

# 34<sup>th</sup> Annual Report 2015-16



**Sree Rayalaseema Alkalies  
and Allied Chemicals Limited**



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### BOARD OF DIRECTORS

Sri T.G. Venkatesh  
Chairman

Sri G. Krishna Murthy

Sri B. Srinivasa Rao  
(Nominee of IDBI)

Sri P.N. Vedanarayanan

Sri O.D. Reddy (upto 13.10.2015)

Sri K. Karunakar Rao  
Executive Director & CEO

Sri N. Jesvanth Reddy  
Executive Director (Technical)

Sri Gopal Krishan  
Executive Director (Technical)

Smt. V. Surekha

Sri J. Nagabhushanam (from 10.07.2015)

Dr M. Asha Reddy (from 29.01.2016)

### CHIEF GENERAL MANAGER & COMPANY SECRETARY

Sri V. Radhakrishna Murthy

### CHIEF FINANCIAL OFFICER

Sri C. Rajesh Khanna

### BANKERS

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

### SECRETARIAL AUDITOR

Sri C. Sudhir Babu  
M/s. CSB Associates  
3-6-481, Above Vijaya Bank  
Street No.6, Himayat Nagar  
Hyderabad - 500 029 (T.S)

### AUDITORS

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

### REGISTERED OFFICE & FACTORY

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

### CORPORATE OFFICE

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

### REGISTRAR & SHARE TRANSFER AGENT

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

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NOTICE

NOTICE is hereby given that the 34<sup>th</sup> Annual General Meeting of the Members of SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED (CIN:L24110AP1981PLC003077) will be held at the Registered Office of the Company at the Factory Premises, Gondiparla, Kurnool - 518 004 (A.P.) on Tuesday, the 27<sup>th</sup> September, 2016 at 4.35 P.M. to transact the following business :

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2016 and the Statement of Profit and Loss for the year ended as on that date together with the Reports of Directors and the Auditors attached thereto.
2) To appoint a Director in place of Sri T.G. Venkatesh, who retires by rotation and being eligible offers himself for re-appointment.
3) To appoint a Director in place of Smt V. Surekha, who retires by rotation and being eligible offers herself for re-appointment.
4) To declare Dividend on Cumulative Redeemable Preference Shares (CRPS).

RESOLVED THAT on consideration of Board of Directors proposal dtd.12.04.2016 on the recommendation of Audit Committee meeting dt.12.04.2016 the members approval is hereby accorded for declaration and payment of dividend on Cumulative Redeemable Preference Shares (CRPS) @ 0.01% per year for 14 years (accrued dividend from 01.04.2002 to 31.03.2015 and current year dividend from 01.04.2015 to 31.03.2016) to the shareholders who are holding CRP Shares as on Record date 19.09.2016."

- 5) To ratify Auditor's appointment and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following as an Ordinary Resolution.

RESOLVED THAT pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder and in terms of Audit Committee recommendation dt.30.07.2014, Board resolution dtd.30.07.2014 and also pursuant to the Resolution passed by the Members at the AGM held on September 25, 2014, the appointment of M/s. Brahmayya

& Co, Chartered Accountants as the Auditors of the Company to hold office till the conclusion of the AGM to be held in the Calendar year 2017 (3 consecutive years term-subject to Members' ratification at each AGM) be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2017 as may be determined by the Audit Committee in consultation with the Auditors."

SPECIAL BUSINESS:

- 6) Appointment and Remuneration of Cost Auditor.

To approve the appointment and remuneration payable to the Cost Auditors for the financial year ending March 31, 2017 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolutions as an Ordinary Resolution.

RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the appointment of M/s. Aruna Prasad & Co. (Regn. No. 100883) Proprietrix: Aruna Prasad as Cost Auditors of the Company by the Board of Directors of the Company in its meeting held on 12.04.2016 on a remuneration of Rs.1,25,000/- + Service Tax and reimbursement of out of pocket expenses, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2017, be and is hereby ratified.

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

- 7) Appointment of Dr. M. Asha Reddy as Independent Director.

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

RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory



modification(s) of re-enactment thereof for the time being in force) and Regulation 17 & 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, Dr. M. Asha Reddy, who was appointed as Additional Director in the Board Meeting held on 29.01.2016 in respect of whom the Company has received a Notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 2 (Two) consecutive years for a term upto the conclusion of the 36<sup>th</sup> Annual General Meeting of the Company in Calendar year 2018.”

**8) Creation of Security in favour of The South Indian Bank Ltd.,**

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

“**RESOLVED THAT** the consent of the members accorded to the Company in terms of Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013 to mortgage and / charge by the Board of Directors of the Company of all the movable and immovable properties of the Company situated at wheresoever except assets of KOH plant, Fatty Acids plant, assets of Chloromethane plant wheresoever situate, present and future, and the whole of undertaking of the Company and together with power to take over the management of the business and concern of the Company in certain events, to or in favour of The South Indian Bank financial assistance of Rs.7.54 Crores for creation of first pari passu charge in place of existing second pari passu charge.”

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

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

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

Act, 2013 to mortgage and / charge by the Board of Directors of the Company of all the movable and immovable properties of the Company(except Assets of Chloromethanes Plant) and including the assets of Fatty Acid and KOH Plant at Gondiparla and on the assets of Bellary Power Plants wheresoever situate, present and future, and the whole of undertaking of the Company together with power to take over the management of the business and concern of the Company in certain events, to or in favour of M/s IFCI Limited for creation of first pari passu charge for their Corporate Term Loan of Rs.45 Crore (Forty five crore) together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, costs, charges, expenses and other monies payable by the company to the Lenders under their Loan Agreement in respect of the said Corporate Term Loan.”

**10) Re-appointment of Executive Director (Finance & Commercial) and Fixation of Remuneraton.**

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

“**RESOLVED THAT** pursuant to Section 196, 197 and 198 and Companies Rules, 2014 read with Schedule-V and other applicable provisions, if any, of the Companies Act, 2013 and any amendments thereof from time to time subject to required statutory approvals as may be necessary, the Members of the Company hereby ratify the Board approval for Re-appointment of Sri K. Karunakar Rao as Executive Director (Fin. & Comml.) for a period of two years i.e., from 11.05.2016 to 11.05.2018 in its meeting held on 12.04.2016, upon the recommendation of Nomination and Remuneration Committee Meeting held on 15.03.2016 on the following remuneration.

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



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

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

**11) Re-appointment of Executive Director (Technical) and Fixation of Remuneration.**

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

“**RESOLVED THAT** pursuant to Section 196, 197 and 198 and Companies Rules, 2014 read with Schedule-V and other applicable provisions, if any, of the Companies Act, 2013 and any amendments thereof from time to time subject to required statutory approval as may be necessary, the Members of the Company hereby ratify the Board approval for Re-appointment of Sri N. Jesvanth Reddy as Executive Director (Technical ) for a period of two years i.e., from 11.05.2016 to 11.05.2018 in its meeting held on 12.04.2016 upon the recommendation of Nomination and Remuneration Committee Meeting held on 15.03.2016 on the following remuneration.

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

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

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

By order of the Board

Sd/-

**CS RADHAKRISHNA MURTHY. V**  
**COMPANY SECRETARY**

Place : Hyderabad  
Date : 11<sup>th</sup> July, 2016



NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more Proxies to attend and vote on a poll on his behalf and such proxy need not be a member of the Company. A proxy form is enclosed. Proxy Form in order to be effective duly completed form, must be received by the company at the Registered Office of the company not less than 48 hours before the scheduled time of the Annual General Meeting.
2. Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 is annexed hereto with respect to Special Business.
3. Member/Proxies are requested to produce the attendance Slip at the entrance of the Registered Office duly completed and signed for admission to the meeting hall.
4. Pursuant to Sec.91 of the Companies Act, 2013 and Regulation 42 of SEBI (LODR) Regulations, 2015 the Register of Members and Share Transfer Books of the Company for Equity and C.R.P. Shares will remain closed for 8 (Eight) days i.e. from 20.09.2016 to 27.09.2016 (both days inclusive). 19.09.2016 is the record date for payment of dividend on C.R.P. Shares.
5. Non-resident Indian Shareholders are requested to inform us immediately :
  - a) the change in Residential Status on return to India for permanent settlement.
  - b) the particulars of Bank NRE Account, if not furnished earlier.
6. E-Voting:

The Company is pleased to provide E-Voting facility through Central Depository Services (India) Limited (CDSL) (Pursuant Sec.108 of the Companies Act, 2013 read with Company's (Management & Administration) Rules 2014 and Regulation 44 of the SEBI (LODR) Regulations, 2015) as an alternative , for all members of the Company to enable them to cast their votes electronically on the resolutions mentioned in the notice of 34<sup>th</sup> Annual General Meeting of the Company dated 27<sup>th</sup> September, 2016. The Company has appointed Mr. M. Nirmal Kumar Reddy, B.Com., F.C.A., I.S.A, I.R.M., Practicing Chartered Accountant as the Scrutinizer for conducting the E-voting process in a fair and transparent manner. E-voting is optional.

The E-voting rights of the Shareholders/Beneficial owners shall be reckoned on the Equity / C.R.P. shares held by them as on 19<sup>th</sup> Septemeber, 2016. The instructions for Members for voting electronically are as under:

- (i) The voting period begins on 23.09.2016 at 10.00 A.M. and ends on 26.09.2016 at 5.00 P.M. During this period shareholders' of the company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 19.09.2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The Shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - a. For CDSL : 16 digits beneficiary ID.
  - b. For NSDL : 8 Character DP ID followed by 8 digits Client ID.
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below :

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

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

- Members who have not updated their PAN with the Company /Depository Participant are requested to use the first two letters of their name and 8 digits of the sequence number in the PAN field. In case of no PAN



then use Separate sequence numbers for equity and CRP Shares which are printed on address slip. In case of difficulty call Phone No.040-23313842/27638111.

- In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN filed.

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

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

- i) After entering these details appropriately, click on "SUBMIT" tab.
- ii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password filed. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- iii) For Members holding shares in Physical Form, the details can be used only for e-voting on the resolutions contained in this Notice.
- iv) Click on the EVSN for the relevant SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED on which you choose to vote.
- v) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired.  
The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- vi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- vii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change you vote, click on "CANCEL" and accordingly modify you vote.

- viii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- ix) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- x) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- xi) Note for Non-Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than individuals, HUF, NRI etc.) and Custodians required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- xii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQ") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk@cdslindia.com](mailto:helpdesk@cdslindia.com).

- xiii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30<sup>th</sup> June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.



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

**ITEM NO. 6**

The Board of Directors on consideration of the recommendation of Audit Committee in its meeting held on 12.04.2016 has appointed M/s. Aruna Prasad & Co. (Regn. No. 100883 Proprietrix: Aruna Prasad) as Cost Auditor for the Financial year 2016-17 on a remuneration of Rs.1,25,000/- + Service Tax and reimbursement of out of pocket expenses in its meeting held on 12.04.2016 to conduct Cost Audit of cost records of the Company in compliance of MCA Notification Ref. No. 52/56/CAB-2010, Dated 06.11.2012. As per the provisions of Section 148 of the Act, payment of remuneration and appointment of Cost Auditors needs Members ratification for the action taken by the Board as explained above.

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

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

**ITEM NO. 7**

The Board of Directors of the Company had appointed Dr. M. Asha Reddy as an Additional Director of the Company with effect from 29.01.2016 upon the recommendation of Nomination and Remuneration Committee in its meeting held on 02.11.2015. In terms of Section 161(1) of the Companies Act, 2013 Dr. M. Asha Reddy would hold office upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Dr. M. Asha Reddy for the office of Independent Director of the Company. Dr. M. Asha Reddy is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and given her consent to act as a Director.

The Board commends the Resolution for approval by Members. Save and except the above, none of the Directors

except Dr. M. Asha Reddy / Key Managerial Personnel (K.M.P.)of the Company / their relatives are, in any way, concerned or interested in this Resolution.

Your Directors commend the Resolution for your approval.

**ITEM NO. 8**

The Company has availed Rs.7.54 Crores Soft Term Loan facility to meet its working capital needs sanctioned by The South Indian Bank vide their letter Ref.No.Abids/Gen/108/2015-16 dtd.27.06.2015. For this facility the company has earlier created second pari passu charge in favour of The South Indian Bank. Subsequently, The South Indian Bank vide their letter Ref. No. HO:CD(CS):SP:HYD:BR:II:2035:2015-16 dtd.16.09.2015 has requested the company for change of the security from second pari passu to first pari passu on assets of the company as clearly mentioned in the Resolution. To give effect to the change in security coverage shareholder's approval by way of Special Resolution is required pursuant to Section 180(1) (a) of the Companies Act, 2013.

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

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

**ITEM NO. 9**

The company has approached M/s. IFCI Limited to providing financial assistance to meet long term Working Capital needs of the Company. On consideration of Company's application favourably, M/s. IFCI Limited has sanctioned Rs.45 Crores Corporate Term Loan vide their sanction letter, Ref.No.IFCI/HRO/SRAACL/2016-2109A dtd.30.06.2016. In terms of the sanction letter, the Company has to provide security to M/s. IFCI Limited as clearly mentioned in the Resolution on the Assets of the Company.

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

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





**ITEM NO. 10**

Shareholders may be aware that earlier approval for Re-appointment of Sri K. Karunakar Rao as Executive Director (Fin. & Coml.) in the Annual General Meeting held on 07.08.2013 has expired on 11.05.2016. In view of the increased operations of the Company and implementation of future plans, and on consideration of Nomination and Remuneration Committee recommendation, dated 15.03.2016, the Board has re-appointed Sri. K. Karunakar Rao as Executive Director (Fin. & Coml.) in its meeting held on 12.04.2016 subject to Shareholders' approval in the Annual General Meeting on remuneration as explained in the Resolution.

Your Directors commend the resolution for your approval and ratification.

None of the Directors / Key Managerial Personnel (K.M.P.) / their relatives except Sri K. Karunakar Rao interested in this Special Resolution.

**ITEM NO. 11**

Share holders may be aware that earlier approval for Re-appointment of Sri N Jesvanth Reddy as Executive Director (Technical) in the Annual General Meeting held on 07.08.2013 has expired on 11.05.2016. In view of the increased operations of the Company and implementation of future plans and on consideration of Nomination and Remuneration Committee recommendation dated 15.03.2016,

the Board has re-appointed Sri N. Jesvanth Reddy as Executive Director (Technical) in its meeting held on 12.04.2016 subject to Shareholders' approvals in the Annual General Meeting on remuneration as explained in the Resolution.

Your Directors commend the Special Resolution for your approval and ratification.

None of the Directors/Key Managerial Personnel (K.M.P.) / their relatives except Sri N. Jesvanth Reddy is interested in this special Resolution.

**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".

Sl.No.	Name of the Director	Sri T.G. Venkatesh	Smt. V. Surekha	Dr M. Asha Reddy
1.	Date of Birth	May 16, 1950	April 16, 1970	April 18, 1969
2.	Date of Appointment	September 25, 2014	September 25, 2014	January 29, 2016
3.	Experience in Specific areas	More than 40 years in the field of Chemicals and Paper Industry	More than 15 years as Company Secretary	More than 15 years experience in teaching & dental practice
4.	Qualifications	B.com., CA (Articleship)	B.Com., A.C.S.	M.D.S. (Masters in Dental Surgery)
5.	Shareholding in the Company	303848 Equity Shares	Nil	Nil
6.	Directorships in other Public Ltd. Companies	Nil	Nil	Nil
7.	Membership in other Public Ltd. Company/committees	Nil	Nil	Nil

By Order of the Board

Place :Hyderabad  
Date : 11<sup>th</sup> July, 2016

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



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### DIRECTORS' REPORT

#### Dear Members, (Equity & CRP Shareholders)

Your Directors' have pleasure in presenting the Annual Report and the Audited statements of Accounts of the Company for the year ended 31<sup>st</sup> March, 2016.

#### Operations

The turnover for the year under review is Rs.86556 lakhs as compared to Rs.83784 lakhs in the previous year. The 3.31% marginal increase is on account of the following changes in respective Divisions performance.

#### Division / Segment Wise Operations

The Caustic unit has produced 139536 MTs of Caustic Soda as against 141336 MTs for the previous year representing a marginal decrease of 1%. As against net sales of Rs.42627 lakhs for previous year, the current year sales comes to Rs. 40582 lakhs representing a decrease of 5%.

The Potassium plant has produced 17249 MTs of Potassium Hydroxide as against 11508 MTs for the previous year representing an increase of 50%. As against net sales of Rs. 8877 lakhs for previous year, the current sales comes to Rs.11989 lakhs representing an increase of 35% which is attributed to favourable market and better performance.

As regards Chloromethanes Plant the company has declared 26/03/2016 as the commercial production starting date. During the short period of 6 days in the financial year the plant has produced 84 MT of Methylene Chloride, Chloroform. Full effects of the plant operation will be experienced in the next year 2016-17.

The Castor Oil Plant has processed 9583 MTs of oil as against 11709 MTs for the previous year representing a decrease of 19%. As against net sales of Rs.11200 lakhs for the previous year, the current year sales stood at Rs.9012 lakhs representing a decrease of 20%, which is mainly attributed to adverse market.

The Fatty acid plant has processed 26842 MTs for the current year as against 18852 MTs for the previous year representing an increase of 42%. The net sales of this plant has increased from Rs.11102 lakhs to Rs.14420 lakhs representing an

increase of 30%, which is mainly attributed to favourable market and better performance.

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

The Wind Farm at Ramagiri has generated 28.90 lakh/KWH power in the current year as against previous year generation of 25.91 lakh/KWH representing an increase of 12% when compared to previous year. The power generated in the farm is wheeled through State Grid to the Company for captive use. The generation of Power depends upon Wind velocity.

#### Outlook For The Current Year

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

### FINANCIAL RESULTS

### YEAR ENDED

(Rs. In lakhs)

	31.03.2016	31.03.2015
Profit before Finance Costs & depreciation	11221.28	10724.94
Less: Finance Cost	3810.47	3339.51
Profit before Depreciation	7410.81	7385.43
Less: Depreciation	3546.61	3643.19
Profit (Loss) before Exceptional items and Tax	3864.20	3742.24
Less: Exceptional items	-	-
Profit/Loss Before Tax	3864.20	3742.24
<b>Tax Expense:</b>		
Less: - Current Tax	763.10	696.35
- Deferred Tax	80.16	247.52
Profit for the period from continuing operations	3020.94	2798.37
Less : Loss from discounting operations	579.23	583.22
Profit for the period	2441.71	2215.15
Less: Dividend and Dividend Tax on Preference Shares	3.21	-
Add: Balance Carried from Previous year	3579.75	2864.60
Profit available for Appropriation	6018.25	5079.75
Less: Transfer to General Reserve	1500.00	1500.00
Surplus carried to Balance Sheet	4518.25	3579.75



Profit for the Current year at Rs. 2438.50 Lakhs shows an increase of 10% compared to previous year Profit of Rs.2215.15 Lakhs. The increase in Profit is on account of better performance and absence of exceptional items and reduction in loss from discontinued operations.

