



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

NOTICE

NOTICE is hereby given that the 27th Annual General Meeting of the Members of **SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED** will be held at the Registered Office of the Company at the factory premises, Gondiparla, Kurnool - 518 004 (A.P.) Saturday on 18th July, 2009 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, 2009 and the Profit and Loss Account for the period ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Sri P.N.Vednarayanan, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Sri G.Krishna Murthy, who retires by rotation and is eligible for reappointment.
4. To appoint Auditors and to fix their remuneration. In this connection, to consider and, if thought fit, to pass with or without modification the following as a

SPECIAL RESOLUTION.

"RESOLVED THAT subject to the provisions of 224 A of Companies Act, 1956 the retiring Auditors, M/s. Brahmayya & Co., Chartered Accountants, Adoni, Kurnool District be and hereby appointed as Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration as decided by the Board of Directors upon recommendation of the Audit Committee as "Audit Fee" exclusive of reimbursement of actual travelling and other expenses."

BY ORDER OF THE BOARD

Sd/-

Place: Hyderabad

(**V.RADHAKRISHNA MURTHY**)

Date : 02.05.2009

CHIEF GENERAL MANAGER AND
COMPANY SECRETARY

NOTES:

1. A member entitled to attend and vote at a 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 not less than 48 hours before the time fixed for the Meeting.

2. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. Members are requested to bring with them the attendance Slip sent with the Annual Report duly completed and signed and hand it over at the entrance.
4. Pursuant to Sec.154 of the Companies Act, 1956 and Clause 16 of the Listing Agreement, the Register of Members and Share Transfer Books of the Company will remain closed for 5 days i.e., from 14-07-2009 to 18-07-2009 (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.

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@tgvmail.net".

EXPLANATORY STATEMENT

(Pursuant to Section 173 (2) of the Companies Act, 1956)

ITEM NO. 4

Since the combined shareholding of public financial institutions in the Company together exceeds 25% of the



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subscribed share Capital, the reappointment of Auditors of the Company is required to be made by a Special Resolution, as required under Section 224 A of the Companies Act, 1956.

None of the Directors is interested or concerned in the resolution.

The Board of Directors recommends the above as Special resolution for your approval.

BY ORDER OF THE BOARD

Sd/-

Place: Hyderabad
Date : 02.05.2009

(V.RADHAKRISHNA MURTHY)
CHIEF GENERAL MANAGER AND
COMPANY SECRETARY

Additional Information :

Details of Directors seeking reappointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement) and IDBI Nominee Director are given below :

1.	Name of the Director	Sri P.N.Vedananarayanan	Sri G.Krishna Murthy	Sri P.Sitaram (IDBI Nominee Director)
2.	Date of Birth	04-06-1933	17-09-1941	17-03-1963
3.	Date of Appointment	April 1, 1994	November 30, 1996	April 9, 2009
4.	Experience in Specific areas	More than 40 years experience at very senior level in public sector units. Ex-Chairman and Managing of NTC Mills Ltd..	More than 40 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 23 years at senior level in IDBI in the fields of Finance Accounts, Projects evaluation and financing. At present he is continuing his service in IDBI as Chief General Manager (F & A).
5.	Qualifications	I.A.S. (Retd.)	Graduate of MILT	B.Com., A.C.A.
6.	Shareholding in the Company	NIL	NIL	NIL
7.	Directorships in other Public Ltd. Companies	RBF Nidhi Limited	1. Mukanda Industrial Finance Ltd. 2. Sree Rayalaseema Hi-Strength Hypo Ltd. 3. SRHHL Industries Ltd.	-N.A.-
8.	Membership in other Company Committees	NIL	Member of Audit, Share Transfer Committee, Remuneration Committee in SRHHL Industries Ltd. and Remuneration Committee in Sree Rayalaseema Hi-Strength Hypo Ltd. Audit, Recovery Committee, Remuneration Committee in Mukanda Industrial Finance Ltd.	-N.A.-



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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, 2009.

Operations :

Yours Directors' are pleased to inform that there is an increase in turnover i.e., from Rs.51412 lacs to Rs. 75196 lacs (excluding internal transfer and other income) when compared to the previous year and shows 46 % increase. The increase is due to better performance and improvement in chemicals, Castor Oil, Fatty Acids and Power divisions operations.

Division/Segment Wise Operations :

The Caustic unit has produced 110223 MT of Caustic Soda as against 97672 M.T. for the previous year. As against net sales of Rs. 20411 lacs for previous year, the current year sales comes to Rs. 25848 lacs representing an increase of 26 %.

The Potassium plant has produced 15023 MT of Potassium Hydroxide as against 11909 MT for the previous year. As against net sales of Rs. 4626 lacs for previous year, the current sales recorded Rs.12607 lacs representing an increase of 172 %.

The Castor oil plant yielded 8036 MT of oil processing as against 9403 MT for the previous year. As against net sales of Rs. 3872 lacs for the previous year, the current year sales stood at Rs. 6090 lacs representing an increase of 57 %.

The Fatty acid plant has processed 21935 MT for the current year as against 17091 MT for the previous year. The net sales of this division has increased from Rs.9032 lacs to Rs.12451 lacs representing an increase of 38 %.

The Power plant at Bellary has billed 1813 lakhs KWH of electricity (including deemed generation) to Karnataka Power Transmission Corporation Limited (KPTCL) during the current year as against 1843 lacs KWH for the previous year.

As against sales to KPTCL (including deemed generation billing) of Rs. 6602 lacs for the previous year, the current year sales comes to Rs.11016 lacs showing an increase of 67 %.

OUTLOOK FOR THE CURRENT YEAR :

Segmentwise discussion is furnished in **Management Discussion and Analysis** annexed to this report in page No. 15 as "Annexure - E".

FINANCIAL RESULTS :

	YEAR ENDED	
	31.03.2009 (Rs.in lakhs)	31.03.2008 (Rs.in lakhs)
Sales-Gross	75195.63	51412.05
Other Income	1170.22	903.13
Profit on sale of Fixed Assets/Investments	-	33.33
Increase (Decrease) in Stocks	224.67	<u>112.53</u>
Total Income	76590.52	52461.04
Profit before Interest & Depreciation	11908.61	9853.02
Less: Interest	3414.59	<u>3087.41</u>
Profit before Depreciation	8494.02	6765.61
Less: Depreciation	3257.28	<u>2932.86</u>
Profit(Loss)before Extraordinary items and Taxation	5236.74	3832.75
Less: Preliminary and Deferred Revenue Expenditure Written-off	-	1000.36
Expenses/Income relating to Earlier Years (Net)	43.70	60.62
Profit/Loss Before Taxation	5193.04	2771.77
Less: Provision for Taxation (MAT)		
- for Current Year	589.00	314.04
- for Earlier Year	0.15	0.39
- for Fringe benefit Tax	25.00	29.00
- for Deferred Tax Liability	1848.32	<u>122.89</u>
Profit/Loss After Taxation	2730.57	2305.45
Add: Balance Carried from Previous year	1229.76	<u>2424.31</u>
Profit available for Appropriation	3960.33	4729.76
Less: Transfer to General Reserve	1000.00	3000.00
Less: Transfer to Debenture Redemption reserve	500.00	500.00
Surplus carried to Balance Sheet	2460.33	<u>1229.76</u>



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Profit for the Current year at Rs.2730.57 Lakhs shows the increase of more than 18.44 % compared to previous year Profit of Rs.2305.45 Lakhs. Overall increase in efficiency of all divisions except Castor Oil division has resulted in note worthy performance of the company.

Dividend :

In view of the strengthening and stabilisation of activities and future funds requirement, your Directors have decided not to declare any dividend for the year 2008-09.

Capital Expenditure :

During the year the Company has incurred an amount of Rs. 4412.26 lacs on Capital Expenditure which is mainly towards on going installation of Caustic Fussion plant, Boiler, 25 MW Turbine and other balancing equipment. The funds required for the expenditure has been met from internal accruals.

Safety And Environment Protection :

Your management firmly believes that Safety and Environment are the two vital aspects which will stimulate the growth of the company in the long run. Every effort is being made to ensure safety in all activities of the company and the steps taken by the management to develop green environs around the factory has given desired results. A separate cell has been created and entrusted with the responsibility of ensuring safety with a team of officials working round the clock with the motto of "ALL TIME SAFETY FOR ALL". Apart from clean and green programmes undertaken both inside and outside the Factory, the Company is in the process of developing Green belt area to protect environment.

Listing Fees :

The Company has paid Listing Fee to Bombay Stock Exchange vide its letter dtd. 23.04.2009.

Insurance :

Assets of the Company are adequately insured.

Fixed Deposits :

The Company has not accepted any fixed deposits during the year and there are no fixed deposits outstanding as on 31.3.09.

Directors :

Sri P.N.Vednarayanan and Sri G.Krishna Murthy are retiring by rotation at the ensuing Annual General Meeting and they being eligible for reappointment offers themselves to be reelected as Directors. M/s.IDBI Bank has appointed Sri

P.Sitaram as its Nominee on the Board in place of Sri D.S.Prasad vide its letter Ref.No.SS-ICG.53/678/Nom.8 dated 26.03.2009 to be effective from 09.04.09. The Board in its meeting held on 02.05.09 has taken note of the same. The Board further placed on record with appreciation the valuable advises given by Sri D.S.Prasad during his tenure on the Board.

Industrial Relations :

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

Particulars Of Employees :

Except Sri T.G.Venkatesh, CMD, there were no employee of the Company drawing monthly remuneration of Rs.2,00,000/- or more. Particulars of employees as required under section 217(2A) of the Companies Act, 1956 are given as "Annexure - AE ".

Energy Conservation Technology Absorption And Foreign Exchange Earnings And Outgo :

Particulars required to be disclosed under Section 217(2)(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" to this report.

Corporate Governance :

Pursuant to clause 49 to the Listing Agreement, the mandatory requirements relating to Corporate Governance have 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 Agreements 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 as "Annexure C and D" are attached to this report.

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



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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 2009-10.

Cost Audit :

The Cost Audit under Section 233 B is being carried out by M/s. GEEYES & CO., Cost Auditor of the Company. As per the Central Government Order 52/75/CCAB/91(CLB) dated 23/02/93, Cost Audit has to be done on a regular basis by a qualified Cost Accountant from 1992-93 onwards and the same has to be submitted to Central Govt. every year. The Company has complied with all the provisions of the said order.

