

# **SOUTHERN MAGNESIUM AND CHEMICALS LIMITED**

**(CIN NO.L27109TG1985PLC005303)**



**33<sup>rd</sup> ANNUAL REPORT  
2018 - 2019**

**CORPORATE INFORMATION****BOARD OF DIRECTORS & KMP:**

Mr. N. RAVI PRASAD	Managing Director and CEO
Mr. N. RAJENDER PRASAD	Joint Managing Director and CFO
Mrs. E. MAHALAKSHMI	APIDC Nominee Director
Mr. K. ESHWARAIAH	Independent Director
Mr.V. S. S. PRAKASH	Independent Director
Mr. G. RAGHAVENDRA RAO	Independent Director

**COMPANY SECRETARY :** Ms. Ekta Sharma (01-10-2018 to 15-04-2019)

**REGISTERED OFFICE:** Deccan Chambers, 5<sup>th</sup> Floor,  
6-3-666/B, Somajiguda, Hyderabad – 500 082  
Ph: 040-23311789, Fax No: 040-23319871

**AUDITORS:** Brahmayya & Co.  
Chartered Accountants, Hyderabad

**SECRETARIAL AUDITORS:** D. Hanumanta Raju & Co.  
Company Secretaries, Hyderabad

**BANKERS:** Andhra Bank, Somajiguda, Hyderabad

**WORKS:** Gowripatnam, West Godavari District

**LISTED AT:** BSE Limited

**REGISTRAR &  
SHARE TRANSFER AGENTS:** Aarthi Consultants Private Limited,  
1-2-285, Domalguda, Hyderabad-500029  
Ph.Nos.040-27638111/27634445  
Email : info@aarthiconsultants.com

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**NOTICE**

**NOTICE IS HEREBY GIVEN THAT THE 33<sup>RD</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF SOUTHERN MAGNESIUM AND CHEMICALS LIMITED WILL BE HELD ON MONDAY, 30<sup>TH</sup> SEPTEMBER, 2019 AT 11:30 A.M. AT HOTEL I. K. LONDON RESIDENCY, 6-3-656, KAPADIA LANE, SOMAJIGUDA, HYDERABAD – 500 082, TELANGANA, INDIA TO TRANSACT THE FOLLOWING BUSINESS :**

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2019, the Profit & Loss Account and Cash Flow Statement for the year ended on that date together with the Schedules and Notes attached thereto, along with the Reports of Auditors and Directors thereon.

**SPECIAL BUSINESS**

2. **To reappoint Mr. Nuthakki Ravi Prasad (DIN: 00319537) as Managing Director and Chief Executive Officer (CEO) of the company.**

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

**“RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and Schedule V along with other applicable provisions, if any, of the Companies Act, 2013, read with relevant rules made thereunder and pursuant to the recommendations received from nomination and remuneration committee, consent of the members be and is hereby accorded to re-appoint Mr. Nuthakki Ravi Prasad (DIN:00319537) as the Managing Director and Chief Executive Officer whose tenure is due to expire on 12.11.2019 for a further period of three years i.e. from 13.11.2019 to 12.11.2022 and shall not be liable to retire by rotation”.

**“RESOLVED THAT** Mr. Nuthakki Ravi Prasad, shall be entitled to remuneration of Rs. 96,000 per month, and he is eligible to following perquisites

Perquisites:

- i. Housing I: The expenditure incurred by the company on hiring unfurnished accommodation for the Managing Director will be subject to a ceiling of sixty percent of the salary, over and above ten percent payable by the Managing Director.

Housing II: If accommodation in the company owned house is provided, ten percent of salary of the Managing Director shall be deducted by the company.

Housing III: If the company does not provide accommodation, the Managing Director shall be entitled to House rent allowance subject to the ceiling laid down in Housing I.

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of the Managing Director.

- ii. The Company shall pay as per the Company's Policy, the Medical Expenses including such expenses as shall relate to the surgical, optical and dental treatment incurred by Mr. N. Ravi Prasad for himself and his family.

- iii. Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the Company.
- iv. Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- v. The Company shall pay the annual premium towards personal accident insurance as per the Rules of the Company.
- vi. Mr. Nuthakki Ravi Prasad and his family shall be covered under the Medical claim Insurance Schemes as per the rules of the Company.
- vii. Encashment of leave on full pay and allowances as per the rules of the company but not exceeding one month's leave for every twelve months of service.
- viii. Such other benefits in accordance with the schemes and rules applicable to the members of the company from time to time.