#### Dividend

#### Cumulative Redeemable Preference Shares (CRPS)

The Board of Directors recommended the declaration & payment of accrued Dividend (2002-03 to 2014-15) and current Year dividend (2015-16) @ 0.01 % per year on Cumulative Redeemable Preference Shares.

#### Equity Shares

In view of liquidity constraints and future plans your Directors have not recommended any dividend on Equity Shares.

#### Capital Expenditure

During the year the Company has incurred an amount of Rs.13231.71 Lakhs on Capital Expenditure which is mainly towards Chloromethanes Project and other normal capital expenditure. The funds required for the above is met from Term loans and internal accruals.

#### Safety and Environment Protection

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

#### Commercial Production of Chloromethanes Project

The Key Managerial Personnel (KMP) Committee has decided 26<sup>th</sup> March, 2016 as the starting date of commercial production of Chloromethanes Project. Your Directors are optimistic about the performance of the unit which certainly uplift the overall performance by its contribution.

#### Listing Fees

The Company has paid Listing Fee for the year 2016-17 to Bombay Stock Exchange vide its letter dtd. 19.04.2016.

#### PREFERENTIAL ALLOTMENT

- 1) Preferential allotment of Convertible Share Warrants:** After obtaining Shareholders approval in the Annual General Meeting held on 16.09.2015 and on receipt of in-principle approval from BSE vide their letter Ref No. DCS/PREF/MN/FIP/643/2015-16 dt. 06.01. 2016, the Board Allotment Committee in its meeting held on 13.01.2016 has allotted 1,30,95,272 Convertible Share Warrants (1<sup>st</sup> Tranche - 41,43,202; 2<sup>nd</sup> Tranche - 43,61,265; 3<sup>rd</sup> Tranche - 45,90,805) in 3 Tranches to M/s. Brilliant Industries Private Ltd being one of the Promoter Group Company at an issue price of Rs.17.02 per warrant in pursuance to SEBI (ICDR) Regulations 2009.
- 2) Allotment of Equity Shares on Conversion of 1<sup>st</sup> Tranche Warrants :** 1<sup>st</sup> Tranche Convertible Share Warrants were converted into 41,43,202 Equity Shares in the ratio of 1:1 by the Board in its meeting held on 29.01.2016. The Company has obtained Trading approval for the said shares from BSE vide their letter DCS/PREF/MN/FIP/2944/2016-17 dtd.27.05.2016 and the same were credited to the Allottee M/s. Brilliant Industries Private Limited in Demat mode by NSDL vide their letter dtd. 13.05.2016 with lock-in provision upto 21.06.2019.

#### 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 31.3.2016.

#### Directors and Key Managerial Personnel

Sri T. G. Venkatesh (DIN : 00108120) and Smt V. Surekha (DIN : 06953161) are retiring by rotation at the ensuing Annual General Meeting (A G M) being eligible for re-election, they have given their consent for re- election. Sri O.D. Reddy (DIN : 00101729) has resigned as Director from the Board to be effective from 13.10.2015 due to his ill health. Subsequently on 30.10.2015 he succumbed to death after great fight. The Board of Directors has appreciated his contribution during his tenure as Director on the Board for the growth of the company.

Dr. M. Asha Reddy (DIN : 07328122) has been co-opted as Additional Director on the Board of the company on 29.01.2016



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

upon the recommendation of Nomination and Remuneration Committee meeting held on 02.11.2015 whose term will expire on the date of this Annual General Meeting. The Company has received necessary deposit from a shareholder proposing Dr. M. Asha Reddy as independent Director for a term of 2 years.

Sri T.G. Venkatesh has submitted his resignation for the post of Managing Director to be effective from the closing hours of 31.05.2016 due to his pre-occupation. He continues to be Non-Executive Chairman and Director on the Board of the Company.

Appropriate resolutions are placed in the notice of Annual General Meeting for members approval.

### Industrial Relations

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

### Energy Conservation Technology Absorption and Foreign Exchange Earnings and Outgo

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

### Directors' Responsibility Statement

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

### Corporate Governance – Regulation 17 read with Schedule II of SEBI (LODR) Regulations, 2015.

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

### Management Discussion and Analysis Report

Further to comply with Regulation 34 (2) (e) Schedule -V of SEBI (LODR) Regulations, 2015. "Management Discussion and Analysis" has been given as "**Annexure - E**" to the Directors' Report.

### Auditors

M/s. Brahmayya & Co., Chartered Accountants, Adoni were appointed as Statutory Auditors for a term of 3 years upon the recommendation of Audit Committee in its meeting held on

30.07.2014 by the Board in its meeting held on 30.07.2014 subject to the Members' ratification every year to comply with the provisions of Section 143 of the Companies Act, 2013. Accordingly, a Resolution for ratification by the Members placed in the notice of this AGM which will be effective upto the next AGM.

### Cost Audit

Products manufactured by the Company are coming under Central Govt. order Letter Ref. No. 52/26/CAB-2010 dated 06.11.2012. To comply with statutory provisions, Cost Audit Report has been filed in Form-CRA-4 in XBRL format vide SRN: S 41675612 dt.15.10.2015 with MCA portal for the financial year 2014-15.

### Audit Committee

An Audit Committee continues to function to comply with provisions of Regulation 18 of SEBI (LODR) Regulations, 2015 and other statutory provisions. The Audit Committee was reconstituted on 29.01.2016 with the following members Sri Badri Srinivasa Rao, Sri G. Krishna Murthy and Dr. M. Asha Reddy as members with Sri P.N. Vedanarayanan as Chairman of the Audit Committee.

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

There are no material changes which are to be affected to the financial position of the company according to the information provided by the Management to the Board between the date of Financial year and the date of its Report.

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

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

The Company Manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company's



management systems, organisational structures, processes, standards, code of conduct and behaviors together form the Management and business of the Company.

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

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

The Company has taken various Corporate Social Responsibility (CSR) activities around the Factory site since its inception. The Company has taken appropriate steps to the possible extent to implement CSR activities for the development of areas surrounding the Company in particulars and other areas in general. Since its inception, a well documented CSR Policy has been drafted by a Team of Senior Executives of the Company and the same was approved by the Board in its meeting held on 12.04.2016. For the financial year ending 31.03.2016, the Company has to spend Rs.60.72 Lakhs as against this the Company has spent Rs.60.40 Lakhs. The marginal short fall in CSR expenditure (Rs.32,000/-) will be covered during the financial year 2016-17. The CSR activities implementation will be a continuous process as far as the Company is concerned and the Team of Senior Executives taking all necessary steps for its implementation under the guidance of C.S.R. Committee. A Board sub-committee has been formed by the Board on 26.05.2014 under the name "Corporate Social Responsibility Committee to monitor the implementation of C.S.R. activities. The CSR Committee was reconstituted by the Board in its meeting held on 29.01.16. Sri G. Krishna Murthy is the Chairman and Sri K. Karunakar Rao and Sri Gopal Krishan are the members of the committee.

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

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

- Not applicable - .

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

During the course of its business, the Company is dealing with the Group Companies and other entities which are

Related Parties pursuant to the Section 188 of the Companies Act, 2013, Accounting Standard 18 and SEBI (LODR) regulations, 2015 for Sale, Purchase, Lease Rental Transactions, services availed / provided and monetary values of its transactions are mentioned in Notes to Accounts. All the related party transactions are entered with prior approval of the Board and Audit Committee. Audit Committee will give Omnibus approval on yearly basis and actual related party transactions are submitted to the Audit Committee and Board on quarterly basis. Details of these transactions are given in Form AOC-2 as an "Annexure-EA" to this report to comply with provisions of Companies Act, 2013. All the Related party transactions were on arms-length basis.

**Explanation or comments on qualifications, reservations or adverse remarks or disclaimers made by the Auditors and the Secretarial Auditor in their Reports**

Statutory Auditors of the Company and the Secretarial Auditor, who have conducted statutory audit and Secretarial Audit, have not made any adverse comments on the activities of the Company for the financial year 2015-16.

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

The Nomination and Remuneration Committee has been re-constituted by the Board in its meeting held on 29.01.2016 to ensure the appointment of persons having wide exposure in their fields, having independence as defined in the Act to be available for appointment as Director. The Committee always keeps a list of eminent persons having independence available for Company's requirement depending upon vacancy on the Board. As regards remuneration payable to whole-time Directors including Chairman and Managing Director, the Board will take collective decision within the parameter of various statutes including Companies Act, 2013 and the provisions of SEBI (LODR) Regulations, 2015. The Committee will follow the Company's policy to discharge its duties whenever necessity arises. It will not be out of place to mention that the set policy being followed since inception of the Company to ensure transparency.

**Internal Financial Controls**

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

**Secretarial Auditor**

The Board in its meeting held on 13.06.2016 has appointed M/s. CSB Associates represented by Sri C. Sudhir Babu as Secretarial Auditor for the year 2015-16. Secretarial Audit



Report for the year ending 31.03.2016 has been Annexed to the Directors' Report as "**Annexure – I**" to comply with statutory provisions of the Companies Act, 2013 and other applicable provisions of other Acts. The Secretarial Auditor Report does not contain any qualification, reservation or adverse remark.

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

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

**Subsidiaries, Joint Ventures and Associate Companies**

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

**Declaration of Independent Directors**

The Company has received the necessary declaration from each Independent Director in accordance with the provisions of Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

**Evaluation**

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

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

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

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

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

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

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

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

**Vigil Mechanism**

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the provisions of Regulation 22 of SEBI (LODR) Regulations, 2015 includes an Ethics and Compliance Task Force comprising Senior Executives of the Company. Protected disclosures can be made by a whistle blower through an e-mail or a letter to the Task Force or to the Chairman of the Audit Committee. The Policy on Vigil Mechanism and whistle blower policy may be accessed on the Company's website at the link: <http://www.tgvgroup.com>.

**Provision of voting rights to Equity and CRP Shareholders**

Pursuant to Section-47 of the Companies Act, 2013 voting rights have been provided to Equity Shareholder as well as CRP Shareholder to cast their votes on all the Resolutions placed in the notice.

**Acknowledgement**

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

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

On behalf of the Board of Directors

Sd/-  
Place : Hyderabad **CA K. KARUNAKAR RAO**  
Date : 11<sup>th</sup> July, 2016 Executive Director & CEO



ANNEXURE 'A' TO THE DIRECTORS' REPORT

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

**A. Conservation of Energy**

- VFD installed for boilers, D.D and PA Fans to reduce power consumption.
- In addition to existing 14 Nos., HT capacitor banks, 4 nos., (4416 KVAR AR) HT capacitor banks are installed to improve the power factor from 0.994 to 0.998.
- CTMM meshes are replaced in DD 350 elements in place of old high voltage CTMM meshes during the financial year to reduce power consumption.
- Existing 3 Nos., of caustic soda evaporation plants, stream traps are converted in to trap losses system thereby reducing steam trap losses.

**FORM – A**

Disclosure of Particulars with respect to conservation of energy	Current Year 31.03.2016	Previous Year 31.03.2015
<b>a. Power and Fuel Consumption :</b>		
<b>1. Electricity :</b>		
a) i) Electricity from APSPDCL Units (KWH) Total Amount (Rs. In lakhs) including FSA charges) Rate/Unit (Rs.)	<b>390001066</b> <b>23293.07</b> <b>5.97</b>	337315719 19357.87 5.74
ii) Electricity from APGPCL Units (KWH) Total Amount (Rs. In lakhs) Rate/Unit (Rs.)	<b>9840804</b> <b>417.15</b> <b>4.24</b>	9166499 380.77 4.15
iii) Electricity from IEX Units(KWH) Total Amount (Rs. in lakhs) Rate / Unit (Rs.)	<b>10114328</b> <b>346.84</b> <b>3.43</b>	34255329 1277.16 3.73
b) Own Generation :		
i) Through Wind farm Units(KWH) Cost/Unit (Rs.)	<b>2890028</b> <b>2.53</b>	2590596 2.58
ii) Through Co-Gen plant Units(KWH) Cost/Unit (Rs.)	<b>10785100</b> <b>2.96</b>	25513100 6.40
2. Coal :		
Quantity (MT) Total amount (Rs. In lakhs) Average Rate (Rs./MT)	<b>140547</b> <b>4274.97</b> <b>3042</b>	150453 4967.36 3302
3. Husk :		
Quantity (MT) Total amount (Rs. In lakhs) Average Rate (Rs./MT)	<b>5706</b> <b>148.87</b> <b>2609</b>	7819 202.65 2592
4. Fuel Oil :		
Qty (KL) (consist of HSD & FO) Total Amount (Rs. In lakhs) Average Rate (Rs./MT)	<b>204</b> <b>60.93</b> <b>29896</b>	262 116.82 44535
<b>b. Consumption per MT of Caustic Soda Lye Production :</b>		
No. of Units (KWH) (AC Power)	<b>2414</b>	2438



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### B. Technology Absorption

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

#### FORM – B

### Research and Development (R & D)

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

- Lab scale trials are carried out in our R&D centre to reduce the particle size of barium sulphate in order to meet the specific industry requirement by varying process parameters. The results are encouraging and the same will be implemented in the plant.
- Majority of the Pharma sector customers requires high solubility of Potassium carbonate We have optimized the process parameters to improve the solubility.

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

- By reducing the particle size of Barium sulphate additional market created to cater Paint and Pigment sectors.
- By improving the solubility of Potassium carbonate the requirements of Pharma sector are fulfilled.

#### 3. Future Plans

- To develop Stabiliser in plant to meet the requirement of Chloromethanes products.

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

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

### C. Foreign Exchange Earnings and Outgo

a) Activities relating to exports; initiatives taken to increase exports, development of new export markets for products and services, and export plans:

- i) Exported Hydrogenated Castor Oil, 12 Hydroxy Stearic Acid, Caustic Potash and planning to enlarge exports by increasing export quantity and exploring export possibility for other products.

b) Total Foreign Exchange used and earned **(Rs. in lakhs)**

- i) Foreign Exchange used 8378.23
- ii) Foreign Exchange earned 5889.69





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

**Directors' Responsibility Statement**

**Yours Directors Further Confirm that**

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

On behalf of the Board of Directors  
Sd/-

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

Place : Hyderabad  
Date : 11<sup>th</sup> July, 2016

**ANNEXURE 'C' TO THE DIRECTORS' REPORT**

**Report On Corporate Governance**

The Management of SRAAC Ltd., hereby confirm and certify that the relevant provisions of SEBI (LODR) Regulations, 2015 dealing with "Corporate Governance" as amended from time to time by SEBI and BSE have been complied for the year 2015-16. The Corporate Governance compliance details are furnished hereunder:

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

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

**(2) Policies :**

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

**(3) Related Party Transaction Policy:**

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

**(4) Policies & Code as per SEBI Insider Trading Regulations:**

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

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



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### (5) Familiarisation Program for Independent Directors :

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

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

### (6) Board Procedure :

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

### (7) Board of Directors :

The Composition of the Board is in compliance with the guidelines given in SEBI (LODR) Regulations, 2015. The Board comprises of Ten Directors and majority of Directors are independent/nominee Directors. Except three Executive Directors and Chairman & Managing Director, the other Directors are non-Executive Directors. The day-to-day management of the Company is conducted by one Executive Director & CEO and two Executive Directors (Technical) under the co-ordination of CMD subject to the superintendence and control of the Board of Directors. The details of Directors attending the Meetings and Date of the Meetings are further furnished hereunder :

S. No.	Name of Director	Category	F.Y. 2015-16 attendance at		As on 31 <sup>st</sup> March, 2016		
			BM	Last AGM	No. of Directorship	Committee Positions	
						Chairman	Member
1.	Sri T.G.Venkatesh	Chairman & Managing Director	5	Yes	-	-	-
2.	Sri B. Srinivasa Rao	Director (IDBI Nominee)	5	No	-	-	1
3.	Sri P.N. Vedanarayanan	Director (Independent)	5	No	-	2	-
4.	Sri G. Krishna Murthy	Director (Independent)	3	No	-	4	2
5.	Sri O.D. Reddy (upto 13.10.2015)	Director (Independent)	3	Yes	1	-	-
6.	Sri .J. Nagabhushanam (from 10.07.2015)	Director (Independent)	4	Yes	5	-	2
7.	Smt. V. Surekha	Director	5	No	-	-	-
8.	Dr. M. Asha Reddy (from 29.01.2016)	Additional Director	1	No	-	-	3
9.	Sri K. Karunakar Rao	E.D. (Fin.&Comm.,)	5	Yes	-	-	-
10.	Sri N. Jesvanth Reddy	E.D. (Technical)	5	Yes	-	-	-
11.	Sri Gopal Krishan	E.D. (Technical)	5	Yes	-	-	1

During the financial year ended 31<sup>st</sup> March, 2016, Five Board Meetings were held on (1) 07.05.2015 (2) 10.07.2015 (3) 17.08.2015 (4) 13.10.2015 and (5) 29.01.2016 respectively.



**(8) Audit Committee :**

The composition of the Audit Committee is in accordance with the Regulation 15 of SEBI (LODR) Regulation, 2015 dealing with Corporate Governance guidelines and the provisions of Sec.177 of the Companies Act, 2013. The main terms of reference of the Audit Committee are;

1. Oversight of the Company's financial reporting process to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board with regard to appointment, re-appointment, fixation of fees etc. of Statutory Auditors, Cost Auditors etc.
3. Reviewing with management the annual Financial Statement before submitting to the Board with particular reference to Directors Responsibility statement, Changes in Accounting Policies, major accounting entries involving estimates, compliance with other Listing Agreement, disclosure of other related party transactions.
4. Qualifications in draft Audit Report.
5. Reviewing with management quarterly financial statements.
6. The adequacy of internal audit functions.
7. Discussion with statutory auditors before the audit commences.
8. Reviewing the findings of any investigations by the internal auditors etc.
9. Appointment of CFO.
10. Omnibus Approval to related party transaction at the beginning of the year and review of quarterly actual related party transactions and recommendation of the same to the Board for its approval.