Audit Committee :

An Audit Committee continues to function to comply with provisions of Sec 292(A) of the Companies Act, 1956 and also Clause 49 of Listing Agreement. The Audit Committee comprises of Sri S.K.Ganguli, Sri P.Sitaram and Sri P.N.Vedanarayanan as members with Sri M.P.Murti as

Chairman of the Audit Committee. Audit Committee was reconstituted on 02.05.09 to give effect to the change in IDBI Nominee Director.

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 successfully during the year.

On behalf of the Board of Directors

Sd/-

T.G.VENKATESH

CHAIRMAN AND

MANAGING DIRECTOR

Place : Hyderabad

Date : 02.05.2009

“ANNEXURE - AE” TO THE DIRECTORS’ REPORT

Information as per the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 are forming part of the Director’s Report for the period ended 31st March, 2009.

Name of the Employee	Age	Qualifications	Designation/ Nature of Duties	Date of commencement of Employment	Remuneration Received Rs. (Gross)	Experience (years)	Last Employment held
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a) Employed throughout the Financial Year :

1. Sri T.G. Venkatesh	59	B.Com.	Chairman & Managing Director	20.09.1985	30,47,830	37	General Manager (Commercial), Sree Rayalaseema Paper Mills Ltd.
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Notes :

1. Remuneration includes Salary and other perquisites.
2. The Appointment of the Managing Director is Contractual and on the terms and conditions approved by the Members in the Annual General Meetings held on 16.08.2005 and 28.09.2007.

On behalf of the Board of Directors

Sd/-

T.G.VENKATESH

Chairman and Managing Director

Place : Hyderabad

Date : 02.05.2009



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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 :

- 1) 1 x 550 TR high efficiency vapour absorption machine has been installed to save thermal energy.
- 2) One of the existing double effect evaporation plant is upgraded to triple effect evaporation resulting in saving of steam.
- 3) To improve power factor beyond 0.95 installation of HT capacitors banks is in progress. .

FORM – A

Disclosure of Particulars with respect to conservation of energy:	Current Year 31.03.2009	Previous Year 31.03.2008
A. Power and Fuel Consumption :		
1. Electricity:		
a) i) Electricity from APCPDCL Units (KWH) Total Amount (Rs.in Lakhs) Rate/Unit (Rs.)	198938591 5686.89 2.86	127769438 3319.09 2.60
ii) Electricity from APGPCL Units (KWH) Total Amount (Rs.in Lakhs) Rate/Unit (Rs.)	20727266 477.85 2.31	26697189 464.66 1.74
b) Own Generation:		
i) Through Diesel Generators Units(KWH) Unit per Lt of Fuel (KWH) Cost/Unit (Rs.)	2768540 2.94 39.25	4016415 3.36 27.51
ii) Through Wind Farm Units(KWH) Cost/Unit (Rs.)	2084631 5.14	2232116 4.81
iii) Through Co-Gen Plant Units(KWH) Cost/Unit (Rs.)	113145105 3.09	139185500 2.26
2. Coal :		
Quantity (MT) Total amount (Rs.in lakhs) Average Rate (Rs./MT)	249611 4951.84 1984	240780 4163.41 1729
3. Fuel Oil :		
Qty (KL) (consist of HSD & FO) Total Amount (Rs.in lakhs) Average Rate (Rs/MT)	1576 413.72 24486	1958 380.82 19445
B. Consumption per MT of Caustic Soda Lye Production		
No.of Units (KWH) (AC Power)	2461	2476



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C. 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 :

- Suitable R & D studies have been under taken to reduce Biological Oxygen demand (BOD) in effluent treatment plants of Oils and Fats divisions.

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

- By replacing with suitable Bacteria in O&F division effluent, the treatment is stable and BOD reduction has been achieved.
- By reducing Iodine level in feed brine, efficiency of Ioan Exchange Membrane (IEM) will increase.

3. Future Plans :

- To monitor Heavy metals in feed brine, ICP is procured and the same will be installed in a short time. This will facilitate our efforts to control heavy metals in feed brine.

4. Technology Absorption, Adoption and Innovation :

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

C. Foreign Exchange Earnings And Outgo :

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

b) Total Foreign Exchange used and earned	(Rs.in lakhs)
i) Foreign Exchange used	5382.43
ii) Foreign Exchange earned	12028.97

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 along with proper explanation relating to material departure or non-compliance in notes to accounts and Directors' Report.
- (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.



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- (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 : 02.05.2009

Sd/-
T.G.VENKATESH
CHAIRMAN AND MANAGING DIRECTOR

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" have been complied for the year 2008-09. The Corporate Governance compliance details are furnished hereunder:

(1) Company's Philosophy :

The company is firmly committed to fulfill the objective of good Corporate Governance. The company has complied with almost all the provisions of Corporate Governance before its enactment in the Listing Agreement by respective Stock Exchanges on the order of SEBI. The company's humble philosophy is "SERVING SOCIETY THROUGH HARMONIOUS INDUSTRY ACTIVITIES" synchronizing socio, economic and human objectives which is backed by principles of concern, commitment, ethics, excellence and learning in all its acts and relationships with stakeholders, customers, associates and community at large which has always propelled the Group 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 Chairman and Managing Director the other Directors are non-executive Directors. The day-to-day management of the Company is conducted by Chairman and Managing Director 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:



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S.No	Name of the Director	Designation	No.of Board Meetings		Other Membership	
			Held	Attended	Board	Committee
1.	Sri T.G.Venkatesh	Chairman and Managing Director (Promoter)	4	4	1	-
2.	Sri M.P.Murti	Director (Independent)	4	4	6	6
3.	Sri D.S.Prasad	Director (IDBI Nominee)	4	4	1	-
4.	Sri S.K.Ganguli	Director (IFCI Nominee)	4	4	1	2
5.	Sri P.N.Vedanarayanan	Director (Independent)	4	4	-	-
6.	Sri G.Krishna Murthy	Director	4	3	3	6
7.	Sri O.D.Reddy	Director (Independent)	4	4	3	7

During the financial year ended 31st March, 2009, Four Board Meetings were held on (1) 30.04.08 (2) 10.07.08 (3) 16.10.08 and (4) 02.01.09 respectively. The last Annual General Meeting of the Company was held on 10.07.08 and it was attended by Sri T.G.Venkatesh, Chairman and Managing Director and Sri M.P.Murti, Chairman of Audit Committee besides, other directors viz., Sri S.K. Ganguli, Sri O.D. Reddy, Sri P.N.Vedanarayanan and Sri D.S.Prasad.

(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. Oversight of the Company's financial reporting process to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board appointment, reappointment, fixation of fees etc., of Statutory auditors, Cost auditors and Tax Auditors etc.
3. Reviewing with management the annual Financial Statements 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 etc.
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.,

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 M.P.Murti, the Senior most independent Director. Majority of the committee members are independent Directors or Nominee Directors of Financial Institutions viz., IDBI and IFCI. The Audit Committee was reconstituted by the Board in its meeting held on 02.05.09. The following directors as its members (1) Sri M.P.Murti, Chairman (2) Sri S.K.Ganguli, Member (3) Sri P.Sitaram, Member and (4) Sri P.N.Vedanarayanan, Member.



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S.No	Name of the Director	Designation	No.of Meetings	
			Held	Attended
1.	Sri M.P.Murti	Chairman	4	4
2.	Sri D.S.Prasad	Member	4	4
3.	Sri S.K.Ganguli	Member	4	4
4.	Sri P.N.Vedanarayanan	Member	4	4

During the financial year ended 31st March, 2009, Four Board Audit Committee Meetings were held on (1) 30.04.08 (2) 10.07.08 (3) 16.10.08 and (4) 02.01.09 respectively.

(5) Remuneration Committee :

The Remuneration Committee has been reconstituted by the Board in its Meeting held on 09.01.2005 with the following Directors as its members. During the year the committee has not met since there was no business to be transacted for fixing/changing remuneration of Directors etc., The committee comprises of the following directors as its members (1) Sri M.P.Murti, 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 Rs.1500/- for Sub-committees of the Board. The CMD will not be paid any sitting fee for attending the Board/ Committee meetings. The details of total remuneration paid to Sri T.G.Venkatesh, Chairman and Managing Director for the year is furnished hereunder:

Salary	Perquisites	Commission	Total
24,00,000	6,47,830	N.A.	30,47,830

(6) Shareholders Committee (Investors Grievance Committee) :

To review the actions taken by the company in relieving Investor's Grievances and its response to Stock Exchange, SEBI and other related Government correspondence Investors Grievance Committee/Shareholders Committee was constituted by the Board on 11.06.01 and the same was subsequently reconstituted latest on 27.01.03. 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	Chairman	4	4
2.	Sri G.Krishna Murthy	Member	4	3
3.	Sri O.D.Reddy	Member	4	4

During the financial year ended 31st March, 2009, Four Investors Grievance Committee Meetings were held on (1) 09.04.08 (2) 04.07.08 (3) 06.10.08 and (4) 09.01.09 respectively.



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(7) General Body meetings :

The last three Annual General Meetings of the Company were held on (1) 27.05.06 (4.00 P.M) (2) 28.09.07 (3.00 P.M) (3) 10.07.08 (4.00 P.M) at Regd.Office: Gondiparla, Kurnool - 518 004 (A.P). The special business transacted and approved by the members at the previous 3 Annual General Meetings are as follows:

(a) 2005-2006

- NIL -

(b) 2006-2007

1. Ratification of company's action for Creation of Mortgage/Charge in favour of Financial Institutions and Banks in pursuance to Section 293(1)(a) of the Companies Act, 1956.

