.72 |
| 5 | Potassium Chloride and Carbonate | 5414.47 | 4312.57 |
| 6 | Raw Materials-Soaps | 58.50 | 38.62 |
| 7 | Hydrochloric Acid normal Grade | 133.58 | 74.05 |
| | TOTAL | 27257.97 | 33901.70 |
| 8 | Purchase of Traded Goods | NIL | NIL |

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

(Rs. in lakhs)

| | | Current Year 31.03.2014 | Previous Year 31.03.2013 |
|------|-----------------------------|----------------------------|-----------------------------|
| i) | Raw Materials | 4547.98 | 5217.42 |
| ii) | Coal | 825.82 | 326.73 |
| iii) | Chemicals & Spares & Stores | 400.35 | 495.42 |
| iv) | Capital Goods / Services | 1704.50 | 839.15 |

24.19 Raw Material Consumed

| | Current Year 2013-14 | | | Previous year 2012-13 | | |
|--|----------------------|-----------------|-----|-----------------------|-----------------|-------|
| | Qty MT/KL | Rs. in lakhs | % | Qty MT/KL | Rs. in lakhs | % |
| i) Salt | | | | | | |
| - Imported | - | - | - | - | - | - |
| - Indigenous | 226526 | 5183.74 | 100 | 215909 | 4903.60 | 100 |
| ii) Potassium chloride | | | | | | |
| - Imported | 17248 | 5414.47 | 100 | 13087 | 4312.57 | 100 |
| - Indigenous | - | - | - | - | - | - |
| iii) Cstor Oil | | | | | | |
| - Imported | - | - | - | - | - | - |
| - Indigenous | 12526 | 9262.49 | 100 | 14864 | 10786.13 | 100 |
| iv) Lauric acid | | | | | | |
| - Imported | 594 | 381.14 | 100 | 999 | 711.63 | 100 |
| - Indigenous | - | - | - | - | - | - |
| v) Palm fatty acid distilled | | | | | | |
| - Imported | - | - | - | 502 | 280.55 | 4.02 |
| - Indigenous | 10633 | 4572.80 | 100 | 15529 | 6683.93 | 95.98 |
| vi) Palm kernal oil/Distilled fatty acid | | | | | | |
| - Imported | 1103 | 582.85 | 100 | 1410 | 791.05 | 100 |
| - Indigenous | - | - | - | - | - | - |



| | | | | | | |
|---|------|----------|--------|-------|----------|--------|
| vii) Crude Glycerine | | | | | | |
| - Imported | 1044 | 319.17 | 83 | 3146 | 783.88 | 97.03 |
| - Indigenous | 276 | 66.27 | 17 | 97 | 24.03 | 2.97 |
| viii) RBD Palm Stearine | | | | | | |
| - Imported | - | - | - | - | - | - |
| - Indigenous | 1111 | 486.88 | 100 | 6147 | 2725.13 | 100 |
| ix) Furnace oil, Diesel & Lubricant for power project | | | | | | |
| - Imported | - | - | - | - | - | - |
| - Indigenous | - | - | - | 56228 | 1398.72 | 100 |
| x) Other Raw Materials | | | | | | |
| - Imported | 702 | 398.64 | 40 | 703 | 350.67 | 100 |
| - Indigenous | | 589.52 | 60 | | 149.81 | 100 |
| TOTAL | | | | | | |
| - Imported | | 7096.27 | 26.04 | | 7230.35 | 21.32 |
| - Indigenous | | 20161.70 | 73.96 | | 26671.35 | 78.68 |
| | | 27257.97 | 100.00 | | 33901.70 | 100.00 |

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

| | Current Year 2013-14 | | Previous Year 2012-13 | |
|---------------|----------------------|---------------|-----------------------|---------------|
| | Rs. in lakhs | % | Rs. in lakhs | % |
| a) Imported | 521.10 | 15.23 | 765.90 | 18.27 |
| b) Indigenous | 2900.15 | 84.77 | 3426.35 | 81.73 |
| TOTAL | 3421.25 | 100.00 | 4192.25 | 100.00 |

24.21 Earnings in Foreign Exchange

(Rs. in lakhs)

| | Current Year 2013-14 | Previous Year 2012-13 |
|-------------------------|----------------------|-----------------------|
| i) FOB value of exports | 7514.52 | 9127.05 |
| ii) Others | Nil | Nil |

24.22 Expenditure in Foreign Exchange

(Rs. in lakhs)

| | Current Year 2013-14 | Previous Year 2012-13 |
|---------------------------------|----------------------|-----------------------|
| i) Traveling | - | 22.03 |
| ii) Fees and charges | 57.73 | 3.67 |
| iii) Commission Paid | 21.08 | 24.65 |
| iv) Raw Materials and Chemicals | 3132.74 | 2338.71 |
| v) Stores & Spares | 741.15 | 167.82 |
| vi) Capital Goods | 1498.96 | 3740.64 |