In addition to quarterly and yearly Un-audited/Audited financial results the Committee deliberate upon the relevant matters mentioned in SEBI (LODR) Regulations, 2015, Companies Act and Cost Audit Report Rules etc. The Committee is headed by Sri P.N. Vedanarayanan, the Senior most independent Director. Majority of the committee members are independent Directors or Nominee Directors of Financial Institutions viz., IDBI. The Audit Committee was reconstituted by the Board in its meeting held on 29.01.2016 with the following Directors as its members (1) Sri P. N. Vedanarayanan, Chairman (2) Sri Badri Srinivasa Rao, Member (2) Sri G. Krishna Murthy, Member, (4) Dr. M. Asha Reddy, Member.

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

Sl. No.	Name of the Director	Designation	No. of Meetings	
			Held	Attended
1.	Sri P.N. Vedanarayanan	Chairman	4	4
2.	Sri G. Krishna Murthy	Member	4	3
3.	Sri O.D. Reddy (upto 13.10.2015)	Member	3	2
4.	Sri Badri Srinivasa Rao	Member	4	4
5.	Dr. M. Asha Reddy (from 29.01.2016)	Member	1	1

During the financial year ended 31<sup>st</sup> March, 2016, Four Board Audit Committee Meetings were held on (1) 07.05.2015 (2) 10.07.2015 (3) 13.10.2015 and (4) 29.01.2016 respectively.

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

The Nomination and Remuneration Committee was reconstituted by the Board in its Meeting held on 29.01.2016 with the following Directors as its members. The committee comprises of the following Directors as its members (1) Sri G. Krishna Murthy, Chairman (2) Sri J. Nagabhusanam, Member and (3) Dr. M. Asha Reddy, Member.

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



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

To review the actions taken by the company in relieving Investor’s Grievances and its response to Stock Exchange, SEBI and other related Government correspondence Stakeholders Relationship Committee and Shareholders/Investors Grievance Committee was reconstituted by the Board on 29.01.2016. The details of the committee meetings and composition are detailed hereunder

S. No.	Name of the Director	Designation	No. of Meetings	
			Held	Attended
1.	Sri P.N. Vedanarayanan	Chairman	4	4
2.	Sri G. Krishna Murthy	Member	4	4
3.	Sri O.D. Reddy (upto 13.10.2015)	Member	2	2
4.	Dr. M. Asha Reddy (from 29.01.2016)	Member	1	1

During the financial year ended 31<sup>st</sup> March, 2016, Four Stakeholders Relationship Committee and Shareholders / Investors Grievance Committee Meetings were held on (1) 10.04.2015 (2) 06.07.2015 (3) 05.10.2015 and (4) 11.01.2016 respectively.

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

No. of Investor Queries/complaints received in the year 2015-16	Pending at the end of the year	No. of pending Share Transfers
13	Nil	Nil

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

**(11) General Body Meetings :**

The last three Annual General Meetings were held as follows :

Financial Year	Day & Date	Time	Venue
2012-13	Wednesday, 07.08.2013	3.15 P.M.	Regd. Office : Gondiparla, Kurnool
2013-14	Thursday, 25.09.2014	4.00 P.M.	Regd. Office : Gondiparla, Kurnool
2014-15	Wednesday, 16.09.2015	4.00 P.M.	Regd. Office : Gondiparla, Kurnool

All Resolutions moved at the Annual General Meeting for 2012-13 (except AGM for 2013-14, & 2014-15, Resolutions were passed by physical, postal + e-voting to comply with the provisions of the Companies Act, 2013) were passed unanimously by a show of hands by the members attending the meeting. The last Annual General Meeting of the Company was held on 16.09.2015 and it was attended by Sri T.G. Venkatesh, Chairman and Managing Director besides other Directors viz. Sri J. Nagabhushanam, Sri O.D. Reddy, Sri K. Karunakar Rao and Sri N. Jesvanth Reddy.

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

**(a) 2012-13**

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

**(b) 2013-14**

1. Adoption of Articles of Association with regard to changes and modifications in conformity with the Companies Act, 2013.
2. Appointment of Smt. V. Surekha as Woman Director.



3. Appointment of Sri T.G. Venkatesh as Director.
4. Appointment of Sri P.N. Vedanarayanan as Independent Director.
5. Appointment of Sri G. Krishna Murthy as Independent Director.
6. Appointment of Sri O.D. Reddy as Independent Director.
7. Increase in Borrowing Powers under Section 180 (1) (c) of the Companies Act, 2013.
8. Appointment and payment of remuneration to Sri T.G. Venkatesh as Chairman and Managing Director.
9. Appointment and payment of remuneration to Cost Auditors for the financial year 2015-16.

**(c) 2014-15**

1. Increase in Authorised Capital.
2. Alteration of Capital Clause of Memorandum of Association.
3. Alteration of Articles of Association.
4. Appointment of Sri Gopal Krishan as Rotational Director to pass the following as on Ordinary Resolution.
5. Appointment of Sri.J.Nagabhushanam as an Independent Director.
6. Payment of Remuneration to Sri Gopal Krishan, Executive Director ( Technical ).
7. Upward Revision of Remuneration to (1) Sri K. Karunakar Rao, Executive Director (Fin.& Comml.) & CEO and (2) Sri N. Jesvanth Reddy, Executive Director (Technical).
8. Proposal for allotment of Convertible Share Warrants to Brilliant Industries Private Ltd on Preferential basis.
9. Creation of Security in favour of Bank and Financial Institutions.
10. Creation of Security in favour of Bank and Financial Institutions for providing financial assistance to Chloromethanes Project.
11. To provide security in favour of M/s. IFCI Limited.
12. Appointment and Remuneration of Cost Auditor

**(12) Disclosures :**

None of the transactions with any of the related parties were in conflict with the interests of the Company at large. The details of related party transactions are furnished under Point No.24.10 - Notes to Accounts of Balance Sheet and Statement of Profit & Loss to comply with Accounting Standard 18. The company has not received any notices from Stock Exchange or SEBI regarding non compliance of statutory provisions. The Company is complying with all mandatory requirements stipulated in SEBI (LODR) Regulations, 2015.

**(13) Means of Communication :**

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

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



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### (14) General Shareholder Information :

- a) **AGM Date, time and Venue** : Tuesday, the 27<sup>th</sup> September, 2016 at 4.35 P.M at Regd. Office : Gondiparla, Kurnool - 518 004 (A.P).
- b) **Tentative Financial Calendar** : The next financial year covers the period from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017
- Un-Audited Financial results for** : First Quarter - July / August, 2016  
Second Quarter - October / November, 2016  
Third quarter - January / February, 2017  
Fourth quarter - April / May, 2017
- c) **Book Closure period** : From 20.09.2016 to 27.09.2016 (both days inclusive)
- d) **Dividend payment date** : Equity : N.A.; CPRS : Applicable - October 25, 2016
- e) **The Shares of the Company is listed on** : Bombay Stock Exchange Limited, Mumbai.  
ISIN No : INE 284B01028, SCRIP CODE : 507753 for EQUITY SHARES  
ISIN No : INE 284B04014, SCRIP CODE : 700102 for C.R.P.S

### f) Market Price Data: The Monthly High And Low of Stock Quotations during the Financial Year 2015-16.

MONTH & YEAR	EQUITY SHARES		C.R.P.S	
	HIGH (Rs.)	LOW (Rs.)	HIGH (Rs.)	LOW (Rs.)
April, 2015	15.90	10.50	9.85	6.02
May, 2015	13.90	11.11	9.55	5.64
June, 2015	11.90	10.47	8.39	5.70
July, 2015	20.15	11.11	11.28	5.52
August, 2015	18.75	12.20	12.19	7.36
September, 2015	14.99	12.81	11.90	6.50
October, 2015	17.00	13.00	9.96	7.13
November, 2015	18.75	14.00	9.85	6.55
December, 2015	21.85	15.80	13.50	7.13
January, 2016	22.45	16.20	12.50	6.80
February, 2016	19.00	13.70	11.83	7.77
March, 2016	16.74	14.70	14.27	6.10

### g) Distribution of Shareholding pattern for Equity Shares and CRPS as on 31<sup>st</sup> March, 2016.

S. No.	CATEGORY	EQUITY SHARES		C.R.P.S(*)	
		SHARES	%	SHARES	%
1.	Promoter	43431420	52.41	8448145	44.74
2.	Mutual Funds and UTI	17887	0.02	17887	0.09
3.	Banks, Financial Institution & Insurance Companies	616735	0.74	2424744	12.84
4.	Corporate Bodies	5936092	7.16	1133850	6.00
5.	Indian Public	31641077	38.18	6340188	33.58
6.	NRIs / OCB	1220837	1.47	517518	2.74
	<b>TOTAL</b>	<b>82864048</b>	<b>100.00</b>	<b>18882332</b>	<b>100.00</b>

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



**h) Share Transfer Agents :**

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

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

As on 31<sup>st</sup> March, 2016, out of 82864048 Equity Shares 81195260 No. of Shares were dematerialised (97.99%). Out of 18882332 No. of 0.01% CRP Shares 16650632 (88.18%) 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 Regulation 17 (5) of SEBI (LODR) Regulations, 2015. "Code of Conduct" applicable to (1) Directors (2) Senior Management has been approved by the Board and the same has been placed on the company's website. Copy of the code of conduct circulated to all the concerned and obtained their affirmation.

**DECLARATION BY CEO**

As provided in Regulation 17 (5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Directors and Senior Management personnel have confirmed compliance with code of conduct for the period ended 31.03.2016.

On behalf of the Board of Directors

Sd/-

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

Place : Hyderabad  
Date : 11<sup>th</sup> July, 2016

**l) Plant Location :**

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

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

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

**n) E-mail ID : sralkalies@tgvmil.net**

On behalf of the Board of Directors

Sd/-

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

Place : Hyderabad  
Date : 11<sup>th</sup> July, 2016



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

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

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

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

To

The Members of

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

**(CIN: L24110AP1981PLC003077)**

We have examined the compliance of conditions of Corporate Governance by Sree Rayalaseema Alkalies and Allied Chemicals Ltd., Kurnool for the year ended March 31, 2016 as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

Sd/-  
**B. DAIVA DHEENAM REDDY**  
Partner  
Membership No.026450

Place : Hyderabad (Camp)

Date : 11<sup>th</sup> July, 2016





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

**MANAGEMENT DISCUSSION AND ANALYSIS :**

**Economy**

Indian economy has achieved a growth rate during 2015-16 at respectable level of 7.5% from 7.3% during 2014-15. Today, India has emerged as one of the fast growing economies in the world. The reduced oil prices internationally, government continued reforms in all sectors etc., have helped India to reach this position.

Today, "Non performing Assets" have given a jolt to the Banking Sector affecting the credit availability to the industry and thus indirectly put some obstacle to the growth. IMF in their recent release has estimated growth rate for the country at 7.8%.

**Segment-wise performance**

The Company is having three Business Segments namely:

1. Chemicals
2. Oils & Fats
3. Power

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

Chlor-Alkali products are basic chemicals used as raw materials in many process industries like paper, aluminium, soaps, detergents, pharmaceuticals and dyes etc., The Company deals in Caustic Soda, Chlorine, Sodium Hypochlorite, Hydrogen, Potassium Hydroxide and Potassium Carbonate under Chemicals Segment. During March, 2016, the Company commissioned its Chloromethanes Project where Chlorine is captively consumed as raw material. Apart from relief in marketing of Chlorine, the Company is assured of value addition through the Chloromethanes Products namely Methylene Chloride, Chloroform and Carbon Tetrachloride. These new products of the Company are well received in the market. In general, chlor-alkali products prices have stabilized at prices prevailing in previous years, with minor variances.

During Financial year 2015-16, the production of Caustic Soda and Caustic Potash put together is at 1,56,785 M.Ts which is slightly higher than its previous year. The Chloromethanes Division which was commissioned on 26/03/2016 has produced 84 M.Ts. The Fatty Acids Division has produced production of 29,778 M.Ts of Stearic Acid and Soaps Noodles, which is higher compared to previous year's production. Castor Oil Division has produced 9,044 M.Ts slightly lower when compared to previous year production. The price variation of Castor Oil, the raw material, between the local region (from where Company is sourcing) and Gujarat Belt, the other Castor producer, is the reason for the shortfall.

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

**Outlook**

Currently with satisfactory rainfall being received in the country, the sentiment of market is enthusiastic and conducive for growth in all industrial sectors. This will help in improved demand for all products of the Company and better price.

**Risks and concerns**

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



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### Financial Performance

During the Financial Year 2015-16, the Gross Sales are slightly higher at Rs.865.56 Cr., compared to Rs.837.84 Cr., for previous year. The Company has maintained same level of Gross Profit of that of the previous year and a growth of 4.15%. Being capital intensive industry, depreciation is high at Rs.40.34 Cr. The Net profit for the year was slightly higher at Rs.24.42 Cr., compared to previous year of Rs.22.15 Cr. The basic earning per Share stood at Rs.3.07 per annum as against previous year of Rs.2.82 per annum.

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

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

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

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

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

Relations with the employees remained cordial in general throughout the year. In order to optimise the contribution of the employees to the Company's business and operations, in-house training is given to the employees to induce contribution to productivity increase and development programmes for all levels of employees have been devised. Occupational Health Safety and Environmental Management are given utmost importance. As at 31<sup>st</sup> March, 2016 the employee strength (on permanent rolls) of the Company was 902.

### 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 : 11<sup>th</sup> July, 2016

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



## Sree Royalaseema Alkalies and Allied Chemicals Limited

### ANNEXURE - "EA" FORM NO. AOC-2

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

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

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

S. No	(a) Names(s) of the Related Party and Nature of Relationship	(b) Nature of Contracts / Arrangements / Transactions	(c) Duration of the Contracts/ Arrangements/ Transactions	(d) Salient terms of the Contracts or Transactions including the value, if any. (Rs. in lakhs)	(e) Date(s) of approval by the Board, if any.	(f) Amount Paid as advances, if any.
1	Sree Royalaseema Hi-Strength Hypo Ltd.,	Sales Purchases Rent Received	Annual Contracts / Arrangements	6899.27 564.02 3.86	07.05.2015	-N.A-
2	TGV Projects & Investments Pvt Ltd.,	Rent Paid Rent Received	Annual Contracts / Arrangements	139.69 1.02	07.05.2015	-N.A-
3	Sree Royalaseema Galaxy Projects Pvt Ltd.,	Sales Purchases	Annual Contracts / Arrangements	7.84 13.11	07.05.2015	-N.A-
4	Gowri Gopal Hospitals Pvt Ltd.,	Sales Purchases Services availed / Rendered	Annual Contracts / Arrangements	0.64 2.61 9.63	07.05.2015	-N.A-
5	Gowri Gopal Intensive Care Unit	Services availed / Rendered	Annual Contracts / Arrangements	2.70	07.05.2015	-N.A-
6	The Mourya Inn	Services availed / Rendered	Annual Contracts / Arrangements	161.59	07.05.2015	-N.A-
7	Brilliant Industries Pvt Ltd.,	Rent Paid	Annual Contracts / Arrangements	1.55	07.05.2015	-N.A-
8	M.V. Salts & Chemicals Pvt. Ltd.,	Purchases	Annual Contracts / Arrangements	53.31	07.05.2015	-N.A-

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

For and on behalf of the Board

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

Place : Hyderabad  
Date : 11<sup>th</sup> July, 2016

\*\*\*\*\* 26 \*\*\*\*\*



**ANNEXURE - "F"**

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

**as on the Financial Year Ended on 31.03.2016**

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

**I REGISTRATION AND OTHER DETAILS**

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

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl.No	Name and Description of main product/sevices	NIC Code of the Product/Service	% To total turn over the company
1	Caustic Soda Lye / Flakes	24117	48%
2	Caustic Potash Lye / Flakes	24117	14%
3	Soap Noodles	24117	11%

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

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



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) as on 31-3-2016.

#### i) Category - wise Shareholding

	Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2015)				No. of Shares held at the end of the year (31.03.2016)				% of Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>Promoters</b>									
1	<b>Indian</b>									
a)	Individual/ HUF	862137	0	862137	1.10	862137	0	862137	1.04	-0.06
b)	Central Govt.	0	0	0	0	0	0	0	0	0
c)	State Govt(s)	0	0	0	0	0	0	0	0	0
d)	Bodies Corp.	38426081	0	38426081	48.81	42569283	0	42569283	51.37	2.56
e)	Banks/ FI	0	0	0	0	0	0	0	0	0
f)	Any Other...	0	0	0	0	0	0	0	0	0
	<b>Sub Total (A) (1) :</b>	<b>39288218</b>	<b>0</b>	<b>39288218</b>	<b>49.91</b>	<b>43431420</b>	<b>0</b>	<b>43431420</b>	<b>52.41</b>	<b>2.50</b>
2	<b>Foreign</b>									
a)	NRIs - Individuals	0	0	0	0	0	0	0	0	0
b)	Other - Individuals	0	0	0	0	0	0	0	0	0
c)	Bodies Corp.	0	0	0	0	0	0	0	0	0
d)	Banks/ FI	0	0	0	0	0	0	0	0	0
e)	Any Other...	0	0	0	0	0	0	0	0	0
	<b>Sub Total (A) (2) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Shareholding of Promoter (A)= (A) (1) +(A) (2)</b>	<b>39288218</b>	<b>0</b>	<b>39288218</b>	<b>49.91</b>	<b>43431420</b>	<b>0</b>	<b>43431420</b>	<b>52.41</b>	<b>2.50</b>
<b>B</b>	<b>Public Shareholding Institutions</b>									
a)	Mutual Funds	8987	8950	17937	0.02	8937	8950	17887	0.02	0
b)	Bank/ FI	5662861	450	5663311	7.19	0	850	850	0.00	-7.19
c)	Central Govt.	0	0	0	0	0	0	0	0	0
d)	State Govt (s)	0	0	0	0	0	0	0	0	0
e)	Venture Capital Funds	0	0	0	0	0	0	0	0	0
f)	Insurance Companies	615885	0	615885	0.78	615885	0	615885	0.74	-0.04
g)	FIs	0	0	0	0	0	0	0	0	0
h)	Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i)	Others (specify)	0	0	0	0	0	0	0	0	0
	<b>Sub Total (B) (1) :</b>	<b>6287733</b>	<b>9400</b>	<b>6297133</b>	<b>7.99</b>	<b>624822</b>	<b>9800</b>	<b>634622</b>	<b>0.76</b>	<b>-7.23</b>
2	<b>Non-Institutions</b>									
a)	Bodies Corp.	5011317	43430	5054747	6.42	5893067	43025	5936092	7.16	0.74
i)	Indian	0	0	0	0	0	0	0	0	0
ii)	Overseas	0	0	0	0	0	0	0	0	0
b)	Individuals									
i)	Individual Shareholders holding nominal share capital upto Rs.2 Lakh (Previous Year Rs.1 Lakh)	11507515	1368302	12875817	16.36	17303798	1344090	18647888	22.50	6.14
ii)	Individual Shareholders holding nominal share capital in excess of Rs.2 Lakh (Previous Year Rs.1 Lakh)	13877986	33300	13911286	17.67	12959889	33300	12993189	15.68	-1.99
c)	Others (specify) NRIs	1048255	245390	1293645	1.64	982264	238573	1220837	1.47	-0.17
	<b>Sub-total (B) (2):</b>	<b>31445073</b>	<b>1690422</b>	<b>33135495</b>	<b>42.09</b>	<b>37139018</b>	<b>1658988</b>	<b>38798006</b>	<b>46.82</b>	<b>4.73</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>37732806</b>	<b>1699822</b>	<b>39432628</b>	<b>50.09</b>	<b>37763840</b>	<b>1668788</b>	<b>39432628</b>	<b>47.59</b>	<b>-2.50</b>
<b>C</b>	<b>Shares held by Custodian for GDRs&amp;ADRs</b>	0	0	0	0	0	0	0	0	0
	<b>Grand Total (A+B+C)</b>	<b>77021024</b>	<b>1699822</b>	<b>78720846</b>	<b>100.00</b>	<b>81195260</b>	<b>1668788</b>	<b>82864048</b>	<b>100.00</b>	<b>0</b>