2. Proposal for upward revision in salary payable to Sri T.G.Venkatesh, Chairman and Managing Director.

(c) 2007-2008

- NIL -

(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 Schedule I - Point No. 10 of - Notes to Accounts of Balance Sheet and Profit & Loss account 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. As the company is covered under the EDIFAR scheme notified by SEBI, necessary details are placed in the National Informatic Centre website. 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 communicated to shareholders and all the concerned 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 : 18th July, 2009 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, 2009 to 31st March, 2010



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

- Un-Audited Financial results for : First Quarter - July, 2009
 Second Quarter - October, 2009
 Third quarter - January, 2010
 Fourth quarter - April, 2010
- c. Book Closure period : 14-07-2009 to 18-07-2009 (both days inclusive)
- d. Dividend payment date : - N.A -
- e. The Shares of the Company is listed on :
1. Bombay Stock Exchange Limited, Dalal Street, Mumbai.
 ISIN NO : INE 284B01028, SCRIP CODE : 507753 in EQUITY SHARES
 ISIN NO : INE 284B04014, SCRIP CODE : 700102 in C.R.P.S
- The listing fee to the Stock Exchange for the year 2009-10 is paid by the company vide its letter dtd. 23.04.2009.
- f. **Market Price Data: The Monthly High And Low of Stock Quotations during the Financial Year 2008-09.**

MONTH & YEAR	HIGH (Rs.)	LOW (Rs.)
April, 2008	17.60	12.90
May, 2008	17.50	14.65
June, 2008	17.15	12.20
July, 2008	15.95	10.65
August, 2008	17.50	14.00
September, 2008	15.95	11.05
October, 2008	12.55	8.25
November, 2008	13.44	9.40
December, 2008	11.50	8.80
January, 2009	12.80	9.75
February, 2009	11.85	9.63
March, 2009	10.78	9.00

- g. **Distribution of Shareholding pattern for Equity Shares and CRPS as on 31st March, 2009.**

S.No	CATEGORY	EQUITY SHARES		C R P S (*)	
		SHARES	%	SHARES	%
1	Promoter	28054558	41.57	8448145	44.74
2	Mutual Funds and UTI	37787	0.06	37787	0.20
3	Banks & Financial Institution & Insurance Companies	28442249	42.14	2424694	12.84
4	Corporate Bodies	1658601	2.46	1354991	7.18
5	Indian Public	8392625	12.43	6044407	32.01
6	NRIs / OCBs	907466	1.34	572308	3.03
	TOTAL	67493286	100.00	18882332	100.00

(*) CRPS Cumulative Redeemable Preference Shares



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

h. Share Transfer Agents :

The Board in its meeting held on 02.01.2009 has approved the Company's proposal to change the Share Transfer Agent from M/s. Venture Capital & Corporate Investments (P) Ltd., To M/s. Aarti Consultants (P) Ltd. Regd. Office: 1-2-285, Domalguda, Hyderabad – 500 029 (A.P) to be effective from 01.04.09 for administrative convenience and better control. Share holders are requested to send shares for Physical Transfer and for dematerialisation depository participants are requested to send the shares, DRF and other documents to the New Share Transfer Agent in future.

With respect to physical transfers kindly note that the transferee (Buyer) has to lodge shares, transfer deed alongwith certified copy of PAN card to comply with SEBI circular Ref. No. MRD/DoP/Cir-05/2009 Dt. 20-05-2009. Otherwise, the shares and transfer deed will be returned to the transferee for non-compliance of the above.

i. Dematerialisation of Shares and liquidity :

As on 31st March, 2009 out of 67493286 Equity Shares 64724341 No. of Shares were dematerialized (95.90 %). Out of 18882332 No. of 0.01% CRP Shares 15621954 (82.73 %) 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 31.03.2009.

On behalf of the Board of Directors

Sd/-

Place : Hyderabad

Date : 02.05.2009

T.G.VENKATESH
CHAIRMAN AND MANAGING DIRECTOR

i. Plant Location :

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

Bellary Power Plant : Tagginabudihalli, Bellary, Karnataka.

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

(A) New Registrar and Share Transfer Agent :

Aarthi Consultants Private Limited

Regd. Office : 1-2-285, Domalguda, Hyderabad – 500 029. (A.P)

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



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

(B) Sree Rayalaseema Alkalies And Allied Chemicals Limited
6-2-1012, II Floor, TGV Mansion,
Opp.Institute of Engineers, Khairatabad, Hyderabad – 500 004 (A.P)
Tel No. : 040 – 23313843 Fax No.: 040 - 23313875

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

On behalf of the Board of Directors

Place : Hyderabad
Date : 02.05.2009

Sd/-
T.G.VENKATESH
CHAIRMAN AND MANAGING DIRECTOR

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**

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, 2009 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 one month 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

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

Place : Hyderabad (Camp)
Date : 02.05.2009



ANNEXURE 'E' TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS :

The Company is having mainly three Business Division 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 this division 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 metals etc.

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 chloro Alkali industry being power intensive any increase in power cost would affect its performance. The on going economic slow down affecting the performance of industries in general is a concern. The commercial disposal of chlorine is the main concern for any caustic unit. To overcome this the Company has obtained in-principle approval of the financial institutions to set up Chloromethanes project and the company's efforts in this direction are in advanced stage.

2. OILS AND FATS DIVISION :

Castor oil derivatives (comprising of Hydrogenated Castor Oil, 12 Hydroxy Stearic Acid and Recinolic 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 their prices. India is a leading country in exporting castor oil derivatives with abundant availability of raw material. The Company apart from doing manufacture for sale, also operates the plant for contract manufacturing to utilize plant capacity. Being a composite plant, many inputs like caustic soda, steam, Hydrogen are available internally and the same is main strength and an opportunity for the company.

3. POWER DIVISION :

The power plant at Bellary is being operated with furnace oil as feed stock and the company delivers its generation to KPTCL under a power purchase agreement. The increase in fuel costs though a concern, is a pass through in pricing the sale of power to KPTCL.

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.



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

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, 2009 the employee strength (on permanent rolls) of the Company was 932.

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 : 02.05.2009

Sd/-
T.G.VENKATESH
CHAIRMAN AND MANAGING DIRECTOR



AUDITOR'S REPORT

To
The Members

**SREE RAYALASEEMA ALKALIES AND
ALLIED CHEMICALS LIMITED**

1. We have audited the attached Balance Sheet of M/s.Sree Rayalaseema Alkalies and Allied Chemicals Ltd., Kurnool as at 31st March,2009 and the Profit and Loss Account and also Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - 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 appears from our examination of those books.

- iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act,1956.
- v) On the basis of written representations received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act,1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and other notes thereon give the information required by the Companies Act, 1956, 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, 2009;
 - b) In the case of the Profit and Loss Account, 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.

For Brahmayya & Co.,
Chartered Accountants

Sd/-

Place : Hyderabad (Camp) **(B.DAIVADHEENAM REDDY)**

Date : 02.05.2009

Partner

Membership No.026450



ANNEXURE TO AUDITOR'S REPORT

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

Referred to in Paragraph 3 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, the discrepancies noticed on physical verification between the physical stocks and the book records were not material.
- (iii) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. 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. Therefore, the provisions of Clause 4(iii)(b)(c) and (d) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- (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. 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 need to be entered into 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 reasonable having regard to the prevailing market prices at the relevant time.
- (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 sections 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 maintenance of Cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of Caustic Soda manufacturing activities of the Company. We have broadly reviewed the books of



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

account and records relating to materials, labour and other items of cost maintained by the Company and we are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(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, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues have been generally 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 Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March, 2009 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	Rs. lakhs	Period	Forum where dispute is pending
1.	The Central Excise Act, 1944	Service tax levied on goods transport operator and clearing & forwarding agent services	32.18	1997-98	Central Excise and Service Tax Appellate Tribunal, Bangalore.
2.	The Central Excise Act, 1944	CENVAT Credit availed on service tax disallowed	77.27	2007-08	Central Excise and Service Tax Appellate Tribunal, Bangalore.
3.	The Central Excise Act, 1944	CENVAT Credit availed on welding electrodes disallowed	2.77	2008-09	Central Excise and Service Tax Appellate Tribunal, Bangalore.
4.	The Central Excise Act, 1944	CENVAT Credit availed on service tax disallowed	45.67	2008-09	Commissioner of Central Excise, Tirupati.
5.	The Central Excise Act, 1944	CENVAT Credit availed against manufacture of exempted goods disallowed	95.41	2008-09	Commissioner of Central Excise, Tirupati.
6.	A.P.VAT Act, 2005	Input tax credit on furnace oil & coal disallowed (Paid)	53.91 (53.91)	2005-06	Sales tax Appellate Tribunal, Hyderabad.
7.	Indian Customs Act, 1962	Differential customs duty on raw material purchases(Paid)	1161.14 (125.00)	2000-06	Commissioner of Customs, Chennai.
8.	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

- (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, but no amount 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) The Company has not raised any new term loans during the year. In our opinion, the term loans outstanding at the beginning of the year were 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, 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 not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (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

Sd/-

(B.DAIVADHEENAM REDDY)

Partner

Membership No.026450

Place : Hyderabad (Camp)

Date : 02.05.2009



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

BALANCE SHEET AS AT 31st MARCH, 2009

Rs. In Lakhs

SCHEDULE		As at 31.03.09	As at 31.03.08
SOURCES OF FUNDS			
(1) SHAREHOLDERS FUNDS:			
(a) Share Capital	A	8641.84	8641.84
(b) Reserves and Surplus	B	<u>9319.87</u>	<u>6589.30</u>
		17961.71	15231.14
(2) LOAN FUNDS:			
(a) Secured Loans	C	23703.29	26336.23
(b) Unsecured Loans	D	<u>2131.59</u>	<u>2459.62</u>
		25834.88	28795.84
(3) DEFERRED TAX LIABILITY			
		4831.74	2983.42
TOTAL		<u>48628.33</u>	<u>47010.41</u>
APPLICATION OF FUNDS			
(1) Fixed Assets -			
(a) Gross Block	E	68608.92	65202.91
(b) Less: Depreciation		<u>28376.98</u>	<u>25119.70</u>
(c) Net Block		<u>40231.94</u>	<u>40083.21</u>
(d) Capital Work-in-process		<u>2563.63</u>	<u>1557.38</u>
		42795.57	41640.59
(2) Investments	F	198.31	198.31
(3) Current Assets, Loans and Advances			
(a) Inventories	G	7177.31	5648.79
(b) Sundry debtors		5421.19	5413.74
(c) Cash and Bank Balances		<u>1905.91</u>	<u>2656.68</u>
		<u>14504.41</u>	<u>13719.21</u>
(d) Loans and Advances		<u>4293.66</u>	<u>3761.14</u>
		<u>18798.07</u>	<u>17480.35</u>
(e) Less: Current Liabilities	H-A	12543.50	11955.77
(f) Less: Provisions	H-B	<u>620.12</u>	<u>353.07</u>
Net Current Assets		5634.45	5171.51
TOTAL		<u>48628.33</u>	<u>47010.41</u>
Notes to Accounts	I		