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

As Per our Report of even date attached

For and on behalf of the Board

For Brahmayya & Co.,

Chartered Accountants

Firm's Regn. No. 000514S

Sd/-

B. DAIVADHEENAM REDDY

Partner

Membership No. 026450

Place:Hyderabad

Date: 26th May, 2014

Sd/-

K. KARUNAKAR RAO

Executive Director & CEO

Sd/-

V. RADHAKRISHNA MURTHY

C.G.M & Company Secretary

Sd/-

O.D. REDDY

Director

Sd/-

M.V. KUMARA SWAMY

Vice President (Finance) & CFO

Place:Hyderabad

Date: 26th May, 2014



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

CIN: L24110AP1981PLC003077

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

PROXY

32nd ANNUAL GENERAL MEETING

Folio No./Client ID No.: _____ No. of Shares : _____

I / We of in the District of being Member(s) of the above named Company, hereby appoint..... of or failing him/her..... of or failing him/her..... of in the District of as my / our proxy to attend and vote for me / us on my /our behalf at the **Thirty-Second ANNUAL GENERAL MEETING** of the Company to be held at Regd. Office : Gondiparla, Kurnool, A.P. at 4.00 P.M. on Thursday, the 25th day of September, 2014 or at any adjournment thereof.

Signed this Day of, 2014.

Affix a
Rs.1/-
Revenue
Stamp

Note:

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

Member's Signature

-----Tear Here-----



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

CIN: L24110AP1981PLC003077

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

32nd ANNUAL GENERAL MEETING

ATTENDANCE SLIP

Folio No./Client ID No.: _____ No. of Shares : _____

Full Name of the Member attending : _____
(in Block letters)

Full Name of the first joint-holder : _____
(To be filled in if first named joint-holder does not attend the meeting)

Full Name of Proxy : _____
(to be filled by the Proxy attending instead of the member)

I, hereby record my presence at the **Thirty-Second ANNUAL GENERAL MEETING** of the Company to be held at Regd. Office : Gondiparla, Kurnool, A.P. at 4.00 P.M. on Thursday, the 25th day of September, 2014.

Member's / Proxy's Signature

NOTE :

Members / Joint Members / Proxies are requested to bring the attendance slip with them, duly completed when they come to the meeting and handover at the gate, affixing signature(s) on it. Duplicate slips will not be issued at the entrance of the Meeting.

Kept Intentionally Blank



PRINTED MATTER

If undelivered, please return to :

**Sree Rayalaseema Alkalies
and Allied Chemicals Limited**

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



Sree Rayalaseema Alkalies and Allied Chemicals Ltd.,





Corporate Office : 40-304, 2nd Floor, Krishna Jyothsna complex,
Bhagyanagar, KURNOOL-518 004. Andhra Pradesh, INDIA.
☎ 08518-289600, 289603, 221933. Fax : 08518 - 226973, 276631
E-Mail : sraaccsd@tgvmail.net



CIN No. L24110AP1981PLC003077

FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

| | | |
|----|--|--|
| 1. | Name of the Company | Sree Rayalaseema Alkalies and Allied Chemicals Limited (CIN : L24110AP1981PLC003077) |
| 2. | Annual Financial statements for the year ended | 31 st March, 2014 |
| 3. | Type of Audit observation | Un-qualified (or) Matter of Emphasis: We draw attention to Note No.24.3 to the financial statements relating to the recompense amount of Rs. 1345.71 lakhs payable to CDR Lenders (FIs and Banks) by the Company being exit from CDR Scheme, was considered as Exceptional Item as stated in the said note. Our opinion is not qualified in respect of this matter. |
| 4. | Frequency of observation | Not applicable |
| 5. | To be signed by | <p>for SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED</p> <p> (K. KARUNAKAR RAO) Executive Director- Fin & Comm.,</p> <p>for SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LTD.,</p> <p> (M.V. KUMARA SWAMY) VICE PRESIDENT (F&A)</p> <p>For Brahmayya & Co. Chartered Accountants (Regd. No.000514S)</p> <p> B. Daivadheenam Reddy Partner Membership No.026450</p> |
| | Sri K. Karunakar Rao Chief Executive Officer | |
| | Sri M.V. Kumara Swamy Chief Financial Officer | |
| | Sri B. Daivadheenam Reddy Brahmayya & Co., Auditor of the Company | |
| | Sri P.N. Vedanarayanan Audit Committee Chairman |  |

Place:Hyderabad

Date: 26th May,2014

Regd. Off & Factory : Gondiparla, Kurnool-518004.(A.P.)India. ☎ +91 8518-280006, 7, 8. Fax: 08518-280098, 280161
Bellary Power Plant : P.D.Halli(Post), T.Budehal (Village), Bellary Dist. Pin : 583138, Phone / Fax: 08392 265263
Hyd.Off : 6-2-1012, 2nd Floor, TGV Mansion, Opp : Inst. of Engineers, Khairatabad, Hyderabad - 500 004. ☎ 040 - 23313842, Fax : 040-23313875
Chennai off : New No.100 (Old No.74), 1st Floor, Greenways Road, Extn. R.A.Puram, Chennai - 600 028 ☎ 044 - 24614538 Fax : 24612553
Bangalore off : 25,1st Floor, Shankara Park Road, Shankarapuram, Bangalore - 560 004. ☎ 080 - 26608884, Fax : 080 - 22423655
Mumbai off : D-403, Kailash Esplanade, Opp. Shreyas Cinema, LBS Marg, Ghatkopar (W), MUMBAI - 400 086, Tele Fax : 022 - 25001689, 25000373
Delhi off : P-101, Ground Floor, Pandav Nagar, Mayur Vihar, Phase-I NEW DELHI - 110 092. ☎ (011) 43022575, 76, Fax : 011-43022577