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### ii) Shareholding of Promoters as on 31-03-2016

Sl. No.	Name of the shareholder	No of Shares at the beginning the year (01.04.2015)			Share holding at the end of the year (31.03.2016)			
		No. of shares	% of total shares of the company	% of shares pledged/en cumbered to total share	No. of shares	% of total shares of the company	% of shares pledged/en cumbered to total share	% of change in share holding during the year
1	M/s Sree Rayalaseema Hi-Strength Hypo Limited	20544496	26.10	0.02	20544496	24.79	0.02	-1.30
2	M/s TGV Projects and Investments Pvt Ltd.,	11694248	14.86	0	11694248	14.11	0	-0.74
3	M/s Sree Rayalaseema Dutch Kassenbouw Pvt Ltd.,	1881109	2.39	0	1881109	2.27	0	-0.12
4	M/s Gowri Gopal Hospitals Pvt Ltd.,	1005375	1.28	0	1005375	1.21	0	-0.06
5	M/s Sree Rayalaseema Galaxy Projects Pvt Ltd.,	54662	0.07	0	54662	0.07	0	0.00
6	M/s TGV Securities Pvt Ltd.,	14150	0.02	0	14150	0.02	0	0.00
7	M/s Brilliant Industries Pvt Ltd.,	3232041	4.11	0.22	7375243	8.90	0.21	4.79
8	Sri. T G Venkatesh	303848	0.39	0.39	303848	0.37	0.37	-0.02
9	Smt. T G Rajyalakshmi	322384	0.41	0.41	322384	0.39	0.39	-0.02
10	Sri. T G Bharath	129744	0.16	0.16	129744	0.16	0.16	-0.01
11	Smt. Jyothsna S Mysore	13361	0.02	0.02	13361	0.02	0.02	0.00
12	Smt. Boda Mourya	92800	0.12	0.12	92800	0.11	0.11	-0.01
	<b>Total</b>	<b>39288218</b>	<b>49.91</b>	<b>1.34</b>	<b>43431420</b>	<b>52.41</b>	<b>1.27</b>	<b>2.50</b>

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

S. No.	Name of the Shareholder	Shareholding		Date	Increase in Shareholding	Reason	Cumulative shareholding during the year (01.04.15) to (31.03.16)	% of total shares of the Company
		No. of Share at the beginning of the year (01.04.15)/ end of the year (31.03.16)	% of total shares of the Company				No. of shares	
1	Brilliant Industries Pvt Ltd.,	3232041	4.11	29.01.16	4143202	Preferential Allotment	7375243	8.90
							<b>7375243</b>	<b>8.90</b>



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs) as on 31-3-2016

S. No.	Name of the Shareholder	Shareholding		Increase / Decrease in Shareholding (during the year 01.04.15 to 31.03.16)	Reason	Cumulative shareholding during the year (01.04.15) to (31.03.16) No. of shares	% of total shares of the Company																																																																																																																																																								
		No. of Share at the beginning of the year (01.04.15)/ end of the year (31.03.16)	% of total shares of the Company																																																																																																																																																												
1	IDBI Bank Ltd	5662461	7.19	5662461	Sale	0	0.00																																																																																																																																																								
		0	0.00					2	Life Insurance Corporation of India	537885	0.68		No Change	537885	0.65	537885	0.68	3	Jayashri Suresh	369564	0.47	369564	Sale	0	0.00	0	0.00	4	Raviraj Developers Ltd	358682	0.46	349172	Sale	9510	0.01	9510	0.01	5	IL & FS Trust Company Ltd	332858	0.42	332858	Sale	0	0.00	0	0.00	6	Setu Securities Pvt Ltd	780000	0.99	780000	Sale	0	0.00	0	0.00	7	Bharti Chetan Cholera	500000	0.64	154222	Sale	345778	0.42	345778	0.44	8	Shailaja Prakash Mutha	374707	0.48	374707	Sale	0	0.00	0	0.00	9	Kadayam Ramanathan Bharat	346972	0.44	346972	Sale	0	0.00	0	0.00	10	JMP Securities Pvt Ltd	0	0.00	0	Purchase	852759	1.03	852759	0.00	11	Ajay Kumar Bansal	0	0.00	0	Purchase	550658	0.66	550658	0.00	12	Sadhana Mehrotra	0	0.00	0	Purchase	500000	0.60	500000	0.00	13	Heena Biren Gandhi	0	0.00	0	Purchase	460000	0.56	460000	0.00	14	Manish J Chopda (HUF)	0	0.00	0	Purchase	400000	0.48	400000	0.00	15	Vishanji S Dedhia	0	0.00	0	Purchase	390000	0.47	390000	0.00	16	VLS Capital Limited	0	0.00	0	Purchase	355990	0.43	355990	0.00		
2	Life Insurance Corporation of India	537885	0.68		No Change	537885	0.65																																																																																																																																																								
		537885	0.68					3	Jayashri Suresh	369564	0.47	369564	Sale	0	0.00	0	0.00	4	Raviraj Developers Ltd	358682	0.46	349172	Sale	9510	0.01	9510	0.01	5	IL & FS Trust Company Ltd	332858	0.42	332858	Sale	0	0.00	0	0.00	6	Setu Securities Pvt Ltd	780000	0.99	780000	Sale	0	0.00	0	0.00	7	Bharti Chetan Cholera	500000	0.64	154222	Sale	345778	0.42	345778	0.44	8	Shailaja Prakash Mutha	374707	0.48	374707	Sale	0	0.00	0	0.00	9	Kadayam Ramanathan Bharat	346972	0.44	346972	Sale	0	0.00	0	0.00	10	JMP Securities Pvt Ltd	0	0.00	0	Purchase	852759	1.03	852759	0.00	11	Ajay Kumar Bansal	0	0.00	0	Purchase	550658	0.66	550658	0.00	12	Sadhana Mehrotra	0	0.00	0	Purchase	500000	0.60	500000	0.00	13	Heena Biren Gandhi	0	0.00	0	Purchase	460000	0.56	460000	0.00	14	Manish J Chopda (HUF)	0	0.00	0	Purchase	400000	0.48	400000	0.00	15	Vishanji S Dedhia	0	0.00	0	Purchase	390000	0.47	390000	0.00	16	VLS Capital Limited	0	0.00	0	Purchase	355990	0.43	355990	0.00				0.00			4402580	5.31				
3	Jayashri Suresh	369564	0.47	369564	Sale	0	0.00																																																																																																																																																								
		0	0.00					4	Raviraj Developers Ltd	358682	0.46	349172	Sale	9510	0.01	9510	0.01	5	IL & FS Trust Company Ltd	332858	0.42	332858	Sale	0	0.00	0	0.00	6	Setu Securities Pvt Ltd	780000	0.99	780000	Sale	0	0.00	0	0.00	7	Bharti Chetan Cholera	500000	0.64	154222	Sale	345778	0.42	345778	0.44	8	Shailaja Prakash Mutha	374707	0.48	374707	Sale	0	0.00	0	0.00	9	Kadayam Ramanathan Bharat	346972	0.44	346972	Sale	0	0.00	0	0.00	10	JMP Securities Pvt Ltd	0	0.00	0	Purchase	852759	1.03	852759	0.00	11	Ajay Kumar Bansal	0	0.00	0	Purchase	550658	0.66	550658	0.00	12	Sadhana Mehrotra	0	0.00	0	Purchase	500000	0.60	500000	0.00	13	Heena Biren Gandhi	0	0.00	0	Purchase	460000	0.56	460000	0.00	14	Manish J Chopda (HUF)	0	0.00	0	Purchase	400000	0.48	400000	0.00	15	Vishanji S Dedhia	0	0.00	0	Purchase	390000	0.47	390000	0.00	16	VLS Capital Limited	0	0.00	0	Purchase	355990	0.43	355990	0.00				0.00			4402580	5.31														
4	Raviraj Developers Ltd	358682	0.46	349172	Sale	9510	0.01																																																																																																																																																								
		9510	0.01					5	IL & FS Trust Company Ltd	332858	0.42	332858	Sale	0	0.00	0	0.00	6	Setu Securities Pvt Ltd	780000	0.99	780000	Sale	0	0.00	0	0.00	7	Bharti Chetan Cholera	500000	0.64	154222	Sale	345778	0.42	345778	0.44	8	Shailaja Prakash Mutha	374707	0.48	374707	Sale	0	0.00	0	0.00	9	Kadayam Ramanathan Bharat	346972	0.44	346972	Sale	0	0.00	0	0.00	10	JMP Securities Pvt Ltd	0	0.00	0	Purchase	852759	1.03	852759	0.00	11	Ajay Kumar Bansal	0	0.00	0	Purchase	550658	0.66	550658	0.00	12	Sadhana Mehrotra	0	0.00	0	Purchase	500000	0.60	500000	0.00	13	Heena Biren Gandhi	0	0.00	0	Purchase	460000	0.56	460000	0.00	14	Manish J Chopda (HUF)	0	0.00	0	Purchase	400000	0.48	400000	0.00	15	Vishanji S Dedhia	0	0.00	0	Purchase	390000	0.47	390000	0.00	16	VLS Capital Limited	0	0.00	0	Purchase	355990	0.43	355990	0.00				0.00			4402580	5.31																								
5	IL & FS Trust Company Ltd	332858	0.42	332858	Sale	0	0.00																																																																																																																																																								
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6	Setu Securities Pvt Ltd	780000	0.99	780000	Sale	0	0.00																																																																																																																																																								
		0	0.00					7	Bharti Chetan Cholera	500000	0.64	154222	Sale	345778	0.42	345778	0.44	8	Shailaja Prakash Mutha	374707	0.48	374707	Sale	0	0.00	0	0.00	9	Kadayam Ramanathan Bharat	346972	0.44	346972	Sale	0	0.00	0	0.00	10	JMP Securities Pvt Ltd	0	0.00	0	Purchase	852759	1.03	852759	0.00	11	Ajay Kumar Bansal	0	0.00	0	Purchase	550658	0.66	550658	0.00	12	Sadhana Mehrotra	0	0.00	0	Purchase	500000	0.60	500000	0.00	13	Heena Biren Gandhi	0	0.00	0	Purchase	460000	0.56	460000	0.00	14	Manish J Chopda (HUF)	0	0.00	0	Purchase	400000	0.48	400000	0.00	15	Vishanji S Dedhia	0	0.00	0	Purchase	390000	0.47	390000	0.00	16	VLS Capital Limited	0	0.00	0	Purchase	355990	0.43	355990	0.00				0.00			4402580	5.31																																												
7	Bharti Chetan Cholera	500000	0.64	154222	Sale	345778	0.42																																																																																																																																																								
		345778	0.44					8	Shailaja Prakash Mutha	374707	0.48	374707	Sale	0	0.00	0	0.00	9	Kadayam Ramanathan Bharat	346972	0.44	346972	Sale	0	0.00	0	0.00	10	JMP Securities Pvt Ltd	0	0.00	0	Purchase	852759	1.03	852759	0.00	11	Ajay Kumar Bansal	0	0.00	0	Purchase	550658	0.66	550658	0.00	12	Sadhana Mehrotra	0	0.00	0	Purchase	500000	0.60	500000	0.00	13	Heena Biren Gandhi	0	0.00	0	Purchase	460000	0.56	460000	0.00	14	Manish J Chopda (HUF)	0	0.00	0	Purchase	400000	0.48	400000	0.00	15	Vishanji S Dedhia	0	0.00	0	Purchase	390000	0.47	390000	0.00	16	VLS Capital Limited	0	0.00	0	Purchase	355990	0.43	355990	0.00				0.00			4402580	5.31																																																						
8	Shailaja Prakash Mutha	374707	0.48	374707	Sale	0	0.00																																																																																																																																																								
		0	0.00					9	Kadayam Ramanathan Bharat	346972	0.44	346972	Sale	0	0.00	0	0.00	10	JMP Securities Pvt Ltd	0	0.00	0	Purchase	852759	1.03	852759	0.00	11	Ajay Kumar Bansal	0	0.00	0	Purchase	550658	0.66	550658	0.00	12	Sadhana Mehrotra	0	0.00	0	Purchase	500000	0.60	500000	0.00	13	Heena Biren Gandhi	0	0.00	0	Purchase	460000	0.56	460000	0.00	14	Manish J Chopda (HUF)	0	0.00	0	Purchase	400000	0.48	400000	0.00	15	Vishanji S Dedhia	0	0.00	0	Purchase	390000	0.47	390000	0.00	16	VLS Capital Limited	0	0.00	0	Purchase	355990	0.43	355990	0.00				0.00			4402580	5.31																																																																
9	Kadayam Ramanathan Bharat	346972	0.44	346972	Sale	0	0.00																																																																																																																																																								
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		550658	0.00					12	Sadhana Mehrotra	0	0.00	0	Purchase	500000	0.60	500000	0.00	13	Heena Biren Gandhi	0	0.00	0	Purchase	460000	0.56	460000	0.00	14	Manish J Chopda (HUF)	0	0.00	0	Purchase	400000	0.48	400000	0.00	15	Vishanji S Dedhia	0	0.00	0	Purchase	390000	0.47	390000	0.00	16	VLS Capital Limited	0	0.00	0	Purchase	355990	0.43	355990	0.00				0.00			4402580	5.31																																																																																														
12	Sadhana Mehrotra	0	0.00	0	Purchase	500000	0.60																																																																																																																																																								
		500000	0.00					13	Heena Biren Gandhi	0	0.00	0	Purchase	460000	0.56	460000	0.00	14	Manish J Chopda (HUF)	0	0.00	0	Purchase	400000	0.48	400000	0.00	15	Vishanji S Dedhia	0	0.00	0	Purchase	390000	0.47	390000	0.00	16	VLS Capital Limited	0	0.00	0	Purchase	355990	0.43	355990	0.00				0.00			4402580	5.31																																																																																																								
13	Heena Biren Gandhi	0	0.00	0	Purchase	460000	0.56																																																																																																																																																								
		460000	0.00					14	Manish J Chopda (HUF)	0	0.00	0	Purchase	400000	0.48	400000	0.00	15	Vishanji S Dedhia	0	0.00	0	Purchase	390000	0.47	390000	0.00	16	VLS Capital Limited	0	0.00	0	Purchase	355990	0.43	355990	0.00				0.00			4402580	5.31																																																																																																																		
14	Manish J Chopda (HUF)	0	0.00	0	Purchase	400000	0.48																																																																																																																																																								
		400000	0.00					15	Vishanji S Dedhia	0	0.00	0	Purchase	390000	0.47	390000	0.00	16	VLS Capital Limited	0	0.00	0	Purchase	355990	0.43	355990	0.00				0.00			4402580	5.31																																																																																																																												
15	Vishanji S Dedhia	0	0.00	0	Purchase	390000	0.47																																																																																																																																																								
		390000	0.00					16	VLS Capital Limited	0	0.00	0	Purchase	355990	0.43	355990	0.00				0.00			4402580	5.31																																																																																																																																						
16	VLS Capital Limited	0	0.00	0	Purchase	355990	0.43																																																																																																																																																								
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			0.00			4402580	5.31																																																																																																																																																								



(v) Shareholding of Directors and Key Managerial Personnel:

S. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding specifying for increase / decrease (e.g., Allotment / Transfer / Bouns / Sweat Equity etc.) (during the year 01.04.15 to 31.03.16)	Reason	Cumulative shareholding during the year (01.04.15 to 31.03.16)	% of total shares of the Company
		No. of Shares at the beginning of the year (01.04.15)/ end of the year (31.03.16)	% of total shares of the Company			No. of shares	
1	Sri.O D Reddy	2850	0.00	0	No Change	2850	0.00
2	Sri.K Karunakar Rao	50	0.00	0	No Change	50	0.00
3	Sri.V Radhakrishna Murthy	8	0.00	0	No Change	8	0.00
	<b>At the end of the Year</b>	<b>2908</b>	<b>0.00</b>	<b>0</b>	<b>-</b>	<b>2908</b>	<b>0.00</b>

(V) INDEBTEDNESS

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

(Rs. in lakhs)

S.No.	Description	Secured excluding	Loans deposits	Unsecured Loans	Deposit	Total Indebtedness
	Indebtedness at the beginning of the financial year					
(i)	Principal Amount	29735.38		2959.60	0	32694.98
(ii)	Interest due but not paid		0	0	0	0
(iii)	Interest accrued but not due		0	0	0	0
	<b>Total (i+ii+iii)</b>	<b>29735.38</b>		<b>2959.60</b>	<b>0</b>	<b>32694.98</b>
	<b>Change in Indebtedness during the financial year</b>					
*	Addition	18135.51		350.00	0	18485.51
*	Reduction	5647.11		2325.23	0	7972.34
	<b>Indebtedness at the end of the financial year</b>					
(i)	Principal Amount	42190.69		984.37	0	43175.06
(ii)	Interest due but not paid		0	0	0	0
(iii)	Interest accrued but not due		33.09	0	0	33.09
	<b>Total (i+ii+iii)</b>	<b>42223.78</b>		<b>984.37</b>	<b>0</b>	<b>43208.15</b>





## Sree Rayalaseema Alkalies and Allied Chemicals Limited

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

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount Rs.
		Sri T G Venkatesh CMD	Sri K Karunakar Rao ED (F&C) & CEO	Sri N Jesvanth Reddy ED (Technical)	Sri Gopal Krishan ED (Technical)	
1	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income -tax, 1961	6600000	1981620	1927020	2400000	<b>12908640</b>
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	143953	69257	113626	144000	<b>470836</b>
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	11500000	-	-	-	<b>11500000</b>
2	Stock Option					-
3	Sweat Equity					-
4	Commission - as % of Profit others, specify					-
5	Others, please specify					-
	<b>Total (A)</b> Ceiling as per the Act (*)	<b>18243953</b>	<b>2050877</b>	<b>2040646</b>	<b>2544000</b>	<b>24879476</b>

(\*) Rs. 368 lakhs (being 10% of the profits of the Company as per Section 198 of the Companies Act, 2013)

#### B. Remuneration to Other Directors

Sl. No.	Particulars of Remuneration during the period 01.04.2015 to 31.03.2016	Name of the Directors	Fee for attending Board / Committee Meetings	Commission	* Others (Please Specify)	Total Amount (in Rs.)
<b>1</b>	<b>Independent Directors</b>					
		Sri.G Krishna Murthy	54000	-	-	54000
		Sri.P N Vedanarayanan	54000	-	-	54000
		Sri.O D Reddy (upto 13.10.15)	41500	-	-	41500
		Dr. M. Asha Reddy (from 29.01.16)	11500	-	-	11500
		Sri.J Nagabhushanam (from 10.07.15)	26000	-	-	26000
	<b>Total (1)</b>		<b>187000</b>			<b>187000</b>
<b>2</b>	<b>Other Non-Executive Directors</b>					
		(*) Sri. B Srinivasa Rao (IDBI)	45000	-	-	45000
		Smt. V Surekha	25000	-	-	25000
	<b>Total (2)</b>		<b>70000</b>			<b>70000</b>
	<b>Total (B) = (1+2)</b>		<b>257000</b>			<b>257000</b>
	Total Managerial Remuneration		-	-	-	-
	Overall Ceiling as per the Act		-	-	-	(*)

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

(\*) Rs.36.87 Lakhs (being 1% of the net profit of the company calculated under Clause 198 of the Companies Act,2013).