Schedules "A" to "I" 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

Sd/-

B. DAIVADHEENAM REDDY

Partner

Sd/-

T.G.VENKATESH

Chairman and Managing Director

Sd/-

M.P. MURTI

Director

Sd/-

V. RADHAKRISHNA MURTHY

C.G.M. & Company Secretary

Sd/-

K. KARUNAKAR RAO

Sr. Vice President (Finance)

Place : Hyderabad

Date : 02.05.2009

Place : Hyderabad

Date : 02.05.2009



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.09

Rs. In Lakhs

SCHEDULE	Year Ended 31.03.09	Year Ended 31.03.08	
INCOME			
Sales - Gross	1	75195.63	51412.05
Less: Excise Duty & Sales Tax		<u>7197.13</u>	<u>6868.74</u>
Sales - Net		67998.50	44543.31
Export Incentives		623.68	80.21
Process Charges		157.99	270.36
Other Income	2	388.55	552.56
Profit on Sale of Investments/Fixed Assets		-	33.33
Increase / (Decrease) in Stocks	3	<u>224.67</u>	<u>112.53</u>
TOTAL INCOME		69393.39	45592.30
EXPENDITURE			
Consumption of Raw materials	4	33072.86	18779.23
Employees Remuneration & Benefits	5	2119.10	1871.83
Power and Fuel		11723.59	8437.78
Consumption of Chemicals Packing and stores		3942.30	2516.88
Other Manufacturing, Administrative &			
Selling Expenses	6	6626.93	4133.56
Interest/Finance Charges	7	3414.59	3087.41
TOTAL EXPENSES		60899.37	38826.69
PROFIT BEFORE DEPRECIATION & TAX		8494.02	6765.61
LESS: Depreciation	E	3257.28	2932.86
Deferred Revenue Expenditure Written Off		-	1000.36
Expenses/(Income) relating to Earlier Years (Net)		<u>43.70</u>	<u>60.62</u>
PROFIT BEFORE TAX		5193.04	2771.77
LESS Provision for Taxation(MAT) - for Current Year		589.00	314.04
LESS Provision for Taxation - for Earlier Years		0.15	0.39
LESS Provision for Fringe Benefit Tax		25.00	29.00
LESS Provision for Deferred Tax Liability for the year		<u>1848.32</u>	<u>122.89</u>
PROFIT AFTER TAX		2462.47	466.32
ADD: Surplus Carried from Previous Year		2730.57	2305.45
PROFIT AVAILABLE FOR APPROPRIATION		1229.76	2424.31
Less: Transfer to Debentures Redemption Reserve		500.00	500.00
Less: Transfer to General Reserve		<u>1000.00</u>	<u>3000.00</u>
		2460.33	1229.76
Transfer from General Reserve		-	5961.93
Less: Accumulated Deferred Tax Liability upto previous year		-	2860.53
Less: Unadjusted Deferred Revenue expenditure charged off		-	3101.40
Surplus carried to Balance Sheet		<u>2460.33</u>	<u>1229.76</u>
Notes to Accounts	I		

Schedules "1" to "7" and "E" to "I" annexed form integral part of Profit and Loss account

As Per our Report of even date attached

For and on behalf of the Board

For Brahmayya & Co.,

Chartered Accountants
Sd/-

B. DAIVADHEENAM REDDY

Partner

Place : Hyderabad

Date : 02.05.2009

Sd/-

T.G.VENKATESH

Chairman and Managing Director

Sd/-

V.RADHAKRISHNA MURTHY

C.G.M. & Company Secretary

Place : Hyderabad

Date : 02.05.2009

Sd/-

M.P.MURTI

Director

Sd/-

K. KARUNAKAR RAO

Sr.Vice President (Finance)



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

	As at 31.03.09 Rs. In Lakhs	As at 31.03.08 Rs. In Lakhs
SCHEDULE - A		
SHARE CAPITAL		
AUTHORISED:		
i) 6,80,00,000 Equity shares of Rs.10/- each (Previous Year 6,80,00,000 Equity shares of Rs.10/- each)	6800.00	6800.00
ii) 1,90,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each having Coupon rate of 0.01% redeemable after 15 years (Previous Year 1,90,00,000 Equity shares of Rs.10/- each)	1900.00	1900.00
ISSUED:		
(A) 1,88,82,332 Cumulative Redeemable Preference Shares of Rs.10/- each allotted on sub-division and consolidation having a Coupon rate of 0.01% from April, 2002 redeemable after 15 Years in 4 Quarterly instalments commencing from 1.04.2018.	1888.23	1888.23
(B) 1,88,82,331 Equity shares of Rs.10/- each issued on sub-division and consolidation	1888.23	1888.23
(C) 2,86,10,955 Equity Shares of Rs.10/- each issued on preferential allotment to IDBI & IFCI by Conversion of 15% of Rupee/Foreign Currency loans and Debentures	2861.10	2861.10
(D) 2,00,00,000 Equity Shares of Rs.10/- each Share Warrants issued to Promoters group on Preferential allotment	2000.00 8637.56	2000.00 8637.56
SUBSCRIBED, CALLED-UP & PAID UP:		
(A) 1,88,82,332 Cumulative Redeemable Preference Shares of Rs.10/- each allotted on sub-division and consolidation having a Coupon rate of 0.01% from April,2002 redeemable after 15 Years in 4 Quarterly instalments commencing from 1.04.2018.	1888.23	1888.23
(B) 1,88,82,331 Equity shares of Rs.10/- each allotted on sub-division and consolidation	1888.23	1888.23
(C) 2,86,10,955 Equity Shares of Rs.10/- each allotted on preferential allotment to IDBI & IFCI by Conversion of 15% of Rupee/F.C.loans and Debentures	2861.10	2861.10
(D) 1,45,80,000 Equity Shares of Rs.10/- each allotted on Preferential allotment to Promoters group.	1458.00	1458.00
(E) 54,20,000 Equity Shares of Rs.10/- each allotted on 25.04.2006 to promoters group on conversion of fully paid share warrants issued on preferential allotment.	542.00 8637.56	542.00 8637.56
ADD: Amount received on Forfeited Shares of Original Issue in 1995-96 (180086 Shares)	4.28	4.28
	8641.84	8641.84



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

	As at 31.03.09 Rs. In Lakhs	As at 31.03.08 Rs. In Lakhs
SCHEDULE - B		
RESERVES AND SURPLUS		
Central Subsidy - Per last Balance Sheet	111.67	111.67
Capital Reserve - Per last Balance sheet	2.00	2.00
Share Premium Account-Per last Balance Sheet	2288.51	2288.51
General Reserve - Per last Balance Sheet	437.36	3399.29
Add : Transfer from Profit and Loss Account	1000.00	3000.00
	<u>1437.36</u>	<u>6399.29</u>
Less: Transfer to Profit and Loss Account to charge off Accumulated Deferred Tax Liability upto previous year and Unadjusted Deferred Revenue expenditure charged off	-	5961.93
	<u>1437.36</u>	437.36
Investment Allowance Reserve - Per last Balance Sheet	520.00	520.00
Debentures Redemption Reserve - Per last Balance Sheet	2000.00	1500.00
Add : Transfer from Profit and Loss Account	500.00	500.00
	<u>2500.00</u>	<u>2000.00</u>
Surplus in Profit & Loss Account	6859.54	5359.54
	<u>2460.33</u>	<u>1229.76</u>
TOTAL	<u>9319.87</u>	<u>6589.30</u>
SCHEDULE - C		
SECURED LOANS		
A) DEBENTURES (PRIVATELY PLACED):		
i) 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)	743.75	850.00
ii) - 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)	271.74	310.76
- 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)	179.51	205.18
- 33,26,200 - Series "C" 5% interest Redeeable Non-convertable Debentures of Rs.100/- each issue 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)	2652.97	3032.01



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

	As at 31.03.09 Rs. In Lakhs	As at 31.03.08 Rs. In Lakhs
B) LOANS FROM INSTITUTIONS:		
i) - Term Loans IDBI & IFCI Loans Repayable in 96 Monthly Instalments from April,2008	13934.25	15257.92
- Deferred Loans (Repayable in 120 Monthly instalments from April,2006 as per Restructuring package)	3346.78	3825.26
ii) Term Loans from Foreign Banks SEB AG (Foreign Currency Loan),Germany	-	931.36
C) WORKING CAPITAL LOANS FROM :		
United Bank of India	673.95	677.25
Indian Bank	378.35	145.29
South Indian Bank Ltd.	598.28	616.06
State Bank of Travancore (Closed during the year)	-	130.17
Federal Bank Ltd.	141.28	100.85
IDBI Bank Ltd.	377.40	-
Canbank Factors Ltd., (Bills discounted)	405.03	254.12
	2574.29	1923.74
TOTAL	23703.29	26336.23

SECURITY:

- 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 Managing Director.
- 2) The above series "A" debentures issued to IFCI are secured in favour of Trustees by way of first charge on all immovable properties situated at Bellary both present and future and further secured by way of first charge on company's movable (save and except book-debts), including movable machinery, machinery spares, tools and accessories; present and future, subject to prior charge created and/or to be created in favour of Company's bankers on the stock of raw materials, semi finished goods, consumable stores and such other movable, as may be agreed to by the trustees, for securing the borrowings for working capital requirements in the ordinary course of business and further guaranteed by Managing Director.



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

- 3) The above series “B&C” debentures issued to IFCI are secured in favour of 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 Managing Director.
- 4) The above Term Loans from Institutions [except the Term Loan amount of Rs.5643.91 lakhs from M/s IFCI Ltd. secured by first exclusive charge on the building, plant and machinery acquired under project schemes of Fatty Acid, Pottassium 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 be created in favour of the Company’s bankers as specified movables for working capital requirements) and further Guaranteed by the Managing Director.
- IFCI’s Additional Margin money for working capital loan of Rs.850 Lakhs is further secured by pledge of 536000 Nos. of APGPCL Equity shares of Rs.10/- each.
- 5) The loan from SEB AG Germany was repaid in full during the year and the company is under process of filing satisfaction of charges i.e., second and subservient charge on the fixed assets of power plant at Bellary.
- 6) The above Working Capital Loans from Banks are secured by hypothecation of Raw materials, stock in process, finished goods, stores and spares of the company wherever situated and Book debts to the extent of sanctioned limits, and further secured by second charge on all immovable properties and guaranteed by the Managing Director. And the Bill discounting facility from Can Bank Factors Ltd is secured by second charge on fixed assets of the company ranking pari passu with the charges already created/ to be created by the Company and further guaranteed by the Managing director.

As at 31.03.09
Rs. In Lakhs

As at 31.03.08
Rs. In Lakhs

SCHEDULE - D

UNSECURED LOANS

Trade Deposits	155.00	336.25
Factoring Bills Payable	180.07	563.71
Sales Tax Deferment (Payable within 12 Months Rs. 3.74 Lakhs)	1796.52	1559.66
TOTAL	2131.59	2459.62



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

SCHEDULE "E" FIXED ASSETS

Rs.in Lakhs

Sl. No.	DESCRIPTION	GROSS BLOCK (AT COST)		DEPRECIATION		NET BLOCK				
		As at 1/4/2008	Additions	Deductions	As at 31/03/09	upto 31/03/08	For the year	Deductions	As at 31/03/09	As at 31/03/08
1	a) Free hold Land and Development	432.25	57.22	-	489.47*	-	-	-	489.47	432.25
	b) Lease hold Land	53.74	-	-	53.74	-	-	-	53.74	53.74
2	Buildings	3512.92	1096.44	-	4609.36	791.49	113.84	-	3704.03	2721.43
3	Plant & Machinery	38490.54	1509.41	-	39999.95	15553.73	1969.73	-	22476.49	22936.81
4	Power Plant & Machinery	12607.77	-	-	12607.77	4450.84	665.69	-	7491.24	8156.93
5	Electricals & D.G.Sets	9106.15	632.30	-	9738.45	3638.69	435.11	-	5664.65	5467.46
6	Furniture & Fittings	66.78	9.93	-	76.71	51.26	3.63	-	21.82	15.52
7	Office and Telephone Equipment	213.20	18.83	-	232.03	100.73	16.96	-	114.34	112.47
8	Computers	236.56	20.47	-	257.03	177.41	26.72	-	52.90	59.15
9	Lab, Workshop & Other Equipment	198.13	29.74	-	227.87	99.58	14.29	-	114.00	98.55
10	Vehicles	284.87	31.67	-	316.54	255.97	11.31	-	49.26	28.90
	Total	65202.91	3406.01	-	68608.92	25119.70	3257.28	-	40231.94	40083.21
11	Capital Works-in-Progress									
	a) Civil Works	605.08	659.01	1096.44	167.65	-	-	-	167.65	605.08
	b) Electricals & D.G.Sets	89.77	632.30	632.30	89.77	-	-	-	89.77	89.77
	c) Plant & Machinery	862.53	2953.09	1509.41	2306.21	-	-	-	2306.21	862.53
	Total	1557.38	4244.40	3238.15	2563.63	-	-	-	2563.63	1557.38
	GRAND TOTAL	66760.29	7650.41	3238.16	71172.55	25119.70	3257.28	-	42795.57	41640.59
	PREVIOUS YEAR	61859.58	16457.53	11556.82	66760.29	22351.49	2932.86	164.65	25119.70	39508.09

* Includes land value of Rs.85.26 Lakhs registered in the name of Chairman and Managing Director and Company's employee due to restriction on registration in Company's name.



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

	As at 31.03.09 Rs. In Lakhs	As at 31.03.08 Rs. In Lakhs
SCHEDULE - F		
INVESTMENTS		
NON-TRADE INVESTMENTS-IN GOVERNMENT SECURITIES		
National Saving Certificates(unquoted at cost)	1.00	1.00
NON-TRADE INVESTMENTS		
i) In Shares (unquoted at cost)		
a) 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
ii) Quoted:		
a) SRHHL Industries Ltd. (316666 Equity Shares of Rs.10/- each)	31.67	31.67
b) Sree Rayalaseema Hi-Strength Hypo Ltd (resulting company) (208333 Equity Shares of Rs.10/- each)	20.83	20.83
c) Indian Bank (839 Equity Shares of Rs.10/- each at Rs.91/- each)	0.76	0.76
TOTAL	198.31	198.31
Aggregate Book Value of Quoted Investments	53.26	53.26
Aggregate Market Value of Quoted Investments	44.84	63.90
Aggregate Book Value of Unquoted Investments	145.05	145.05
SCHEDULE - G		
CURRENT ASSETS, LOANS AND ADVANCES		
A. CURRENT ASSETS		
1. Inventories		
(As taken, valued and certified by the Management)		
Raw Materials	1200.46	1014.74
Stores, Consumables & Spares	2199.95	1940.91
Goods in Bonded Warehouse(Includes goods in transit)	2512.35	1653.26
Stock in Process	296.70	297.02
Finished Goods	958.15	738.75
Scrap & Disposables	9.70	4.11
	<u>7177.31</u>	<u>5648.79</u>
2. Sundry debtors (unsecured)		
Outstanding for more than six months		
Considered good	27.97	-
Considered Doubtful	-	6.80
Considered as bad and written off	5.56	-
Less: Provision for Doubtful Debts	5.56	6.80
Others - (Less than Six months) - Considered good	5393.22	5413.74
	<u>5421.19</u>	<u>5413.74</u>



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

	As at 31.03.09 Rs. In Lakhs	As at 31.03.08 Rs. In Lakhs
3. Cash & Bank Balances		
cash on hand	19.95	0.90
Balance with Scheduled Banks		
In Current Account	266.26	363.44
In Deposit Account (Includes Margin Money)	1507.12	2171.33
Interest Accrued on Bank Deposits	112.58	121.01
	<u>1905.91</u>	<u>2656.68</u>
TOTAL (1 + 2 + 3)	<u>14504.41</u>	<u>13719.21</u>
B. LOANS AND ADVANCES		
(Unsecured and considered good)		
Deposits for power supply	733.17	578.66
Other Deposits	712.05	980.64
Advances recoverable in cash or in kind or for value to be received		
Advance for supply of materials	454.28	459.72
Advance for supply of Capital goods	323.64	271.97
Advance to Contractors	52.62	47.68
Advance to Employees	79.66	52.99
Advance to Transporters	107.82	24.09
Other Advances	616.51	398.37
Advance Income Tax/TDS	471.19	207.05
Claims Receivable	703.33	696.34
Prepaid Expenses	39.39	43.63
	<u>4293.66</u>	<u>3761.14</u>
SCHEDULE - H		
CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors for Capital Goods	1204.84	2364.30
Sundry Creditors for Supplies		
- Micro and Small Enterprises	88.62	240.54
- Others	<u>9133.28</u>	<u>7164.82</u>
	9221.90	7405.36
Sundry Creditors for Expenses	425.10	274.58
Customers Credit Balances	493.52	727.41
Other liabilities	982.35	885.16
Interest accrued but not due on loans	156.66	113.62
Balance due to Banks	59.13	185.34
	<u>12543.50</u>	<u>11955.77</u>
B. PROVISIONS		
Provision for Taxation(MAT)	590.50	319.17
Provision for Fringe Benefit Tax	29.62	33.90
	<u>620.12</u>	<u>353.07</u>



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

Year ended 31.03.09
Rs. In Lakhs

Year ended 31.03.08
Rs. In Lakhs

SCHEDULE - 1

SALES (Gross)

Caustic Soda Lye/Flakes	24935.67	18429.93
Liquid Chlorine/Gas	2711.05	3651.36
Hydrochloric Acid	1257.56	1649.23
Hydrogenated Castor Oil	1759.03	1274.08
12 Hydroxy Stearic Acid	4029.13	2443.81
Caustic Potassium Hydroxide	13208.49	5035.00
Stearic Acid-Different Grades	3226.35	3336.89
Toilet Soaps	1118.86	893.97
Soap Noodles	6987.94	4398.15
Trading sales	-	14.95
D.G.Power under Power Purchase Agreement	11016.05	6602.12
Miscellaneous and Other Oils Sales	4945.50	3682.56
TOTAL	75195.63	51412.05

SCHEDULE - 2

OTHER INCOME

F.E.Fluctuation gains	-	41.14
Hire Charges Receipts	3.38	2.62
Insurance Claims	3.64	287.85
Other Miscellaneous Receipts	147.46	58.52
Interest Receipts-Gross (TDS Rs.57.51 Lakhs) (Previous year TDS Rs.26 Lakhs)	234.07	162.43
TOTAL	388.55	552.56

SCHEDULE - 3

INCREASE/(DECREASE) IN STOCKS

CLOSING STOCKS

Finished goods	958.15	738.75
Scrap & Disposables	9.70	4.11
Stock-in-process	296.70	297.02
TOTAL (A)	1264.55	1039.88

OPENING STOCKS

Finished Goods	738.75	624.98
Scrap & Disposables	4.11	24.56
Stock-in-process	297.02	277.81
TOTAL (B)	1039.88	927.35

INCREASE/(DECREASE) IN STOCKS (A)-(B)

224.67	112.53
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SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

	Year ended 31.03.09	Year ended 31.03.09 Rs. In Lakhs	Year ended 31.03.08	Year ended 31.03.08 Rs. In Lakhs	
	UNIT	QUANTITY	COST	QUANTITY	COST

SCHEDULE - 4

CONSUMPTION OF RAW MATERIALS

i) Salt	MT	184041	3971.97	175600	2293.81
ii) Castor Oil	MT	8132	4903.62	6810	3132.71
iii) Acid Oil & Other Oils	MT	32607	8988.53	22422	6373.04
iv) F.O./HSD/Lubricants for Power Generation	KL	28287	9310.68	15153	4773.43
v) Potassium Chloride & Carbonate	MT	20977	5819.66	16815	2102.28
vi) Other Raw Materials			78.40		103.96
TOTAL			33072.86		18779.23

SCHEDULE - 5

EMPLOYEES REMUNERATION & BENEFITS

Salaries, Wages, Bonus and Allowances		1650.66	1474.52
Welfare expenses		317.92	257.56
Contribution to ESI & Provident Fund		105.88	98.21
Contribution to Gratuity & Superannuation Scheme		44.64	41.54
TOTAL		2119.10	1871.83



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

Year ended 31.03.09
Rs. In Lakhs

Year ended 31.03.08
Rs. In Lakhs

SCHEDULE - 6

MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES

Insurance	76.55	76.57
Repairs & Maintenance		
a) Buildings	285.90	172.68
b) Plant & Machinery	719.85	462.39
c) Others	241.54	163.37
Excise duty on captive consumption/Stocks	4.72	7.35
Processing Charges	-	1.15
Travelling and conveyance	256.30	209.99
Printing and stationery	32.69	31.27
Postage Telegrams and Telephones	61.61	47.07
Directors sitting fee	2.42	2.28
Remuneration to Managing Director	30.48	29.00
Directors Travelling	26.86	36.09
Remuneration to Auditors		
Audit - Fee	1.75	1.50
Tax Audit Fee	1.25	1.00
Audit - Expenses	0.25	0.18
Cost Audit Fee	0.20	0.20
Cost Audit expenses	0.06	0.06
Freight Inward & Material handling charges	533.98	355.82
Freight outward & Ocean freight	992.29	385.26
Selling expenses	1257.52	817.27
Trading purchase	-	14.33
Advertisement	4.09	3.78
Rent including Lease Rents	358.59	298.28
Fee and Expenses	96.48	36.63
Bank Charges	503.11	329.29
Service Charges	293.97	233.29
Rates & Taxes	4.29	1.66
Legal Expenses	33.13	38.73
Research and Development Expenses	34.82	28.52
Water Charges	25.86	17.88
provision for Doubtful Debts	-	3.61
F.E.Fluctuation on Tern Loans & Export Receivables	401.42	-
Other Expenses	269.48	226.54
Loss of materials in floods	-	59.29
Donations	75.47	41.23
TOTAL	6626.93	4133.56

SCHEDULE - 7

INTEREST/FINANCE CHARGES

On Term loans	2043.63	2269.72
On cash credits	175.15	154.71
On Bill Discounting, Deposits & Others	1195.81	662.98
TOTAL	3414.59	3087.41



SCHEDULE - I : NOTES TO ACCOUNTS

I. Significant Accounting Policies :

1. 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.