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount (in Rs.)
		Sri C. Rajesh Khanna (CFO)	Sri V. Radhakrishna Murthy Company Secretary	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	959200	676185	<b>1635385</b>
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	38400	38400	<b>76800</b>
	(c) Profits in lieu of salary under section 17(3) Income-tax Act,1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of Profit-others, specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>9 97 6 0 0</b>	<b>7 1 4 5 8 5</b>	<b>1 7 1 2 1 8 5</b>

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

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



**ANNEXURE 'G' TO THE DIRECTORS' REPORT**

1. The Composition of the CSR Committee (Reconstituted on 29.01.2016)	1. Sri G. Krishna Murthy 2. Sri K. Karunakar Rao 3. Sri Gopal Krishan
2. Average net profit of the Company for last three financial years	Rs. 3036 Lakhs
3. Prescribed CSR Expenditure (two per cent of the amount as in item 2 above)	Rs. 60.72 Lakhs
4. Details of CSR spent for the financial year	Rs. 60.40 Lakhs
a. Total amount to be spent for the financial year	Rs. 60.72 Lakhs
b. Amount unspent, if any	Rs. 0.32 Lakhs

Sl. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or(2) Specify the State and District where projects or programs was undertaken	Amount outlay (Budget) project or programs wise (Rs. in lakhs)	Amount spent on the projects or programs Sub-heads:(1)Direct expenditure on projects or programs(2) Overheads (Rs. in lakhs)	Cumulative expenditure upto the reporting period (Rs. in lakhs)	Amount spent: Director or through implementing agency (Rs. in lakhs)
1	Water to people of nearby areas	Provision of Drinking Water	Local area	22.25	22.25	22.25	22.25
2	Education to Nearby pupil	Provision of Education	Local area	4.84	4.84	4.84	4.84
3	Community Welfare	Social Project	Local area	10.64	10.64	10.64	10.64
4	Education toWomen	Gender Equality	Local area	8.91	8.91	8.91	8.91
5	Pollution control	Environmental Stability	Local area	11.70	11.70	11.70	11.70
6	Old age pensions	Eradication of poverty	Local area	2.06	2.06	2.06	2.06
			<b>Total Rs.</b>	<b>60.40</b>	<b>60.40</b>	<b>60.40</b>	<b>60.40</b>

For and on behalf of the Board

Sd/-

**CA K. KARUNAKAR RAO**

Executive Director & CEO

(DIN: 02031367)

Place : Hyderabad  
Date : 11<sup>th</sup> July, 2016



## ANNEXURE – “H”

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

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

Median remuneration of all the employees of the Company for the Financial year 2015-16	Rs. 21882
The percentage increase in the median remuneration of employees in the Financial year 2015-16	5 %
The number of permanent employees on the rolls of the Company as on 31 <sup>st</sup> March, 2016	902

Name of Director	Ratio of remuneration to median remuneration of all employees	% increase in remuneration in the Financial year 2015-16
<b>Non-Executive Directors</b>		
Smt. V. Surekha	0.09	—
<b>Independent Directors</b>		
Sri G. Krishna Murthy	0.20	—
Sri P.N. Vedanarayanan	0.20	—
Sri O.D. Reddy	0.15	—
<b>Executive Directors</b>		
Sri T.G. Venkatesh	69.47	—
Sri K. Karunakar Rao	7.87	—
Sri N. Jesvanth Reddy	7.74	—
Sri Gopal Krishan	9.68	—
Sri V. Radhakrishna Murthy	2.72	—
Sri C. Rajesh Khanna	3.80	—

**Note:** The ratio of remuneration to median remuneration is based on remuneration paid during the period 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016.

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

Particulars	Rs. In lakhs
Aggregate remuneration of KMP in Financial year 2015-16	265.91
Revenue	82173.90
Remuneration of KMPs (as % of revenue)	0.32
Profit before Tax (PBT)	3284.97
Remuneration of KMPs (as % PBT)	8.09

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

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

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

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



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

ANNEXURE - "I"

FORM NO. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made hereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 [Upto 14<sup>th</sup> May, 2015] and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 [Effective from 15<sup>th</sup> May, 2015];
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 (**not Applicable to the Company during the Audit Period**);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**not Applicable to the Company during the Audit Period**);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**not Applicable to the Company during the Audit Period**); and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**not Applicable to the Company during the Audit Period**);
- (vi) We further report that, having regard to the Compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test-check basis, the Company has complied with the following laws applicable specifically to the Company:
  - (a) The Drugs and Cosmetic Act, 2002 and rules made there under, (b) The Environmental Protection Act, 1986, (c) The Indian Electricity Act, 2003, (d) The Indian Explosives Act, 1884, (e) The Indian Telegraph Act, 1885, (f) Factories Act, 1948, (g) Industrial Disputes Act, 1947, (h) The Payment of Wages Act, 1936, (i) The Minimum Wages Act, 1948, (j) Employees' State Insurance Act, 1948, (k) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952, (l) The Payment of Bonus Act, 1965, (m) The Payment of Gratuity Act, 1972, (n) The Contract Labour (Regulations & Abolition) Act, 1970, (o) The Child Labour (Prohibition & Regulation) Act, 1986, (p) The Industrial Employment (Standing Order) Act, 1946, (q) The Apprentices Act, 1961, (r) Equal Remuneration Act, 1976, (s) The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959.



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India notified with effect from July 1, 2015 and
- (ii) The Listing Agreement entered by the Company with Bombay Stock Exchange (Upto 30th November, 2015) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [Effective from 1st December, 2015].

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

### We further report that:

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

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

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meeting of the Board of Directors and Committee of the Board, as the case may be.

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

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

- 1) 130,95,272 Convertible Share warrants were issued on preferential basis and allotted to M/s Brilliant Industries Private Limited (Promoters Group) convertible into equal number of equity shares of 130,95,272 of Rs 10/- each at a issue price of Rs 17.02/- per share (including the premium of Rs 7.02 per share) in three tranches.
- 2) The first tranche of Share Warrants of 41,43,202 were converted into equal number of equity shares (face value of Rs.10/- each) in the ratio of 1:1 with a premium of Rs.7.02/- per share after fulfillment of all formalities by the Board
- 3) The Company redeemed Non-convertible debentures (NCDs) and repaid Optionally fully convertible debentures (OFCDs) to the extent of Rs 524.07 lakhs and Rs 25.64 lakhs respectively during the year.

For CSB Associates  
Company Secretaries

Sd/  
C. SUDHIR BABU  
Proprietor

FCS: 2724; C P No.: 7666

Place : Hyderabad  
Date : 11-07-2016

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

### ANNEXURE

The Members

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

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

For CSB Associates  
Company Secretaries

Sd/  
C. SUDHIR BABU  
Proprietor

FCS: 2724; C P No.: 7666

Place : Hyderabad  
Date : 11-07-2016



INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying standalone financial statements of **M/s.Sree Royalaseema Alkalies and Allied Chemicals Ltd., Kurnool** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

**(3) Auditors' Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

**(4) Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016;
- b) in the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order,

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

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
- c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) on the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2016, from being appointed as a director in terms of Section 164 (2) of the Act;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and.
- g) in our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014;
  - (i) the company does not have any pending litigations which would impact its financial position,
  - (ii) the company did not have any long term contracts including derivative contracts; as such there were no material foreseeable losses thereon,
  - (iii) during the year under report there are no amounts that require to transfer to the Investor Education and Protection Fund; therefore, delay in transferring such sums does not arise.

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

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

Place : Hyderabad (Camp)  
Date : 12<sup>th</sup> April, 2016





ANNEXURE TO AUDITOR'S REPORT

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

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

- (i) In respect of fixed assets;
  - a. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. As explained to us, the Company has a regular programme of physical verification of its fixed assets and have been physically verified by the management in a phased manner at reasonable intervals and no material discrepancies were noticed on such physical verification.
  - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) In respect of inventory;

The physical verification of inventory has been conducted at reasonable intervals by the management during the year and no material discrepancies were noticed on physical verification and the small discrepancies, if any, have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act').
- (iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public specified under the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) In our opinion and according to the information and explanations given to us, the Central Government has prescribed for the maintenance of Cost records under sub section (1) of Section 148 of the Companies Act, 2013 in respect of the products manufactured by the company and such accounts and records have been made and maintained by the Company.
- (vii) In respect of statutory dues;
  - a. According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income-Tax, Service Tax, Sales Tax, Value Added Tax, duty of Customs, duty of Excise, Cess and other statutory dues, as applicable, to the appropriate authorities and there were no arrears of statutory dues outstanding as at 31.03.2016 for a period of more than six months from the date they became payable.
  - b. According to the information and explanations given to us, there are no material dues of Income Tax, and Service Tax, which have not been deposited on account of any dispute. However, the following dues of Sales Tax, Value Added Tax, Duty of Excise and Duty of Customs other statutory dues have not been deposited by the company on account of disputes pending;



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

Sl. No.	Name of the Statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
1.	The Central Excise Act, 1944	CENVAT Credit disallowed on input services	85.62 261.92 11.91	April, 2005 to Feb, 2008 Mar, 2008 to March, 2015 April, 2011 to March, 2013	Central Excise and Service Tax Appellate Tribunal, Bengaluru. Additional Commissioner/ Commissioner of Central Excise and Customs, Tirupati. Asst Commissioner of Central Excise and Customs, Kurmool.
2.	The Central Excise Act, 1944	CENVAT Credit availed against manufacture of exempted goods disallowed.	95.41	2008-09	Central Excise and Service Tax Appellate Tribunal, Bengaluru.
3.	A.P.VAT Act, 2005	Input tax credit on furnace oil & coal disallowed (Paid)	53.91 (53.91)	April, 2005 to Dec, 2005	High Court of Andhra Pradesh.
4.	AP VAT Act, 2005	Interest on delay payment of deferred sales tax (Paid).	351.14 (69.04)	2005-06 And 2006-07	High Court of Andhra Pradesh.
5.	KERALA VAT Act, 2005	VAT on estimated turnover (paid). VAT on stock transfer price (Paid)	20.51 (5.13) 5.44 (1.81)	2008-09 2010-11	Sales tax Appellate Tribunal, Emakulam. Sales tax Appellate Tribunal, Emakulam.
6.	KERALA VAT Act, 2005	Disallowance of input tax on sales returns.(Paid)	8.14 (8.14) 2.68	August, 2009 2009-10	Sales tax Appellate Tribunal, Emakulam. Deputy Commissioner of Appeals, Palakkad
7.	KERALA VAT Act, 2005	Late submission of Form-F	9.95	2009-10	Deputy Commissioner of Appeals, Palakkad.
8.	Karnataka Tax on Entry of Goods Act, 1979	Entry tax on purchase of machinery items and interest ( paid)	3.88 (2.10)	2006-07 2007-08 2008-09	Joint Commissioner of Commercial Taxes, Davaneri.
9.	Indian Customs Act, 1962	Differential customs duty on raw material purchases (Paid)	1161.14 (125.00)	2000 to 2006	Commissioner of Customs, Chennai.
10.	Indian Customs Act, 1962	Finalisation of assessed Bill of Entries pertaining to KCL.	16.06	2006-07	Central Excise and Service Tax Appellate Tribunal, Bengaluru.
11.	Indian Customs Act, 1962	Penalty on classification of goods disputed	9.90	2008-09	High Court of Andhra Pradesh, Hyderabad.
12.	Indian Customs Act, 1962	Anti dumping duty on import of Barium Carbonate	32.69	2010-11	Deputy Commissioner of Customs, Chennai.
13.	Indian Customs Act, 1962	Differential duty on classification of goods disputed (Lauric Acid)(Paid)	10.70 (1.07)	2014-15	Central Excise and Service Tax Appellate Tribunal, Bengaluru.



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

Sl. No.	Name of the Statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
14.	Employees Provident Fund and Miscellaneous Provisions Act, 1952.	PF delay charges/ damages for belated payments	15.34	May, 2002 to Dec, 2007	Regional PF Commissioner, Cuddapah, (for waiver).
15.	The Electricity Act, 2003.	Refund of Income tax on account of change in tax rates as per PPA.(paid)	500.00 (500.00)	2000-2005	The Supreme Court of India.
16.	The Electricity Act, 2003.	Fuel Surcharge Adjustment (FSA) charges.	871.93 1255.71  695.34	2008-09 Oct, 2011 to Mar, 2012  April,2009 to June,2010	Supreme Court of India. Supreme Court of India (demand raised during the year 2014-15) High Court of Andhra Pradesh, Hyderabad.
17.	The Electricity Act, 2003.	Interest on amount pending in Court Cases	268.05	2014-15	High Court/Supreme Court of India(demand raised during the year 2014-15)

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

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

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

Place : Hyderabad (Camp)  
Date : 12<sup>th</sup> April, 2016



**ANNEXURE-B  
AUDITOR'S REPORT**

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

We have audited the internal financial controls over financial reporting of **M/s.Sree Rayalaseema Alkalies and Allied Chemicals Ltd., Kurnool** ("the Company") as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

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

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary



to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

Place : Hyderabad (Camp)  
Date : 12<sup>th</sup> April, 2016

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016

(Rs. in lakhs)

	Note No	As at 31.03.2016	As at 31.03.2015
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	10178.92	9764.60
(b) Reserves and Surplus	2	22668.65	19939.30
(c) Money received against share warrants from related parties		907.72	-
		<b>33755.29</b>	29703.90
<b>(2) Share application money pending allotment</b>		-	-
<b>(3) Non-current Liabilities</b>			
(a) Long-term borrowings	3	16004.93	9793.75
(b) Deferred tax liabilities (Net)	4	6959.33	6879.17
(c) Other Long term liabilities		-	-
(d) Long-term provisions		-	16672.92
		<b>22964.26</b>	
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	5	22467.43	17529.92
(b) Trade payables	6	6537.65	5606.43
(c) Other current liabilities	7	10703.51	11581.63
(d) Short-term provisions	8	728.54	721.21
		<b>40437.13</b>	35439.19
<b>TOTAL</b>		<b>97156.68</b>	<b>81816.01</b>
<b>II ASSETS</b>			
<b>(1) Non-current Assets:</b>			
(a) Fixed Assets	9		
(i) Tangible Assets		66036.03	44446.12
(ii) Intangible Assets		-	-
(iii) Capital work-in-progress		-	12391.98
(iv) Intangible assets under development		66036.03	56838.10
(b) Non-current investments	10	171.19	171.09
(c) Deferred tax assets(net)		-	-
(d) Long-term loans and advances	11	4135.31	3763.93
(e) Other non-current assets		-	-
<b>(2) Current Assets:</b>			
(a) Current investments			
(b) Inventories	12	6977.14	4304.10
(c) Trade receivables	13	6497.77	5274.10
(d) Cash and Cash equivalents	14	4217.25	3313.81
(e) Short term loans and advances	15	1989.24	2394.38
(f) Other current assets	16	7132.75	5756.50
		<b>26814.15</b>	21042.89
<b>TOTAL</b>		<b>97156.68</b>	<b>81816.01</b>
Significant Accounting Policies and Notes to Accounts	24	-	-

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

For and on behalf of the Board

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

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

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

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

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

Sd/-  
**CA C. RAJESH KHANNA**  
Chief General Manager & CFO

Place : Hyderabad  
Date : 12<sup>th</sup> April, 2016

Place : Hyderabad  
Date : 12<sup>th</sup> April, 2016



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

(Rs. in lakhs)

	Note No	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>I Revenue from Operations (Gross)</b>	17	92170.65	87643.74
Less: Excise duty and Sales Tax		10530.95	9977.84
Revenue from Operations (Net)	8	81639.70	77665.90
<b>II Other Income</b>	18	534.20	569.45
<b>III Total Revenue (I+II)</b>		<b>82173.90</b>	<b>78235.35</b>
<b>IV Expenses:</b>			
a) Cost of materials consumed	19	31979.07	31087.36
b) Purchases of Stock-in-Trade		-	-
c) Changes in inventories of finished goods work-in-progress and stock in Trade	20	(1081.58)	163.63
d) Employee benefits expenses	21	3348.73	3118.33
e) Finance costs	22	3810.47	3339.51
f) Depreciation and amortization expense	9	3546.61	3643.19
g) Power and Fuel charges		28401.87	26405.77
h) Other expenses	23	8304.53	6735.32
<b>Total Expenses</b>		<b>78309.70</b>	<b>74493.11</b>
<b>V Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>3864.20</b>	<b>3742.24</b>
<b>VI Exceptional items</b>		-	-
<b>VII Profit before extraordinary items and tax (V-VI)</b>		<b>3864.20</b>	<b>3742.24</b>
<b>VIII Extraordinary Items</b>			
<b>IX Profit before tax (VII-VIII)</b>		<b>3864.20</b>	<b>3742.24</b>
<b>X Tax expense:</b>			
(1) Current Tax		763.10	696.35
(2) Deferred tax liability/(asset)		80.16	247.52
<b>XI Profit for the period from continuing operations (IX-X)</b>		<b>3020.94</b>	<b>2798.37</b>
<b>XII Profit/(loss) from discontinuing operations(Refer Notes to Accounts No:24.3)</b>		(579.23)	(583.22)
<b>XIII Tax expense of discontinuing operations</b>			
<b>XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)</b>		(579.23)	(583.22)
<b>XV Profit for the period (XI+XIV)</b>		<b>2441.71</b>	<b>2215.15</b>
<b>XVI Dividend on Preference shares (from 1.4.2002 at 0.01%)</b>		2.68	-
Dividend Distribution Tax		0.53	-
<b>XVII Profit for the period (XV+XVI)</b>		<b>2438.50</b>	<b>2215.15</b>
<b>XVIII Earnings per equity share: face value Rs.10/- each</b>			
(1) Basic		3.07	2.816
(2) Diluted		3.06	2.803
Significant Accounting Policies and Notes to Accounts	24		

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

For and on behalf of the Board

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

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

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

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

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

Sd/-  
**CA C. RAJESH KHANNA**  
Chief General Manager & CFO

Place : Hyderabad  
Date : 12<sup>th</sup> April, 2016

Place : Hyderabad  
Date : 12<sup>th</sup> April, 2016



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

	2015-16			2014-15		
	+	-	Rs. in lakhs	+	-	Rs. in lakhs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>						
NET PROFIT BEFORE TAX AND EXTRAORDINARY / EXCEPTIONAL ITEMS			3864.20			3742.24
ADJUSTMENT FOR:						
DEPRECIATION	3546.61		3546.61	3643.19		3643.19
FOREIGN EXCHANGE					54.99	(54.99)
LOSS / PROFIT ON SALE OF FIXED ASSETS					335.65	3003.86
INTEREST PAID / RECEIVED	3810.47	393.99	3416.48	3339.51		
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			10827.29			10334.30
ADJUSTMENTS FOR:						
TRADE AND OTHER RECEIVABLES		2566.14	(2566.14)		1907.90	(1907.90)
INVENTORIES		2673.04	(2673.04)	1944.64		1944.64
TRADE PAYABLES AND OTHER CURRENT AND NON-CURRENT LIABILITIES	3679.28		3679.28		625.48	(625.48)
WORKING CAPITAL CHANGES	3679.28	5239.18	(1559.90)	1944.64	2533.38	(588.74)
CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES			9267.39			9745.56
INTEREST RECEIVED / PAID	393.99	3810.47	(3416.48)	335.65	3339.51	(3003.86)
DIRECT TAXES PAID		754.31	(754.31)		125.57	(125.57)
CASH FLOW BEFORE EXTRAORDINARY / EXCEPTIONAL ITEMS			5096.60			6616.13
EXTRAORDINARY ITEMS / EXCEPTIONAL ITEMS:						
LOSS FROM DISCONTINUING OPERATIONS OF POWER PLANT	487.17	579.23	(92.06)	493.15	583.22	(90.07)
NET CASH FLOW FROM OPERATING ACTIVITIES			5004.54			6526.06
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>						
SALE / PURCHASE OF FIXED ASSETS		13231.70	(13231.70)	209.48	5393.38	(5183.90)
PURCHASE ON INVESTMENTS		0.10	(0.10)			
SALE / PURCHASE OF INVESTMENTS						
INTEREST RECEIVED						
DIVIDEND RECEIVED						
NET CASHFLOW FROM INVESTING ACTIVITIES		13231.80	(13231.80)	209.48	5393.38	(5183.90)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>						
PROCEEDS FROM ISSUE OF SHARE CAP/ WARRANTS						
SHARE PREMIUM	1612.91		1612.91	-		-
REPAYMENT OF FINANCE/LEASE LIABILITIES	13217.27	5347.89	7869.38	4667.96	4338.60	329.36
REPAYMENT OF LOANS OF DISCONTINUING OPERATIONS (POWER PLANT)		351.59	(351.59)		561.39	(561.39)
NET CASH FLOW FROM FINANCING ACTIVITIES	14830.18	5699.48	9130.70	4667.96	4899.99	(232.03)
<b>D. NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			903.44			1110.13
<b>E. CASH AND CASH EQUIVALENTS as at 01.04.15 (OPENING BALANCE)</b>			3313.81			2203.68
<b>F. CASH AND CASH EQUIVALENTS AS AT 31.03.16 (CLOSING BALANCE)</b>			4217.25			3313.81

The above cash flow statement has been prepared on the basis of Audited Accounts approved by the Board of Directors and is in agreement with the statement of Profit and Loss and Balance Sheet as at 31-3-2016.

As per our Report of even date attached

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

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

Place : Hyderabad  
Date : 12<sup>th</sup> April, 2016

For and on behalf of the Board

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

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

Place : Hyderabad  
Date : 12<sup>th</sup> April, 2016

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

Sd/-  
**CA C. RAJESH KHANNA**  
Chief General Manager & CFO





NOTES TO BALANCE SHEET

(Rs. in lakhs)

	As at 31.03.2016	As at 31.03.2015
<b>NOTE NO. 1 - SHARE CAPITAL</b>		
<b>1.1 EQUITY SHARE CAPITAL</b>		
a) <b>AUTHORISED:</b> 9,50,00,000 Equity shares of Rs.10/- each (Previous year 8,10,00,000 Equity Shares of Rs.10/- each)	<u>9500.00</u>	<u>8100.00</u>
b) <b>ISSUED:</b> 8,30,44,134 Equity shares of Rs.10/- each issued (Previous year 7,89,00,932 Equity Shares of Rs.10/- each)	<u>8304.41</u>	<u>7890.09</u>
c) <b>SUBSCRIBED AND FULLY PAID</b> 8,28,64,048 Equity shares of Rs.10/- each fully paid (Previous year 7,87,20,846 Equity shares of Rs.10/- each)	<u>8286.41</u>	<u>7872.09</u>
d) <b>SUBSCRIBED BUT NOT FULLY PAID</b> 1,80,086 Equity shares of Rs.10/- each	-	-
e) <b>CALLS UNPAID</b>	-	-
f) <b>FOREFITED SHARES</b> Amount received on forfeiture of 1,80,086 equity shares originally issued in 1995-96	<u>4.28</u>	<u>4.28</u>
<b>TOTAL</b>	<u>8290.69</u>	<u>7876.37</u>
<b>1.2 PREFERENCE SHARE CAPITAL</b>		
a) <b>AUTHORISED:</b> 1,90,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each having Coupon rate of 0.01%	<u>1900.00</u>	<u>1900.00</u>
b) <b>ISSUED:</b> 1,88,82,332 Cumulative Redeemable Preference Shares of Rs.10/- each	<u>1888.23</u>	<u>1888.23</u>
c) <b>SUBSCRIBED AND FULLY PAID</b> 1,88,82,332 Cumulative Redeemable Preference Shares of Rs.10/- each	<u>1888.23</u>	<u>1888.23</u>
d) <b>SUBSCRIBED BUT NOT FULLY PAID</b>	-	-
<b>TOTAL</b>	<u>1888.23</u>	<u>1888.23</u>
<b>TOTAL SHARE CAPITAL (1.1+1.2)</b>	<u>10178.92</u>	<u>9764.60</u>
<b>1.3 RECONCILIATION OF NUMBER OF SHARES OUTSTANDING</b>		
a) <b>EQUITY SHARES</b>	<b>No. of Shares</b>	<b>No. of Shares</b>
At the beginning of the year	78720846	74784804
Add: Issued during the year	4143202	3936042
Less: Bought back during the year	-	-
At the end of the year	<u>82864048</u>	<u>78720846</u>
b) <b>PREFERENCE SHARES</b>		
At the beginning of the year	18882332	18882332
Add: Issued during the year	-	-
Less: Redeemed during the year	-	-
At the end of the year	<u>18882332</u>	<u>18882332</u>



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

		As at 31.03.2016		As at 31.03.2015	
<b>1.4</b>	<b>LIST OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES</b>				
<b>a)</b>	<b>EQUITY SHARES</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>
	Sree Rayalaseema Hi-Strength Hypo Ltd	24.79	20544496	26.10	20544496
	TGV Projects & Investments Pvt Ltd	14.11	11694248	14.86	11694248
	IDBI Bank Ltd	-	-	7.19	5662461
	Brilliant Industries Pvt Ltd	8.90	7375243	-	-
<b>b)</b>	<b>PREFERENCE SHARES</b>				
	Sree Rayalaseema Hi-Strength Hypo Ltd	31.28	5906504	31.28	5906504
	IDBI Bank Ltd	9.57	1807959	9.57	1807959
	Prakash Babulal Mutha	-	-	6.61	1248193

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

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

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

During the year, the company has allotted 41,43,202 No. of Equity shares of Rs. 10/- each at premium of Rs. 7.02 on 29-01-2016 to Promoter Group on Preferential allotment by conversion out of 1,30,95,272 Share Warrants allotted on 31-01-2016

1.7 Cumulative Redeemable Preference shares issued, subscribed and fully paid up 1,88,82,332 of Rs.10/- each having a coupon rate of 0.01% from April, 2002 were allotted on sub-division and consolidation of 50% holding of equity shares and are redeemable after 15 year in 4 quarterly instalments commencing from 01.04.2018.

1.8 Redeemable Optionally Fully Convertible Debentures of 5% Series "B" 2,05,177 of Rs.100/- each issued to IFCI Ltd as per restructuring package were redeemed in full during the year 2015-16. There were no defaults in redemption of debentures and IFCI Ltd not exercised the option of conversion to the extent of outstanding balance as on 31.3.2016 of Rs.NIL lakhs (as on 31.3.2015 Rs.23.51 lakhs).

(Rs. in lakhs)

		As at 31.03.2016		As at 31.03.2015	
<b>NOTE NO. 2 - RESERVES AND SURPLUS</b>					
(a)	Capital Reserve - opening balance		2.00		2.00
(b)	Capital Redemption Reserve - opening balance	2000.00		2000.00	
	Add: Transfer from Surplus in Statement of Profit & Loss	-	2000.00	-	2000.00
(c)	Securities Premium Reserve		2579.37		2288.52
(d)	Debentures Redemption Reserve - opening balance	4500.00		4500.00	
	Less : Transfer to General Reserve	4500.00	-	-	4500.00
(e)	Revaluation Reserve		-		-
(f)	Share Options Outstanding Account		-		-
	<b>Other Reserves</b>				
(g)	Central Subsidy - opening balance		111.67		111.67
(h)	General Reserve - opening balance	7457.36		5957.36	
	Add : Transfer from Debentures Redemption Reserve	4500.00			
	Add: Transfer from Surplus in Statement of Profit & Loss	1500.00	13457.36	1500.00	7457.36
			18150.40		16359.55



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

(Rs. in lakhs)

	As at 31.03.2016	As at 31.03.2015
(i) Surplus - Balance in Statement of Profit and Loss - opening balance	3579.75	2864.60
Add: Profit for the Year from Statement of Profit and Loss	<u>2438.50</u>	<u>2215.15</u>
	6018.25	5079.75
Less: Appropriations		
Transfer to General Reserve	<u>1500.00</u>	<u>1500.00</u>
<b>TOTAL</b>	<u>4518.25</u> <u>22668.65</u>	<u>3579.75</u> <u>19939.30</u>
<b>NOTE NO. 3 - LONG TERM BORROWINGS</b>		
<b>SECURED:</b>		
<b>3.1 Term Loans</b>		
a) From Institutions		
i) IFCI Ltd. Corporate Term Loan (Repayable in 48 monthly Instalments from Sep, 2016)	8541.67	-
b) From Banks @	<u>3383.32</u>	<u>5290.75</u>
<b>3.2 Working Capital Term loan from Banks #</b>	<u>3095.57</u>	<u>1833.23</u>
<b>TOTAL</b>	<u>15020.56</u>	<u>7123.98</u>
<b>UNSECURED:</b>		
3.3 Deferred Payment liabilities (Sales Tax deferrment/ loan sanctioned as per State Incentive Schemes (Repayable from the year 2018-19 to 2023-24)	832.37	832.37
3.4 Loans and advances from related parties (contribution from promoters group as per approved project scheme and convertible into Equity)	152.00	1837.40
<b>TOTAL</b>	<u>984.37</u> <u>16004.93</u>	<u>2669.77</u> <u>9793.75</u>

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

3.6 There is no default as on 31.3.2016/31.03.2015 in repayment of loans and interest payments on Debentures and Term Loans.

3.7 Redeemable Optionally Fully Convertible Debentures of 5% Series "B" 2,05,177 of Rs.100/-each issued to IFCI Ltd as per restructuring package were redeemed in full during the year 2015-16. There were no defaults in redemption of debentures and IFCI Ltd not exercised the option of conversion to the extent of outstanding balance as on 31.3.2016 of Rs.NIL lakhs (as on 31.3.2015 Rs.23.51 lakhs).

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

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



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

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### 3.8 SECURITY:

#### A) TERM LOANS

- 1) The above Corporate Term Loan from IFCI Ltd is secured by first pari passu charge on immovable / movable assets of the company both present and future (excluding the project assets of Chloromethanes Project which are exclusively charged to Banks) and the project assets of Fatty Acids & Potassium Hydroxide, Power Plant at Bellary which are exclusively charged to IFCI will also form part of fixed assets for first pari passu charge after repayment of existing loans by March, 2016 and further guaranteed by the Chairman and Managing Director, Sri.T.G.Venkatesh.
- 2) The above Term loans from Banks are secured by first pari passu charge on fixed assets of Chloromethanes Project, and 2nd pari passu charge on other existing fixed assets and on the current assets and personal guarantee of Chairman and Managing Director Sri T.G.Venkatesh.
- 3) The above Working capital term loans from banks by IDBI Bank Ltd. and The Federal Bank Ltd. are secured by first pari passu charge on current assets i.e., specific lien on incentives and first pari passu charge on entire fixed assets of the company excluding assets pertaining to Chloromethanes Project and personal guarantee of Chairman and Managing Director Sri. T.G.Venkatesh and for United Bank of India and The South Indian Bank Ltd. are secured by first pari passu charge on on current assets i.e., specific lien on incentives and second pari passu charge on fixed assets of the company and personal guarantee of Chairman and Managing Director Sri. T.G.Venkatesh.



(Rs. in lakhs)

	As at 31.03.2016	As at 31.03.2015
<b>NOTE NO. 4 - DEFERRED TAX LIABILITY (NET)</b>		
a) Deferred tax liability as on 31.03.2016/31.03.2015 in respect of timing difference arising on account of difference between straight line and written down Value methods and rates of depreciation	8256.94	6879.17
b) Less: Deferred tax asset as on 31.03.2016/31.03.2015 in respect of unabsorbed depreciation/losses and expenses allowable U/s 43B of IT Act.	1297.61	-
c) Net Deferred tax liability as on 31.03.2016	6959.33	6879.17
d) Less: Opening Deferred tax liability as on 01.04.2015/01.04.2014	6879.17	6631.65
<b>Net Deferred tax liability/(asset) for the year</b>	<b>80.16</b>	<b>247.52</b>

**NOTE NO. 5 - SHORT TERM BORROWINGS**

**SECURED**

5.1 From Banks

a) Working capital Demand Loans	548.36	551.04
b) Cash Credits	1017.38	955.40
c) Bill Discounting	1862.19	437.75
d) Letters of Credit issued by Banks to Creditors (Payable to Banks on due dates of Letters of Credit)	18497.27	14453.27
e) Loan on fixed deposits	200.00	-
	<b>22125.20</b>	16397.46

5.2 From Others

a) Sale/Purchase Bills Discounted with Can Bank Factors Ltd (Payable on due dates of Bills/factors)	342.23	1132.46
<b>TOTAL</b>	<b>22467.43</b>	<b>17529.92</b>

5.3 There were no loans repayable on demand and short term Deposits/loans and advances from related parties.

5.4 There is no default as on 31.03.2016 (31.03.2015) in repayment of loans and interest payments on Working capital Loans, Letters of Credit issued and Bills discounted with Banks and others.

**5.5 SECURITY**

a) Short Term Loans from Banks:

The above Working Capital Demand Loans, Cash Credits and Bills discounted by Banks are secured by 1st pari passu charge by way of hypothecation of inventories and receivable of the company and further secured by 2nd pari passu charge on land, building and Plant and machinery and guaranteed by the Chairman and Managing Director, Sri T.G.Venkatesh.

b) Letters of Credit from Banks:

The above Letter of credit facility availed from Banks were secured by 1st pari passu by way of hypothecation of inventories and receivable of the company and further secured by 2nd pari passu charge on land, building and Plant and machinery and letters of credit for capital goods secured by exclusive charge on specific asset procured guaranteed by the Chairman and Managing Director, Sri T.G.Venkatesh.

c) Bills discounted with Can Bank Factors Ltd:

The above Sale Bill discounting facility from Can Bank Factors Ltd is secured by second charge on respective fixed assets of the company ranking pari passu with charges already created/ to be created by the Company and further guaranteed by the Chairman and Managing Director, Sri T.G.Venkatesh and purchase bill discounting facility sanctioned by Can Bank Factors Ltd are secured by 2nd pari passu charge on fixed assets of the company.