2. 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 AP VAT Act 2005), 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).

3. 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.

4. 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 Entitlement Pass Book (DEPB) license 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.

5. Research and Development Expenditure:

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

6. 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 upto commencement of commercial production are added to the cost of fixed assets in the year of commencement of commercial production.

7. Foreign Currency Transactions:

Transactions in Foreign Currencies are recorded during the year at the exchange rates prevailing on the date of transaction. At the year-end, Current assets and Current Liabilities in Foreign currency are accounted as per the rates prevailing on the Balance Sheet date and the exchange differences are recognised as Income / expenditure in Profit and Loss Account. Foreign Currency Term Loans outstanding are stated at exchange rates prevailing on the Balance Sheet date. Any increase or decrease in foreign currency Term loans relating to acquisition of fixed assets, on account of exchange differences either paid or outstanding are treated as profit or loss in profit and loss account as per AS 11.



8. Retirement Benefits:

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 Profit and Loss account.

b) Leave Encashment:

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

9. Investments:

Investments are stated at Cost. In case there is a permanent diminution in the value of any investments, the same is considered for valuation of investments.

10. 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 recognised as an expense in the year in which incurred.

11. 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 (ii) Oils and Fats and (iii) Generation of Power under PPA.

12. 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.

13. Accounting for Taxes on Income:

- a) 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.
- b) Deferred tax liability as at 01.4.2007 was recognised for all timing differences arising on account of difference in methods/rates of depreciation, deferred revenue expenditure and deferred tax asset was considered in respect of expenditure allowable under Sec 43 B and carry forward losses / allowances on the principle of prudence and the same was charged to Reserves during the previous year 2007.08

14. CENVAT / IN-PUT TAX CREDIT:

CENVAT Credit and Input Tax Credit recoverable under AP VAT Act, 2005 on Capital goods, Raw materials, Stores and fuels is accounted for by reducing from its purchase cost.

15. Deferred Revenue Expenditure:

During the previous year 2007-08 the Company has changed the Accounting Policy in respect of deferred revenue expenditures and the un-adjusted deferred revenue expenditure to the extent not written-off as on 31-3-2008 was charged to General Reserve Account. Thus there is no deferred revenue expenditure to be amortized during the current year and there is no balance as at the beginning and end of the year.



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

NOTES TO ACCOUNTS:

1. Contingent Liabilities not provided in respect of

Particulars	Current Year 2008-09 (Rs. Lakh)	Previous Year 2007-08 (Rs. Lakh)
a) Cheques / Bills Discounted with Banks.	249.24	249.96
b) Unexpired Bank guarantees / letters of Credit (net of margin money paid)	236.89	934.84
c) Estimated amount of Contracts remaining to be executed on Capital Account (Net of advances).	2363.65	2569.81
d) Arrears of dividend on cumulative redeemable preference shares of Rs.1888.23 lacs 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 01.04.2008 to 31.03.2009.(payable after 15 years) i.e from 01.04.2017.	1.32	1.13
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.,	207.63	66.76
ii) Customs matters regarding dispute on classification of goods	9.90	Nil
iii) Sales tax matters regarding Input tax credit availed on fuels used for steam generation disallowed by the Department and levied penalty and interest (Paid under protest)	53.91 (53.91)	53.91 (53.91)
iv) Electricity matters regarding Category Charges/subsidy, and surcharge/ interest – Pending before Courts, during the year the matters were decided in favour of the Company and hence no liability. (amount paid / refundable)	Nil (5.00)	Nil (5.00)
v) 1) Wheeling Charges levied by APCPDCL pending in Supreme Court	24.21	24.21
2) Wheeling charges levied on APGAS power supplies covered by Bank guarantee Rs.69.30 lacs	NIL	NIL
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)



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

2. Customs Duty on goods in Bonded Ware house as on 31-3-09 has not been provided in accounts for the year and not included in the valuation of inventory. The same is accounted at the time of clearance of goods and the duty is estimated at Rs.352.40 lacs (Previous Year Rs.461.92 lacs) and this has no impact on profit for the year.
3. Legal cases filed by the company for recovery of dues/advances and pending in courts for disposal:

	As at 31-3-09 (Rs.lakhs)	As at 31-3-08 (Rs.lakhs)
a) Against Debtors	139.68	135.60
b) Against suppliers/transporters	18.03	18.03
TOTAL	257.71	153.63

4. a) Exchange differences on Foreign Currency Term Loans from financial institutions in respect of installments paid during the year amounting to Rs.79.50 lakhs (previous year gain Rs.21.93 lacs) and exchange difference on outstanding loans as on 31.3.2009 valued at applicable Foreign Currency Exchange Rates on 31st March, 2009 and exchange difference amounting to Rs. 538.53 lacs debited to profit and loss account as per AS-11 (previous year gain Rs.13.37 lakhs credited to profit and loss account).
- b) Foreign Currency receivables on exports made and outstanding as on 31.03.09 are valued at applicable exchange rate and the exchange difference of Rs.13.32 lakhs was credited to profit and loss account (Previous year Rs.4.58 lakhs credited to profit and loss account).
5. Particulars of Managerial Remuneration to Chairman and Managing Director:

	Current Year 2008-09 (Rs. Lakhs)	Previous Year 2007-08 (Rs. Lakhs)
a) Salary	24.00	24.00
b) Perquisites – rent & insurance	4.70	4.17
c) Contribution to Provident Fund Superannuation & medical expenses	1.78	0.83
TOTAL	30.48	29.00

Computation of Profit U/s 350 of the Companies Act, 1956 has not been given since no commission is paid to Chairman and Managing Director.

6. 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 and Small 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 could not be made.
7. Lease Payments: The total future minimum lease payments under non-cancelable operating leases are as under :

	2008-09 Rs.lakhs	2007-08 Rs.lakhs
(i) Not later than one year	18.60	18.60
(ii) Later than one year and not later than five years	56.09	71.10
(iii) Later than five years	Nil	3.59



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

8. DEFERRED TAX LIABILITY:

	As on 31.03.09 (Rs.in lakhs)	As on 31.03.08 (Rs.in lakhs)
Deferred tax liability as on 31.03.2009 in respect of timing difference arising on account of difference between straight line and written down Value methods and rates of depreciation and claim of deferred revenue expenditure.	6947.70	6920.81
Less: Deferred tax asset as on 31.03.09 in respect of unabsorbed depreciation/losses and allowable expenses U/s 43B.	<u>2115.96</u>	<u>3937.39</u>
Net Deferred tax liability as on 31.03.09	4831.74	2983.42
Less : Opening Deferred tax liability	<u>2983.42</u>	2860.53
Net Deferred tax liability for the year	<u>1848.32</u>	<u>122.89</u>

9. Segment Reporting :

(Rs. in lakhs)

Sl. No.	Particulars	For the Year 2008-2009	For the Year 2007-2008
01	Segment Revenue		
	A. Chemicals	39924	25763
	B. Oils & Fats	18995	13352
	C. Power Plant	11016	6602
	TOTAL	69935	45717
	Less: Inter Segment Revenue	1000	722
	Net Sales/Income from Operations	<u>68935</u>	<u>44995</u>
02	Segment Results (Profit+)/Loss(-) before Tax and interest from segments.		
	A. Chemicals	7700	4672
	B. Oils & Fats	212	501
	C. Power Plant	462	524
	TOTAL	8374	5697
	Less: (i) Interest (Net of Interest receipts)	3181	2925
	(ii) Other un-allocable expenditure (Net of un-allocable income)	-	-
	Total Profit before Tax	<u>5193</u>	<u>2772</u>
03	Capital Employed(Segment Assets and Liabilities)		
	A. Chemicals	34301	33137
	B. Oils & Fats	3203	4030
	C. Power Plant	9289	10129
	D. Others	1656	2251
	TOTAL	48449	49547



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

10. Related Parties Disclosures :

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

A. Particulars of Associate Companies:

Sl. No.	Name of the transacting related party	Nature of Relationship
1.	Sree Rayalaseema Hi-Strength Hypo Ltd.	Associate
2.	TGV Projects and Investments Pvt. Ltd.	Associate
3.	Brilliant Bio Pharma Ltd.	Associate
4.	Sree Maruthi Marine Industries Ltd.	Associate
5.	Sree Maurthi Agro Tech Ltd.	Associate
6.	Gowri Gopal Hospitals Pvt. Ltd.	Associate
7.	Sree Rayalaseema Galaxy Projects Pvt. Ltd.	Associate
8.	SRHHL Industries Ltd.	Associate
9.	Roopa Industries Ltd.	Associate
10.	S.K.Salts Pvt. Ltd.	Associate
11.	JSM International Ltd.	Associate
12.	Sree Rayalaseema Dutch Kassenbouw Pvt. Ltd.	Associate
13.	TGV Securities Pvt. Ltd.	Associate

Note: Associate companies by virtue of shareholding by key management personnel and relatives.

B Key Management Personnel: T.G.Venkatesh, Chairman and Managing Director.