(Rs. in lakhs)

	As at 31.03.2016	As at 31.03.2015
<b>NOTE NO. 6 - TRADE PAYABLES</b>		
<b>UNSECURED CREDITORS</b>		
6.1 for Capital goods	696.15	217.10
6.2 for Supplies of raw materials/stores and spares etc	4394.13	4540.29
6.3 for Services	1447.37	849.04
<b>TOTAL</b>	<u>6537.65</u>	<u>5606.43</u>
DUES TO MICRO, SMALL & MEDIUM ENTERPRISES AS REQUIRED UNDER THE MICRO, SMALL & MEDIUM ENTERPRISES AND DEVELOPMENT ACT, 2006 (Refer Notes to Accounts No: 24.8)		
<b>NOTE NO. 7 - OTHER CURRENT LIABILITIES</b>		
7.1 Current maturities of long term debt (payable within 12 months after the reporting date)		
<b>SECURED:</b>		
a) Debenture Loans from IDBI & IFCI	-	503.90
b) Term Loans from IDBI & IFCI	1458.33	1887.25
c) Deferred Term Loans from IDBI & IFCI	-	439.22
d) Term Loans from Banks	3244.37	2251.11
e) Interest and accrued but not due on term loans	33.09	-
	<u>4735.79</u>	<u>5081.48</u>
<b>UNSECURED:</b>		
7.2 Deferred Payment Sales Tax payable within 12 months after the reporting date	-	289.83
<b>7.3 OTHERS</b>		
a) Trade Deposits from Dealers/customers payable on demand	8.50	910.04
b) Statutory Dues towards Excise duty, Service tax, VAT, TDS etc	999.44	694.85
c) Employees Salaries, Bonus and P F/ ESI recoveries and contributions to Superannuation Fund	477.76	400.17
d) Advances from customers	1619.31	1067.31
e) Dues to Banks (Cheques issued in current accounts)	144.55	383.52
f) Power charges and other expenses payable	2718.16	2754.43
<b>TOTAL</b>	<u>5967.72</u>	<u>6210.32</u>
	<u>10703.51</u>	<u>11581.63</u>
7.4 There were no current maturities of Finance Lease Obligations, Interest accrued and due on borrowings, unpaid Dividends, unpaid matured Debentures or Deposits and interest accrued thereon, Income received in advance and Application money received for allotment of securities and due for refund		
<b>NOTE NO. 8 - SHORT TERM PROVISIONS</b>		
8.1 Provision for employee benefits.		
a) Un-availed Leave encashment	20.72	24.87
8.2 Others		
a) Provision for Income Tax	705.14	696.34
b) Provision for Dividend on Preference shares	2.68	-
<b>TOTAL</b>	<u>728.54</u>	<u>721.21</u>



NOTE NO. 9 - FIXED ASSETS		ORIGINAL COST				DEPRECIATION AND AMORTISATION				BOOK VALUE	
		As at 01/04/2015	Additions	Deductions	As at 31/03/2016	Upto 31/03/2015	For the Year	Deductions	Upto 31/03/2016	As at 31/03/2016	As at 31/03/2015
1	a) Free Hold Land & Development b) Lease Hold Land	701.51 15.29	19.90 -	- -	721.41 15.29	- -	- -	- -	- -	721.41 15.29	701.51 15.29
2	Buildings										
	a) Factory Buildings	7113.78	2313.00	-	9426.78	-	217.65	-	2072.91	7353.87	5258.52
	b) Non-Factory Buildings	890.41	159.98	-	1050.39	-	14.07	-	143.56	906.83	760.92
	c) Roads & Borwells	372.15	140.12	-	512.27	-	28.26	-	281.01	231.26	119.40
3	Plant & Machinery - Continuous Process	47435.27	21680.66	-	69115.93	-	1912.00	-	29460.08	39655.85	19887.19
4	Thermal Power Plants	32855.17	1013.67	-	33868.84	-	1460.74	-	18542.20	15326.64	15773.71
5	Other Plant & Machinery	4592.09	12.44	-	4604.53	-	305.14	-	3196.53	1408.00	1700.70
6	Furniture & Fittings	101.49	2.79	-	104.28	-	4.78	-	86.72	17.56	19.55
7	Office & Telephone Equipments	352.73	90.00	-	442.73	-	25.21	-	322.78	119.95	55.16
8	Computers	388.85	73.84	-	462.69	-	41.64	-	355.62	107.07	74.87
9	Lab, Workshop & Other Equipment	255.36	102.48	-	357.84	-	14.74	-	231.11	126.73	38.99
10	Vehicles	319.59	14.81	-	334.40	-	9.55	-	288.83	45.57	40.31
	<b>Total</b>	<b>95393.69</b>	<b>25623.69</b>	-	<b>121017.38</b>	-	<b>4033.78</b>	-	<b>54981.35</b>	<b>66036.03</b>	<b>44446.12</b>
	<b>Chloromethanes Plant under Trial Run</b>	12391.98	5537.31	17929.29	-	-	-	-	-	-	12391.98
	<b>Grand Total:</b>	<b>107785.67</b>	<b>31161.00</b>	<b>17929.29</b>	<b>121017.38</b>	-	<b>4033.78</b>	-	<b>54981.35</b>	<b>66036.03</b>	<b>56838.10</b>
	<b>Previous Year</b>	<b>102709.11</b>	<b>10930.41</b>	<b>5653.85</b>	<b>107785.67</b>	<b>46973.58</b>	<b>4136.33</b>	<b>162.34</b>	<b>50947.57</b>	<b>56638.10</b>	<b>55735.53</b>



(Rs. in lakhs)

	As at 31.03.2016	As at 31.03.2015
<b>NOTE NO. 10 - NON CURRENT INVESTMENTS</b>		
<b>10.1 NON-TRADE INVESTMENTS</b>		
a) In Government Securities: National Saving Certificates (unquoted and valued at cost)	1.90	1.80
b) In Equity Shares (Quoted and valued at cost)		
i) Sree Rayalaseema Hi-Strength Hypo Ltd (244749 Equity Shares of Rs.10/- each)	24.48	24.48
ii) Indian Bank (839 Equity Shares of Rs.10/- each at Rs.91/- each)	0.76      25.24	0.76      25.24
<b>10.2 TRADE INVESTMENTS</b>		
a) In Equity Shares (unquoted and valued at cost) Andhra Pradesh Gas Power Corporation Ltd., (536000 Equity Shares of Rs.10/- each and 804000 Equity Shares of Rs.10/- each at Rs.12.50 & Bonus Shares 53600, which are pledged with Financial Institutions)	144.05	144.05
<b>TOTAL</b>	<u>171.19</u>	<u>171.09</u>
<b>10.3 Aggregate Amount of :</b>		
a) Quoted Investments	25.24	25.24
b) Market Value of Quoted Investments	156.49	116.06
c) Unquoted Investments	145.95	145.85
d) Provision for diminution in value of investments	NIL	NIL
<b>10.4</b> There were no investments in Subsidiaries, Associates, Joint Ventures and controlled special purpose Entities and in Preference Shares, Bonds, Debentures, Mutual Funds and in Partnership Firms		
<b>NOTE NO. 11 - LONG TERM LOANS AND ADVANCES</b>		
<b>11.1 Unsecured and considered good</b>		
(a) Capital Advances	557.17	551.66
(b) Security Deposits with Power Distribution Corporation Ltd	2395.60	1815.68
(c) Loans and advances to related parties (Rent Deposit)	137.13	228.35
(d) Other loans and advances (Includes amounts paid under protest and claims receivable)	1045.41	1168.24
<b>TOTAL</b>	<u>4135.31</u>	<u>3763.93</u>
<b>NOTE NO. 12 - INVENTORIES</b>		
12.1 Raw Materials	1200.33	786.02
12.2 Work-in-progress	687.60	419.00
12.3 Finished Goods	1519.60	703.62
12.4 Stores and spares, Chemicals, fuel and packing materials	2285.74	1817.29
12.5 Scrap and other disposals	10.88	13.88
12.6 Goods in transit ( In Port Yard)		
a) Raw Materials	1178.28	564.29
b) Stores and spares and fuels	94.71	
<b>TOTAL</b>	<u>6977.14</u>	<u>4304.10</u>
<b>METHOD OF VALUATION OF STOCKS:</b>		
Refer Accounting Policies under Note No. 24.1-B		





## Sree Royalaseema Alkalies and Allied Chemicals Limited

(Rs. in lakhs)

	As at 31.03.2016	As at 31.03.2015
<b>NOTE NO. 13 - TRADE RECEIVABLES</b>		
13.1 Trade Receivables outstanding for a period exceeding six months from the date due for payment		
a) Unsecured and considered good	-	21.45
b) Considered Doubtful/Bad	86.25	-
Less :Provision for doubtful debts	64.00	22.25
Less : Bad debts written off during the year	22.25	-
	21.45	142.12
13.2 Other Trade Receivables		
a) Unsecured and considered good	6476.32	5131.98
<b>TOTAL</b>	<b>6497.77</b>	<b>5274.10</b>
<b>NOTE NO. 14 - CASH AND CASH EQUIVALENTS</b>		
14.1 Cash on hand	19.39	14.99
14.2 Balances with banks in current accounts	205.31	402.88
14.3 Cheques/Drafts in hand	100.00	14.36
14.4 Balance with Banks in Margin Money/Fixed Deposits for LC/BG	3876.16	2748.58
14.5 Bank Deposits with more than 12 Months Maturity	16.39	133.00
	4217.25	3313.81
<b>NOTE NO. 15 - SHORT TERM LOANS AND ADVANCES UNSECURED AND CONSIDERED GOOD</b>		
15.1 Loans and advances to related parties	127.53	114.95
15.2 Others		
a) Advance to Suppliers	367.15	419.93
b) Advance to Employees	90.10	88.51
c) Advance to Contractors & Transporters	50.46	144.23
d) Prepaid Insurance and other Expenses	275.15	320.45
e) Tender/Security/Telephone Deposits	175.12	281.05
f) Advance Excise Duties/CENVAT/VAT/Service Tax	390.39	434.78
g) Advance Income Tax and TDS	436.94	445.06
h) Other Advances	76.40	145.42
	1861.71	2279.43
<b>TOTAL</b>	<b>1989.24</b>	<b>2394.38</b>
<b>NOTE NO. 16 - OTHER CURRENT ASSETS</b>		
16.1 Sales tax, Power and Export Incentives and claims receivable	7132.75	5756.50
<b>TOTAL</b>	<b>7132.75</b>	<b>5756.50</b>

### NOTES TO STATEMENT OF PROFIT AND LOSS

(Rs. in lakhs)

	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE NO. 17 - REVENUE FROM OPERATIONS</b>		
17.1 Sale of Manufactured Products (Refer Note No. 24.15 for details of Product wise sales)	86556.25	83784.00
17.2 Other Operating revenues		
a) Process charges	266.04	206.85
b) Export Incentives	197.35	228.52
c) Sales Tax and Power Incentives	5151.01	3424.37
	5614.40	3859.74
<b>TOTAL</b>	<b>92170.65</b>	<b>87643.74</b>



(Rs. in lakhs)

	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE NO. 18 - OTHER INCOME</b>		
18.1 Interest on Bank and other deposits and customers	393.99	335.65
18.2 Dividend Income	3.71	0.01
18.3 Net gain on Foreign Exchange	-	93.71
18.4 Insurance Claim	3.98	-
18.5 Rent Receipts	11.11	12.78
18.6 Creditors written back and bad debts collections	63.93	54.23
18.7 Profit on sale of Fixed Assets	-	54.99
18.8 Other Receipts	57.48	18.08
<b>TOTAL</b>	<b>534.20</b>	<b>569.45</b>
<b>NOTE NO.19 - COST OF MATERIALS CONSUMED</b>		
19.1 Consumption of raw materials (Refer Notes to Account No. 24.18)	29257.10	28449.45
19.2 Consumption of chemicals	1972.28	1859.86
19.3 Consumption of packing materials	749.69	778.05
<b>TOTAL</b>	<b>31979.07</b>	<b>31087.36</b>
<b>NOTE NO. 20 - CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK IN TRADE</b>		
<b>20.1 OPENING STOCKS</b>		
a) Finished Goods	703.62	773.98
b) Stock-in-process	419.00	511.42
c) Scrap & Disposables	13.88	14.73
<b>TOTAL</b>	<b>1136.50</b>	<b>1300.13</b>
<b>20.2 CLOSING STOCKS</b>		
a) Finished goods	1519.60	703.62
b) Stock-in-process	687.60	419.00
c) Scrap & Disposables	10.88	13.88
<b>TOTAL</b>	<b>2218.08</b>	<b>1136.50</b>
<b>NET DECREASE/(INCREASE) IN STOCKS (NET TOTAL)</b>	<b>(1081.58)</b>	<b>163.63</b>
<b>NOTE NO. 21 - EMPLOYEE BENEFITS EXPENSES</b>		
21.1 Salaries, Wages, Bonus and Allowances	2856.67	2626.51
21.2 Contribution to ESI & Provident Fund	132.80	124.94
21.3 Contribution to Gratuity & Superannuation Schemes	26.00	31.19
21.4 Staff Welfare expenses	333.26	335.69
<b>TOTAL</b>	<b>3348.73</b>	<b>3118.33</b>
<b>NOTE NO. 22 - FINANCE COSTS</b>		
22.1 Interest expenses		
a) On Term Loans and Debentures	1377.85	417.43
b) On Working capital cash credits	202.03	320.97
c) On Purchase/ Sale bills discounting	1367.01	1432.53
d) Interest on Trade Deposits	19.82	59.43
e) On Others	671.40	883.62
	<b>3638.11</b>	<b>3113.98</b>
22.2 Other borrowing costs		
a) Loan processing charges	158.70	188.27
22.3 Net gain/loss on foreign currency Loans	13.66	37.26
<b>TOTAL</b>	<b>3810.47</b>	<b>3339.51</b>



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

(Rs. in lakhs)

	Year ended 31.03.2016	Year ended 31.03.2015
<b>NOTE NO. 23 - OTHER EXPENSES</b>		
23.1	Consumption of stores and spares	829.72
23.2	Rent including Lease Rents	267.79
23.3	Insurance	120.06
23.4	Repairs & Maintenance	
	a) Buildings	77.61
	b) Plant & Machinery	653.90
	c) Others	167.57
23.5	Rates & Taxes	5.99
23.6	Excise duty on captive consumption/Stocks	0.13
23.7	Processing Charges	41.24
23.8	Travelling and conveyance	299.98
23.9	Printing and stationery	30.24
23.10	Postage Telegrams and Telephones	43.90
23.11	Managing Director Remuneration	169.06
23.12	Directors sitting fee	2.52
23.13	Remuneration to Managing Director	
23.14	Directors Travelling	40.61
23.15	Remuneration to Auditors	
	Audit - Fee	9.00
	Tax Audit Fee	1.25
	Cost Audit Fee	1.25
	Cost Audit expenses	0.05
23.16	Freight Inward & Material handling charges	572.57
23.17	Freight outward & Ocean freight	1097.06
23.18	Discounts and Commission on sales	657.63
23.19	Other Selling expenses	214.97
23.20	Advertisement	19.22
23.21	Fee and Expenses	39.22
23.22	Bank Charges	657.24
23.23	Service Charges	196.51
23.24	Legal Expenses	36.93
23.25	Research and Development /Lab Expenses	34.62
23.26	Water Charges	17.71
23.27	Provision for Bad Debts and doubtful debts	22.25
23.28	Net Loss on Exchange fluctuations	-
23.29	Other Expenses	318.62
23.30	Corporate Social Responsibility expenses	49.78
23.31	Donations	32.61
23.32	Amort Change off	-
23.33	Expenses/(Income) relating to Earlier Years (Net)	6.51
	<b>8304.53</b>	<b>6735.32</b>



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

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

#### 24.1 Significant Accounting Policies:

##### A. Basis of Preparation and Presentation of Financial Statements:

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

##### B. Inventories:

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

##### C. Depreciation:

Depreciation on Fixed Assets has been provided from 01.04.2014 on Straight line Method in respect of Plant & Machinery and Buildings and in respect of other assets on written down value method as per section 123 and the useful lives of assets specified in Schedule II to the Companies Act, 2013. Accordingly the useful lives of fixed assets adopted as specified in Schedule II to the Companies Act, 2013, for all the fixed assets, except, for continuous process plants (i.e., 18 years adopted as against 25 years prescribed) and Thermal Power Plants (i.e., 20 years adopted as against 40 years prescribed) based on internal assessment and technical evaluation report.

##### D. Revenue Recognition:

- (i) Sales revenue is recognised on supply of goods. Turnover includes Sales Tax, Excise Duty and Education Cess in respect of goods sold. Income and Expenditure are recognised on accrual basis except for transactions below Rs.10,000/- per transaction, accounted in the year of payment / receipt.
- (ii) Export incentives such as Duty Draw Back, Status Holder Incentive Scheme (SHIS) are taken into account on the basis of eligible export FOB value.
- (iii) Dividends on investments are recognised when the right to receive is established.
- (iv) Interest on delay payments to creditors / by debtors accounted on the basis of debit notes / Credit notes raised / received from the parties.
- (v) Insurance claims are accounted on the basis of claims lodged.
- (vi) Interest/Hire Charges on Hire Purchase Loans has been taken into account on due and payable basis.

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

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

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

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



**G. Foreign Currency Transactions:**

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

**H. Retirement Benefits to Employees:**

**a) Gratuity:**

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

**b) Leave Encashment:**

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

**I. Investments:**

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

**J. Borrowing Costs:**

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

**K. Segment Reporting:**

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

**L. Leases:**

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

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

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

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

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

**O. Impairment of Assets:**

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

**P. Provisions and Contingent Liabilities:**

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



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### NOTES TO ACCOUNTS:

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

(Rs. in lakhs)

Particulars	Current Year 2015-16	Previous Year 2014-15
a) Cheques / Bills Discounted with Banks.	139.92	4.90
b) Unexpired Letter of Credits/Bank guarantees (net of margin money paid)	503.09	819.51
c) Estimated amount of Contracts remaining to be executed on Capital Account. (Net of advances).	4307.96	4615.37
d) Arrears of dividend on cumulative redeemable preference shares of Rs.1888.23 lacks at a coupon rate of 0.01 % issued and allotted as per Debt Restructuring package and scheme of arrangement sanctioned by High Court of A.P. for the period from 01.04.2002 to 31.03.2016, (Payable after 15 years) i.e., from 01.04.2018. During the year dividend on CRPS from 01.04.2002 to 31.3.2016 at coupon rate 0.01% of Rs. 2.68 lakhs was provided and hence no contingent liability.	-	2.46
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.,	454.86	431.34
ii) 1) Customs matters regarding dispute on classification of goods pending before High Court	9.90	9.90
2) Differential customs duty on classification of goods disputed (Lauric Acid) pending before CESTAT, customs. (paid under protest Rs. 1.07 lakhs)	10.70	3.62
3) Imposition of Anti-Dumping Duty on in puts during December 2010 pending before ADC, Customs.	(1.07)	-
4) Disputed duty levied on import of material during the year 2006-07 pending in appeal before CESTAT.	32.69	32.69
iii) Sales tax matters regarding Input tax credit availed on fuels used for steam generation disallowed by the Department and levied penalty and interest; Case is pending before Hon' ble High Court of AP (Paid under Protest )	16.06	16.06
iv) Claims of Vat regarding dispute of Turnover, input tax credit on sales returns and stock transfer value treated as sale on account of non-acceptance of form F are pending in appeal before Appellate Asst. Commissioner (CT) Palakkad and Sales Tax Tribunal, Ernakulam (Paid under protest)	53.91	53.91
v) Claim of entry tax & interest on Entry Tax payable on Machinery items is pending before Assessing OfficerDC (CT), Bellary (50% Paid )	(53.91)	(53.91)
vi) Sales tax matters regarding liability of interest on delay in payment of deferred sales tax liability for the years 2005-06 and 2006-07. Stay petition filed and stay granted by Hon'ble High Court of A.P. (Paid under protest)	46.71	44.24
vii) Levy of delay charges on late payment of Provident Fund by Regional Provident Fund Commissioner.	(15.08)	(6.94)
viii) 1) Wheeling Charges levied by APCPDCL pending in Supreme Court	3.88	3.88
2) Wheeling charges levied on APGAS power supplies covered by Bank guarantee Rs.69.30 lakhs	(2.10)	(2.10)
ix) The Fuel Surcharge Adjustment (FSA) charges for the year 2008-09, 2009-10 and for the 1 <sup>st</sup> quarter of 2010-11 payable to APCPDCL was contested by the Industrial units including the company before Hon'ble High Court of AP and obtained favourable order for 2008-09 and the matter was referred to Supreme Court and the same is pending. Hon'ble High Court granted stay for the year 2009-10 and first quarter of 2010-11.	351.14	132.11
x) Fuel Surcharge Adjustment charges levied by APCPDCL for the period from October, 2011 to March, 2012 during the year 2014-15 contested and obtained Stay Order from Honorable Supreme Court of India.	(69.04)	(44.04)
xi) Interest levied by APSPDCL in regular monthly bills for the year 2014-15 on disputed court cases is not provided, being the cases are pending in courts.	15.34	15.34
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)	24.21	24.21
g) Demand raised by Power Distribution Companies (DISCOMS) for the differential tax on account of change in Income Tax rates /tax holiday as per terms of PPA was contested by the Company before the Electricity Regulatory Commission and the liability has been reduced to Rs. 500 lakhs. The DISCOMS have recovered the same from monthly bills. The company contested before the Supreme Court for refund of the recovered amount and it is pending. (Recovered amount is shown under loans and advances)	24.21	24.21
h) Claims made by M/s Singareni Collieries towards Dist. Mineral Foundation Cess at 30% on Royalty charges of Coal supplies for the period from 12.01.2015 to 19.01.2016 not accepted by the company and obtained Stay Order from A.P. High Court.	NIL	NIL
	1567.27	1567.27
	1255.71	1255.71
	268.05	268.05
	1161.14	1161.14
	(125.00)	(125.00)
	500.00	500.00
	(500.00)	(500.00)
	68.68	-



**24.3 DISCONTINUING OPERATIONS OF POWER PLANT AT BELLARY:**

**Disclosures under Accounting Standard (AS-24)**

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

	As on 31.3.2016 Rs. in Lakhs	As on 31.3.2015 Rs. in Lakhs
a. Carrying amount of Fixed Assets :	3523.69	4010.86
b. Current Assets including claims receivable:	921.77	747.90
Total Assets	4445.46	4758.76
Less: Term Loans from IFCI Ltd. :	-	350.00
Less: Current Liabilities	0.61	-
Net Carrying amount :	4444.85	4408.76
Loss from discontinuing operations for the year:	579.23	583.22

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

	2015-16 Rs. in Lakhs	2014-15 Rs. in Lakhs
a) Against Debtors, Contractors and Suppliers	142.61	79.04

- 24.5 a) Exchange differences on Foreign Currency Term Loans from Financial Institutions in respect of installments paid during the year resulting in loss amounting to Rs.30.50 lakhs (previous year loss Rs.3.98lakhs) and exchange difference on loans outstanding as on 31.3.2016 amounting to Rs. Nil (being loans repaid during the year) charged to statement of profit and loss as per AS-11 (previous year gain Rs.19.10 lakhs).
- b) The Exchange difference in respect of imports and exports during the year resulting in loss amounting to Rs.310.64 lakhs debited to Statement of Profit and Loss. (Previous Year gain Rs.81.51 lakhs)

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

	2015-16 Rs. in Lakhs	2014-15 Rs. in Lakhs
(i) Not later than one year	22.20	21.60
(ii) Later than one year and not later than five years	49.00	50.40
(iii) Later than five years	Nil	Nil

24.7 Employee Benefits:

A) Defined Contribution Plans

Company makes Provident Fund and superannuation Fund contributions which are defined contribution plans, for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized Rs. 90,16,376 (Previous year Rs.80,90,186/-) for Provident Fund contributions and Rs. Nil (Previous year Rs.6,13,785/) for Superannuation Fund contributions in the Statement of Profit and Loss. The contribution payable to these plans by the Company is at rates specified in the rules of the schemes.

B) Defined Benefit Plan

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



(Rs. in lakhs)

Particulars	2015-16	2014-15
<b>1. changes in present value of Obligations</b>		
Present value at the beginning of the year	3,65,89,164	3,73,12,763
Interest cost	29,27,133	29,85,021
Current Service Cost	26,16,757	29,24,079
Benefits paid	(25,40,895)	(31,13,125)
Actuarial (gain)/loss on obligations	14,26,013	(35,31,060)
Present value at the end of the year	4,10,18,172	3,65,89,164
<b>2 The fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	4,38,88,739	4,28,60,599
Expected return on plan assets	35,74,282	37,44,429
<b>Contributions</b>	4,58,576	3,81,289
Benefits paid	(25,40,895)	(31,13,125)
Fair value of plan assets at the end of the year	4,53,80,702	4,38,88,739
<b>3. Actuarial Return on plan assets</b>		
Actuarial (gain)/ loss on obligations	14,26,013	(35,31,060)
Total (gain) / loss for the year	14,26,013	(35,31,060)
Actuarial (gain)/loss recognized in the year	14,26,013	(35,31,060)
<b>4. Amount recognized in the balance sheet</b>		
Present value of obligations as at the end of year	4,10,18,172	3,65,89,164
Fair value of plan assets as at the end of the year	4,53,80,702	4,38,88,739
Net asset/(liability) recognized in balance sheet	43,62,530	72,99,575
<b>5. Expenses recognized in Statement of Profit and Loss</b>		
Current service cost	26,16,757	29,24,079
Interest cost	29,27,133	29,85,021
Expected return on plan assets	(35,74,282)	(37,44,429)
Net Actuarial (gain) / loss recognized in the year	14,26,013	(35,31,060)
Expenses recognized in statement of profit and loss.	33,95,621	13,66,389
<b>6. Assumptions</b>		
Discount rate	8%	8%
Salary escalation	7%	8%
Expected rate of return on Plan Assets	8%	8%

24.8 Under the Micro, Small and Medium Enterprises Development Act, 2006 and in accordance with the notification issued by the Ministry of Corporate Affairs, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises as defined in the said Act. The company is in the process of compiling the relevant information from its suppliers about their coverage under the said Act and hence required disclosures made to the extent available. The following are outstanding balances as at 31.03.2016:

- A] SMALL ENTERPRISES - Rs.1384.26 Lakhs (Previous Year Rs.2211.82 Lakhs);
- B] MICRO ENTERPRISES - Rs. 58.42 Lakhs (Previous Year Rs.18.06 Lakhs); and
- C] MEDIUM ENTERPRISES - Rs.407.44 Lakhs (Previous Year Rs.545.08 Lakhs);





24.9 Segment Reporting

(Rs. in lakhs)

Sl. No	Particulars	For the year 2015-16	For the year 2014-15
01	Segment Revenue		
	A. Chemicals	58445	55480
	B. Oils & Fats	24866	23575
	<b>TOTAL</b>	<b>83311</b>	<b>79055</b>
	Less: Inter Segment Revenue	1602	1248
	Net Sales/Income from Operations	81709	77807
02	Segment Results Profit/(Loss) before Tax and interest		
	A. Chemicals	7108	6684
	B. Oils & Fats	172	62
	<b>TOTAL</b>	<b>7280</b>	<b>6746</b>
	Less: (i) a) Interest Expense	3810	3340
	b) Interest Income	(394)	(336)
	(ii) Loss from discontinuing operation of Power Plant	579	583
	Total Profit before Tax	3285	3159
03	Capital Employed		
	(Segment Assets-Segment Liabilities) (Based on Estimate in terms of available data)		
	a) Chemicals	56786	48276
	b) Oils & Fats	3205	1111
	c) Others	425	1165
	<b>TOTAL</b>	<b>60416</b>	<b>50552</b>
04	Discontinuing operations of power plant (carrying amount of assets minus liabilities & loans)	4445	4409



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### 24.10 Related Parties Disclosures:

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

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

S.No.	Name of the transacting related party	Nature of Relationship
<b>CURRENT YEAR 2015-16</b>		
1.	Sree Rayalaseema Hi-Strength Hypo Limited	Associate
2.	TGV Projects and Investments Private Limited	Associate
3.	Brilliant Bio Pharma Limited	Associate
4.	Sree Maruthi Marine Industries Limited	Associate
5.	Sree Maruthi Agro Tech Private Limited	Associate
6.	Gowri Gopal Hospitals Private Limited	Associate
7.	Sree Rayalaseema Galaxy Projects Private Limited	Associate
8.	Roopa Industries Limited	Associate
9.	S.K.Salts Private Limited	Associate
10.	JSM International Limited	Associate
11.	TGV Securities Private Limited	Associate
12.	M.V.Salts & Chemicals Private Limited	Associate
13.	Brilliant Industries Private Limited	Associate
<b>PREVIOUS YEAR 2014-15</b>		
SAME AS ABOVE		

Note: Associate companies by virtue of shareholding

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

#### 2. Disclosures of transactions between the company and Related Parties and outstanding balances as on 31<sup>st</sup> March, 2016.

(Rs. in lakhs)

Sl. No.	Nature of Transaction	For the year ended 31.03.16	For the year ended 30.03.15	Balance outstanding as on 31.03.16	Balance outstanding as on 31.03.15
<b>A.</b>	<b>Associate Companies</b>				
1	Sales / Receivables	6909.67	8511.60	140.79(Dr)	646.01 (Dr)
2	Purchases / Payables	703.40	699.84	121.57(Dr)	102.62 (Dr)
3	Purchase of Capital Goods	-	-	-	-
4	Office / Lease Rentals Paid	143.04	135.64	-	0.26 (Cr)
5	Office / Lease Rents received	4.88	7.85	-	-
6	Rent /cylinder deposit paid	-	-	137.13(Dr)	228.36 (Dr)
7	Services availed/(rendered)	173.92	121.89 (1.76)	31.12(Cr)	27.01 (Cr)
8	Corporate Guarantees provided by Associate Company	NIL	NIL	NIL	97.40
9	Share Warrants Application money received	907.73	-	907.73 (Cr)	-
10	Equity Shares allotted with premium	705.17	393.61	-	-
11	Unsecured loans received / Adjusted	1612.90	249.76	-	1612.90(Cr)
12	Investment in Equity Shares	-	-	24.48 (Dr)	24.48(Dr)
<b>B.</b>	<b>Key Management personnel</b>				
1	Remuneration	273.11	228.28	-	-
2	Un secured loans received / paid	72.50 (Dr)	25.50 (Dr)	152.00 (Cr)	224.50 (Cr)
<b>C.</b>	<b>Relatives to Key Management Personnel</b>	1.27	0.70	-	-

Note : Cr indicates Credit balance &Dr indicates Debit balance



## Sree Royalaseema Alkalies and Allied Chemicals Limited

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

### 24.12 Earnings per Share:

Basic and diluted earnings per share calculated in compliance with the provisions of Accounting standard (AS20) for the year ending 31.03.16 comes to Rs. 3.07 p.a (Previous year Rs.2.82 p.a.) and Rs.3.06 p.a (previous year Rs.2.80 p.a.) respectively.

The denominator for Basic EPS is 7,94,35,974 (previous year 7,86,66,928) 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. 24,41,49,340 (previous year Rs.22,14,93,029 )

The denominator for diluted EPS is increased by potential equity deemed to be issued for OFCD i.e 7,95,96,249 (previous year 7,90,83,643) and the numerator for this calculation is the net profit after tax as per Statement of Profit and Loss and after adjusting preference dividend and the interest at 5 % on OFCDs and the tax liability thereon, amounting to Rs. 24,42,12,681 (previous year Rs.22,16,57,714)

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

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

24.15 Revenue from Operations or Sale of Goods:

(Rs. in lakhs)

Sl.No.	Description of Products	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015
<b>A</b>	<b>MANUFACTURED GOODS</b>		
1	Caustic Soda Lye / Flakes	41600.93	42265.19
2	Liquid Chlorine	1954.11	2578.66
3	Hydrochloric Acid	843.22	1365.97
4	Hydrogen Gas	1114.44	1269.10
5	Bleach Liquor	1092.06	1321.75
6	Caustic Potash Lye/Flakes	12287.48	9559.61
7	Potassium Carbonate	1138.70	436.17
8	Hydrogenated Castor Oil	1162.60	1781.20
9	12 Hydroxy Stearic Acid	7191.85	8705.32
10	Refined Glycerine	647.55	1052.03
11	Stearic Acid	4961.00	2965.11
12	Soap Noodles.	9578.88	7241.77
13	Toilet Soaps	894.48	931.27
14	Others less than 1% of Total Turnover	2088.95	2310.85
	<b>TOTAL</b>	<u>86556.25</u>	<u>83784.00</u>
<b>B</b>	<b>TRADED GOODS</b>	NIL	NIL



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

### 24.16 Cost of Raw Materials Consumed:

(Rs. in lakhs)

Sl.No.	Description of Material	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015
1.	SALT	4995.59	5261.87
2	CASTOR OIL	7470.50	9851.92
3	ACID OILS & OTHER OILS	10413.89	8917.24
4	POTASSIUM CHLORIDE AND CARBONATE	6226.49	4280.39
5	RAW MATERIALS-SOAPS	51.58	56.22
6	HYDROCHLORIC ACID NORMAL GRADE	-	81.81
7	METHANOL	98.84	-
8	OTHERS	0.21	-
	<b>TOTAL</b>	<b>29257.10</b>	<b>28449.45</b>
9	PURCHASE OF TRADED GOODS	NIL	NIL

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

(Rs. in lakhs)

		Current Year 31.03.2016	Previous Year 31.03.2015
i)	Raw Materials	7536.23	5085.06
ii)	Coal	64.56	556.02
iii)	Chemicals & Spares & Stores	315.64	503.97
iv)	Capital Goods / Services	2668.02	76.05

### 24.18 Raw Material Consumed

	Current Year 2015-16			Previous year 2014-15		
	Qty MT/KL	Rs. in lakhs	%	Qty MT/KL	Rs. in lakhs	%
<b>i) Salt</b>						
- Imported	-	-	-	-	-	-
- Indigenous	230239	4995.59	100	237719	5261.87	100
<b>ii) Potassium Chloride</b>						
- Imported	24314	6226.49	100	16973	4280.39	100
- Indigenous	-	-	-	-	-	-
<b>iii) Castor Oil</b>						
- Imported	-	-	-	-	-	-
- Indigenous	9583	7470.50	100	11709	9851.92	100
<b>iv) Lauric Acid</b>						
- Imported	1115	859.69	-	315	253.54	96.05
- Indigenous	-	-	-	10	10.40	3.95
<b>v) Palm Fatty Acid Distilled</b>						
- Imported	-	-	-	-	-	-
- Indigenous	15849	5273.29	100	12148	5015.15	100



## Sree Rayalaseema Alkalies and Allied Chemicals Limited

<b>vi) Palm Kernal Oil/Distilled Fatty Acid</b>						
- Imported	1636	820.35	91.66	1781	1067.64	97.02
- Indigenous	146	74.69	8.34	48	32.75	2.98
<b>vii) Crude Glycerine</b>						
- Imported	1042	253.26	100	1134	311.38	100
- Indigenous	-	-	-	-	-	-
<b>viii) RBD Palm Stearine</b>						
- Imported	-	-	-	-	-	-
- Indigenous	8755	2959.84	100	3916	1678.13	100
<b>ix) Methanol, Chloroform etc.,</b>						
- Imported	195	51.82	52	-	-	-
- Indigenous	297	47.03	48	-	-	-
<b>x) Other Raw Materials</b>						
- Imported	-	224.55	100	-	686.28	100
- Indigenous	-	-	-	-	-	-
<b>TOTAL</b>						
- Imported		8211.61	28.07		5912.95	20.79
- Indigenous		21045.49	71.93		22536.50	79.21
		29257.10			28449.45	

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

	Current Year 2015-16		Previous Year 2014-15	
	Rs. in lakhs	%	Rs. in lakhs	%
a) Imported	216.84	5.96	349.21	10.07
b) Indigenous	3419.63	94.04	3118.42	89.93
<b>TOTAL</b>	<b>3636.47</b>	<b>100.00</b>	<b>3467.63</b>	<b>100.00</b>

### 24.21 Earnings in Foreign Exchange

(Rs. in lakhs)

	Current Year 2015-16	Previous Year 2014-15
i) FOB value of exports	5798.79	7302.28
ii) Others	Nil	Nil

### 24.22 Expenditure in Foreign Exchange

(Rs. in lakhs)

	Current Year 2015-16	Previous Year 2014-15
i) Traveling	15.26	8.70
ii) Fees and charges	4.62	3.32
iii) Commission Paid	134.99	71.51
iv) Raw Materials and Chemicals	5378.48	2175.47
v) Stores & Spares	139.44	305.21
vi) Capital Goods	2647.69	-
vi) Refundable security deposit	26.56	-
vii) Interest payment	31.19	17.48

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

As Per our Report of even date attached

For and on behalf of the Board

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

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

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

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

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

Sd/-  
**CA C. RAJESH KHANNA**  
Chief General Manager & CFO

Place : Hyderabad  
Date : 12<sup>th</sup> April, 2016

Place : Hyderabad  
Date : 12<sup>th</sup> April, 2016



# SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

CIN: L24110AP1981PLC003077

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

## Form No. MGT-11

### Proxy Form

Equity / CRP Shareholders

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

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

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

I / We .....of ..... in the District of ..... being Member/ Members of the above named Company, hereby appoint.....of ..... in the District of .....as my / our proxy to attend and vote for me / us on my /our behalf at the **34<sup>th</sup> ANNUAL GENERAL MEETING** of the Company to be held at Regd. Office of the Company : Gondiparla, Kurnool, A.P. on Tuesday, 27<sup>th</sup> September, 2016 at 4.35 P.M. or at any adjournment thereof.

Signed this .....Day of ....., 2016.

Affix a  
Re.1/-  
Revenue  
Stamp

Signature of the Shareholder

#### Note:

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



# SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

CIN: L24110AP1981PLC003077

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

## ATTENDANCE SLIP

Equity / CRP Shareholders

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

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

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

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

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

I, hereby record my presence at the **34<sup>th</sup> ANNUAL GENERAL MEETING** of the Company to be held at Regd. Office of the Company : Gondiparla, Kurnool, A.P. on Tuesday, 27<sup>th</sup> September, 2016 at 4.35 P.M.

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

Signature of Member / Proxy



Kept Intentionally Blank









## PRINTED MATTER

If undelivered, please return to :

**Sree Rayalaseema Alkalies  
and Allied Chemicals Limited**  
(CIN : L24110AP1981PLC003077)

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