C. Relatives to Key Management Personnel: Sri T.G.Bharath, Smt T.G.Rajalakshmi.

2. Disclosures of transactions between the company and related parties and outstanding balances as on 31st March 2009.

(Rs. in Lakhs)

Sl. No.	Nature of Transaction	For the year ended 31.03.09	For the year ended 31.03.08	Balance outstanding as on 31.03.09	Balance outstanding as on 31.03.08
A.	Associate Companies				
1	Sales / Receivables	4128.30	3055.58	81.37 (Cr)	687.80(Dr)
2	Purchases / Payables	1079.84	602.95	12.45 (Dr)	46.02(Dr)
3	Office / Lease Rentals Paid	218.60	189.92	-	-
4	Office / Lease Rents received	4.38	4.30	-	-
5	Rent /cylinder deposit paid	-	-	171.19(Dr)	171.19(Dr)
6	Services availed	65.33	54.57	-	-
7	Services rendered	2.22	-	-	-
8	Guarantees provided by Associate Companies	Nil	Nil	5551.26	5551.26
9	Investment in Equity Shares	-	-	52.50	52.50
B	Key Management personnel				
1	Remuneration	30.48	29.00	-	-
2	Sitting fee to Directors	2.42	2.28	-	-
C	Relatives to Key Management Personnel				
		-	-	-	-

Note : Cr indicates Credit balance & Dr indicates Debit balance



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

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

12. Earnings Per Share:

Basic and diluted earnings per share calculated in compliance with the provisions of Accounting standard (AS-20) for the year ending 31.03.09 comes to Rs.4.05 p.a (Previous year Rs.3.42 p.a.) and Rs.3.94 p.a (previous year Rs.3.33 p.a.) respectively.

The denominator for Basic EPS is 6,74,93,286 (previous year 6,74,93,286) 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.27,30,35,358 (previous year Rs. 23,05,26,645)

The denominator for diluted EPS is increased by potential equity deemed to be issued for OFCD i.e (6,74,93,286 +19,12,615) = 6,94,05,901 (previous year 6,95,45,056) and the numerator for this calculation is the net profit after tax as per Profit and Loss account and after adjusting preference dividend and the interest at 5% on OFCDs and the tax liability thereon, amounting to Rs.27,36,69,744 (previous year Rs. 23,12,03,832)

13. Figures have been rounded off to the nearest to thousand and expressed in decimals of lakhs.

14. Previous year figures have been regrouped/ rearranged wherever necessary to make them comparable with the current year figures. During the year interest receipts have been shown separately under other income and in earlier years, interest / finance charges under expenditure have been shown net off interest receipts under interest on others, which has no impact on net profit for the year/earlier years.

15. Additional Information pursuant to paragraphs 3, 4C and 4D of Schedule – VI of Companies Act, 1956.

A. Licensed and Installed Capacity:

Product	As on 31.03.2009		As on 31.03.2008	
	Licensed	Installed	Licensed	Installed
Caustic Soda Lye	181700	123950	181700	123950
Liquid Chlorine	92729	92729	92729	92729
Hydrochloric Acid	109190	57187	109190	57187
Barium Sulphate	1980	1980	1980	1980
Bleach Liquor	1650	1650	1650	1650
Hydrogenated Castor Oil	33000	16500	33000	16500
12 Hydroxy / Rubber Grade Stearic Acid	23100	9900	23100	9900
Ricenic Acid	660	660	660	660
Sodium sulphate	7920	1980	7920	1980
Distilled Fatty Acid / Stearic Acid	18150	18150	18150	18150
Glycerine	24750	24750	24750	24750
Potassium Hydroxide	47850	23100	47850	23100
Potassium Carbonate	3300	3300	3300	3300
Soap Noodles	33000	33000	33000	33000
Toilet Soaps and Bathing Soaps	16500	16500	16500	16500
Wind Power Generation	3MW	3MW	3MW	3MW
Power Generation(Commercial)	37.8MW	37.8MW	37.8MW	37.8MW
D.G.sets	31.0MW	24.8MW	31.0 MW	24.8 MW
Co-gen power plant	76.0MW	45.0MW	76.0 MW	45.0 MW



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

B. Actual Production, Turnover and Stocks: (Quantity in MTs and Rs. in lakhs)

Product	Opening Stock		Production	Turnover		Closing Stock	
	Qty	Rs.	Qty	Qty	Rs.	Qty	Rs.
1. Caustic soda lye/Flakes	327 (1783)	39.23 (215.79)	102181 (90664)	101169 (92120)	24935.67 (18429.93)	1339 (327)	211.37 (39.23)
2. Liquid chlorine	330 (745)	11.14 (27.63)	79340 (69306)	79346 (69721)	2711.05 (3651.36)	324 (330)	3.33 (11.14)
3. Hydrochloric acid	118 (391)	2.02 (5.94)	68519 (64209)	68338 (64482)	1052.21 (1548.97)	299 (118)	2.48 (2.02)
4. Barium sulphate	29 (4)	6.49 (0.96)	808 (665)	788 (640)	260.32 (173.40)	49 (29)	14.54 (6.49)
5. Hydrogen gas (M3)saleable	40 (40)	- -	2978752 (2967697)	2978752 (2967697)	542.90 (365.96)	40 (40)	- (-)
6. Bleach liquor	66 (17)	1.71 (0.47)	15272 (17344)	15113 (17295)	577.11 (554.63)	225 (66)	7.22 (1.71)
7. HCL Gas	- (-)	- (-)	3012 (1088)	3012 (1088)	1052.21 (100.26)	- (-)	- (-)
8. Hydrogenated castor oil	148 (59)	108.91 (33.22)	2437 (2356)	2451 (2267)	1759.03 (1274.08)	134 (148)	79.52 (108.91)
9. 12 Hydroxy stearic acid	99 (161)	79.55 (100.30)	4856 (3769)	4778 (3831)	4029.13 (2443.81)	177 (99)	132.39 (79.55)
10. Ricinolic acid	- (-)	- (-)	386 (260)	385 (260)	295.07 (152.85)	1 (-)	0.92 (-)
11. Caustic potash flakes/lye	255 (280)	69.20 (74.22)	16271 (12632)	16011 (12657)	13047.10 (5035)	515 (255)	258.07 (69.20)
12. Stearic acid	246 (36)	23.45 (13.77)	7084 (6755)	7282 (6545)	3226.40 (3336.89)	48 (246)	17.23 (23.45)
13. Fatty acids(Monocarboic acid)	50 (30)	10.06 (10.06)	81 (20)	10 (Int Cons)	5.04 (-)	121 (50)	33.30 (10.06)
14. Soap Noodles	210 (137)	80.16 (48.37)	16330 (10011)	16454 (9938)	6987.94 (4398.15)	86 (210)	30.47 (80.16)
15. Toilet soaps	114 (135)	104.7 (66.44)	1256 (1189)	1192 (1210)	1109.13 (893.97)	178 (114)	120.40 (104.70)
16. Refined glycerine	124 (33)	70.70 (8.65)	5731 (3352)	5732 (3261)	2851.67 (1669.01)	123 (124)	36.43 (70.70)
17. Wind power generation (KWH)	- (-)	- (-)	2084631 (2232116)	2084631 (2232116)	- (-)	- (-)	- (-)
18. Power generation at Bellary(KWH)	- (-)	- (-)	181345800 (184273043)	181345800 (184273043)	11016.05 (6602.12)	- (-)	- (-)



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

- a) Production shown is net of internal consumption.
- b) Figures in brackets relate to previous year.
- c) Opening and closing stocks includes sales returns, branch and consignment stock transfers.
- d) Above production figures are exclusive of production made under processing agreements for Hydrogenated Castor Oil Nil MT (Previous Year 638 MTs), 12 Hydroxy Stearic Acid Nil MT (Previous Year 1888 MTs), Ricenoleic Acid 101 MTs (Previous year 216 MTs) and Refined Glycerine 2058 MTs (Previous Year 1578 MT).
- e) Power generation at Bellary includes deemed generation value of Rs.592.17 lakhs (previous year Rs.1205.49 lakhs).
- f) Wind power generation was totally used for captive consumption through grid.

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

Rs.in lakhs

	Current Year 31.03.2009	Previous year 31.03.2008
i) Raw Materials	8509.60	1416.37
ii) Chemicals	210.64	56.98
iii) Components, Spares & Stores	547.52	127.12
iv) Capital Goods / Services	2492.25	661.54
v) Others	-	0.26

D. Raw material consumed :

	Current Year 2008-09			Previous Year 2007-08		
	Qty. Mt/KL	Rs. lakhs	%	Qty. Mt/KL	Rs. lakhs	%
a) IMPORTED						
i) Palm fatty acid distilled	1004	403.17	7.93	1098	303.46	6.82
ii) Palm kernal oil/Distilled fatty acid	1052	552.84	87.32	1698	618.96	98.05
iii) Lauric acid	700	344.44	58.82	153	55.37	79.10
iv) Potassium chloride	20977	5819.66	100	16815	2102.28	100
v) Crude Glycerine	6983	1749.56	83.39	751	109.98	14.54
vi) Other Raw materials	-	-	-	111.77	1.79	0.61
TOTAL		<u>8869.67</u>			<u>3191.84</u>	
b) INDIGENOUS						
i) Salt	184041	3971.97	100	175600	2293.81	100.00
ii) Castor oil	8132	4903.62	100	6810	3132.71	100.00
iii) Palm kernal oil /Distilled fatty acid	157.62	80.27	12.68	33.80	12.29	1.95
iv) Furnace oil, Diesel & lubricant for power project	28287	9310.68	100	15153	4773.43	100.00
v) Palm fatty acid distilled	17311	4680.21	92.07	12766	4147.30	93.18
vi) Lauric acid	383	241.19	41.18	23	14.63	20.90
vii) Crude Glycerine	2686	348.53	16.61	-	-	-
viii) Other Raw Materials		666.72	100	-	1213.22	91.56
TOTAL		<u>24203.19</u>			<u>15587.39</u>	
Total of Imports and Indigenous		<u>33072.86</u>			<u>18779.23</u>	



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

E. Value of chemicals, Packing and stores consumed (other than used for repairs) :

	Current Year 2008-09		Previous Year 2007-08	
	Rs. lakhs	%	Rs. lakhs	%
a) Imported	417.99	10.61	80.58	3.20
b) Indigenous	3524.31	89.39	2436.30	96.80
TOTAL	3942.30	100.00	2516.88	100.00

F. Earnings in Foreign Exchange :

Rs.in lakhs

	Current Year 31.03.2009	Previous year 31.03.2008
i) FOB value of exports	11572.62	1833.17
ii) Others	Nil	Nil

G. Expenditure in Foreign Exchange :

Rs.in lakhs

	Current Year 31.03.2009	Previous year 31.03.2008
i) Management Fees, Commitment Charges and legal charges	-	1.29
ii) Travelling	50.98	27.65
iii) Fees and charges	1.44	-
iv) Interest on Term Loans	29.32	95.46
v) Commission Paid	8.65	2.11
vi) Repayment of Term Loans	969.72	1225.19
vii) Raw Materials and Chemicals	2189.93	1473.35
viii) Stores & Spares	483.89	127.12
ix) Capital Goods	1641.31	661.54
x) Supervision charges	7.19	48.41
x) Others	-	0.26



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (Submitted in terms of Part IV of Schedule VI to the Companies Act, 1956)

I. Registration Details

Registration No.

L	2	4	1	1	0	A	P	1	9	8	1	P	L	C	0	0	3	0	7	7
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 State Code :

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Balance Sheet Date

3	1
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Date Month Year

II. Capital Raised during the year (Amount in Rs. Lakhs)

Public Issue	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>				N	I	L			Rights Issue	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>				N	I	L		
			N	I	L														
			N	I	L														
Bonus Issue	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>				N	I	L			Private Placements	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>				N	I	L		
			N	I	L														
			N	I	L														

III. Position of Mobilisation and Deployment of Funds (Amount Rs. Lakhs)

Total Liabilities

4	8	6	2	8	·	3	3
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 Total Assets:

4	8	6	2	8	·	3	3
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SOURCE OF FUNDS

Paid up Capital	<table border="1" style="display: inline-table;"><tr><td> </td><td>8</td><td>6</td><td>4</td><td>1</td><td>·</td><td>8</td><td>4</td></tr></table>		8	6	4	1	·	8	4	Reserves and Surplus	<table border="1" style="display: inline-table;"><tr><td> </td><td>9</td><td>3</td><td>1</td><td>9</td><td>·</td><td>8</td><td>7</td></tr></table>		9	3	1	9	·	8	7
	8	6	4	1	·	8	4												
	9	3	1	9	·	8	7												
Secured Loans	<table border="1" style="display: inline-table;"><tr><td> </td><td>2</td><td>3</td><td>7</td><td>0</td><td>·</td><td>3</td><td>9</td></tr></table>		2	3	7	0	·	3	9	Unsecured Loans	<table border="1" style="display: inline-table;"><tr><td> </td><td>2</td><td>1</td><td>3</td><td>1</td><td>·</td><td>5</td><td>9</td></tr></table>		2	1	3	1	·	5	9
	2	3	7	0	·	3	9												
	2	1	3	1	·	5	9												
Deferred Tax Liability	<table border="1" style="display: inline-table;"><tr><td> </td><td>4</td><td>8</td><td>3</td><td>1</td><td>·</td><td>7</td><td>4</td></tr></table>		4	8	3	1	·	7	4										
	4	8	3	1	·	7	4												

APPLICATION OF FUNDS

Net Fixed Assets	<table border="1" style="display: inline-table;"><tr><td> </td><td>4</td><td>2</td><td>7</td><td>9</td><td>·</td><td>5</td><td>7</td></tr></table>		4	2	7	9	·	5	7	Investments	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td>1</td><td>9</td><td>·</td><td>8</td><td> </td><td> </td><td>3</td><td>1</td></tr></table>				1	9	·	8			3	1
	4	2	7	9	·	5	7															
			1	9	·	8			3	1												
Net current Assets	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td>5</td><td>6</td><td>3</td><td>·</td><td>4</td><td>5</td></tr></table>			5	6	3	·	4	5	Misc. Expenditure	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>				N	I	L					
		5	6	3	·	4	5															
			N	I	L																	
Accumulated Losses	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>				N	I	L															
			N	I	L																	

IV. Performance of the Company (Amount in Rs. Lakhs)

Total Income	<table border="1" style="display: inline-table;"><tr><td> </td><td>6</td><td>9</td><td>3</td><td>9</td><td>·</td><td>3</td><td>9</td></tr></table>		6	9	3	9	·	3	9	Total Expenditure	<table border="1" style="display: inline-table;"><tr><td> </td><td>6</td><td>4</td><td>2</td><td>0</td><td>·</td><td>3</td><td>5</td></tr></table>		6	4	2	0	·	3	5
	6	9	3	9	·	3	9												
	6	4	2	0	·	3	5												
Profit Before Tax	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td>5</td><td>1</td><td>9</td><td>·</td><td>0</td><td>4</td></tr></table>			5	1	9	·	0	4	Profit after Tax	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td>2</td><td>7</td><td>3</td><td>·</td><td>0</td><td>7</td></tr></table>			2	7	3	·	0	7
		5	1	9	·	0	4												
		2	7	3	·	0	7												
Earnings per share(Rs.)	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td>+</td><td>4</td><td>·</td><td>0</td><td>5</td></tr></table>				+	4	·	0	5	Dividend %	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>				N	I	L		
			+	4	·	0	5												
			N	I	L														

V. Generic Names of three Principal Products of the Company (as per monetary terms)

- Item Code No. (ITC Code)

2	8	1	5	1	2	0	0
---	---	---	---	---	---	---	---

 Product Description

C	A	U	S	T	I	C		S	O	D	A		L	Y	E
---	---	---	---	---	---	---	--	---	---	---	---	--	---	---	---
- Item Code No. (ITC Code)

2	8	0	1	1	0	0	0
---	---	---	---	---	---	---	---

 Product Description

L	I	Q	U	I	D		C	H	L	O	R	I	N	E
---	---	---	---	---	---	--	---	---	---	---	---	---	---	---
- Item Code No. (ITC Code)

1	5	0	4	0	0		
---	---	---	---	---	---	--	--

 Product Description

H	Y	D	R	O	G	E		N	A	T	E	D		C	A	S	T	O	R		O	I	L
---	---	---	---	---	---	---	--	---	---	---	---	---	--	---	---	---	---	---	---	--	---	---	---

SIGNATURE TO SCHEDULES "A" TO "I" AND "I" TO "7"

As Per our Report of even date attached

For and on behalf of the Board

For Brahmayya & Co.,
Chartered Accountants
Sd/-

Sd/-

T.G.VENKATESH

Sd/-

M.P.MURTI

Chairman and Managing Director

Director

B. DAIWADHEENAM REDDY
Partner

Sd/-

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

Sd/-

K. KARUNAKAR RAO
Sr.Vice President (Finance)

Place : Hyderabad
Date : 02.05.2009

Place : Hyderabad
Date : 02.05.2009



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

CASH FLOW STATEMENT FOR 31-3-2009 AS PER CLAUSE 32 OF LISTING AGREEMENT

	2008-09			2007-08		
	+	-	Rs. lakhs	+	-	Rs. lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES						
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS			5193.04			2771.71
ADJUSTMENT FOR:						
DEPRECIATION	3257.28		3257.28	2932.85		2932.85
FOREIGN EXCHANGE						
PROFIT ON SALE OF FIXED ASSETS		-	-		33.33	(33.33)
INTEREST PAID / RECEIVED	3414.59	234.07	3180.52	3087.39	162.42	2924.97
TOTAL	6671.87	234.07	64.37.80	6020.24	195.75	5824.49
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			11630.84			8596.20
ADJUSTMENTS FOR:						
TRADE AND OTHER RECEIVABLES		539.96	(539.96)		1466.47	(1466.47)
INVENTORIES		1528.53	(1528.53)		379.77	(379.77)
TRADE PAYABLES	1177.29		1177.29	3803.66	-	3803.66
	1177.29	2068.49	(891.20)	3803.66	1846.24	1957.42
CASH GENERATED FROM OPERATIONS			10739.64			10553.62
INTEREST RECEIVED / PAID	234.07	3414.59	(3180.52)	162.42	3087.39	(2924.97)
DIRECT TAXES PAID	-	614.15	(614.15)	-	343.44	(343.44)
DEFERRED REV. EXP. WRITTEN OFF	-		-	4101.76		4101.76
CASH FLOW BEFORE EXTRAORDINARY ITEMS			6944.97			11386.97
EXTRAORDINARY ITEMS (DECREASE IN RESERVES)		-	-		3101.40	(3101.40)
NET CASH FLOW FROM OPERATING ACTIVITIES			6944.97			8285.57
B. CASH FLOW FROM INVESTING ACTIVITIES:						
SALE / PURCHASE OF FIXED ASSETS	-	4412.25	(4412.25)	581.24	5613.22	(5031.98)
DEFERRED REVENUE EXPENDITURE	-	-	-	-	-	-
PURCHASE OF INVESTMENTS	-	-	-	-	-	-
SALE OF INVESTMENTS / REDUCTION	-	-	-	-	-	-
INTEREST RECEIVED	-	-	-	-	-	-
DIVIDEND RECEIVED	-	-	-	-	-	-
NET CASHFLOW FROM INVESTING ACTIVITIES	-	4412.25	(4412.24)	581.24	5613.22	(5031.98)
C. CASH FLOW FROM FINANCING ACTIVITIES						
PROCEEDS FROM ISSUE OF SHARE CAP.	-		-	-		-
EXCHANGE FLUCTUATION ON F.C. LOANS	618.02	-	618.02	-	35.30	(35.30)
REPAYMENT OF FINANCE/LEASE LIABILITIES	-	3901.52	(3901.52)	-	1776.19	(1776.19)
NET CASH FLOW FROM FINANCING ACTIVITIES	618.02	3901.52	(3283.50)	-	1811.49	(1811.48)
NET INCREASE IN CASH AND CASH EQUIVALENTS			(750.77)			1442.11
CASH AND CASH EQUIVALENTS AS AT 01.04.08 (OPENING BALANCE)			2656.68			1214.57
CASH AND CASH EQUIVALENTS AS AT 31.03.09 (CLOSING BALANCE)			1905.91			2656.68

CERTIFICATE

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 Profit and Loss Account and Balance Sheet.

For Brahmayya & Co.,

Chartered Accountants
Sd/-

B.DAIVADEENAM REDDY
Partner

Place : Hyderabad

Date : 02.05.2009

for and on behalf of the Board

Sd/-

T.G.VENKATESH
Chairman and Managing Director