For the purpose of calculating the above ceilings, perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of such Rules, perquisites shall be evaluated at actual costs.

The Company will pay tax on non monetary perquisites to the appointee as per the amended section 10CC of the Income Tax Act, 1961.

The following shall not be included for the purposes of computation for the Managing Director's remuneration or perquisites as aforesaid:

- a) The Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act.
- b) Gratuity payable to the Managing Director at the rate of half month's salary for each completed year of service.
- c) Encashment of leave at the end of tenure.
- d) Chauffeur driven company maintained car for use on Company's business and telephones facility at the residence of Whole time Managing Director and reimbursement of expenses including entertainment expenses will not be considered as perquisites."

**"RESOLVED FURTHER THAT** the Directors of the Company be and are hereby severally authorized to do all acts, deeds, and things as may be necessary to give effect to the above resolution."

**3. To reappoint Mr. Nuthakki Rajender Prasad (DIN: 00145659) as Joint Managing Director and Chief Financial Officer (CFO) of the company.**

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

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and Schedule V along with other applicable provisions, if any, of the Companies Act, 2013, read with relevant rules made there under and pursuant to the recommendations received from nomination and

remuneration committee, consent of the members be and is hereby accorded to re-appoint Mr. Nuthakki Rajender Prasad (DIN: 00145659) as the Joint Managing Director and Chief Financial officer of the Company whose tenure is due to expire on 09.08.2019 for a period of three years i.e. from 10.08.2019 to 09.08.2022 and shall not be liable to retire by rotation”.

**“RESOLVED THAT** Mr. N. Rajender Prasad, shall be entitled to remuneration of Rs. 96,000 per month, and he is eligible to following perquisites

Perquisites:

- i. Housing I: The expenditure incurred by the company on hiring unfurnished accommodation for the Joint Managing Director will be subject to a ceiling of sixty percent of the salary, over and above ten percent payable by the Joint Managing Director.

Housing II: If accommodation in the company owned house is provided, ten percent of salary of the Joint Managing Director shall be deduced by the company.

Housing III: If the company does not provide accommodation, the Joint Managing Director shall be entitled to House rent allowance subject to the ceiling laid down in Housing I.

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of the Joint Managing Director.

- ii. The Company shall pay as per the Company's Policy, the Medical Expenses including such expenses as shall relate to the surgical, optical and dental treatment incurred by Mr.N. Rajender Prasad for himself and his family.
- iii. Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the Company.
- iv. Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- v. The Company shall pay the annual premium towards personal accident insurance as per the Rules of the Company.
- vi. Mr. Nuthakki Rajender Prasad and family shall be covered under the Medical claim Insurance Schemes as per the rules of the Company.
- vii. Encashment of leave on full pay and allowances as per the rules of the company but not exceeding one month's leave for every twelve months of service.
- viii. Such other benefits in accordance with the schemes and rules applicable to the members of the company from time to time.
- ix. For the purpose of calculating the above ceilings, perquisites shall be evaluated as per
- x. Income Tax Rules, wherever applicable. In the absence of such Rules, perquisites shall be evaluated at actual costs. The Company will pay tax on non monetary perquisites to the appointee as per the amended section 10CC of the Income Tax Act, 1961.
- xi. The following shall not be included for the purposes of computation for the Whole time Joint Managing Director's remuneration or perquisites as aforesaid:

- i) The Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act.
- ii) Gratuity payable to the Whole time Joint Managing Director at the rate of half month's salary for each completed year of service.
- iii) Encashment of leave at the end of tenure.
- iv) Chauffeur driven company maintained car for use on Company's business and telephones facility at the residence of Whole time Joint Managing Director and reimbursement of expenses including entertainment expenses will not be considered as perquisites.

**"RESOLVED FURTHER THAT** the Directors of the Company be and are hereby authorized to do all acts, deeds, and things as may be necessary to give effect to the above resolution."

**4. Re-appointment of Mr. Surya Sessa Prakash Valluru (DIN: 02661625) as an Independent Director.**

To consider, and if thought fit, to pass, the following Resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Mr. Surya Sessa Prakash Valluru (DIN: 02661625), who was appointed as an Independent Director of the Company for a term of five years up to 13.08.2019, by the members at the 28th Annual General Meeting, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of five consecutive years on the Board of the Company with effect from 14.08.2019 to 13.08.2024 and shall not be liable to retire by rotation."

**5. Re-appointment of Mr. Eshwariah Kaparathi (DIN: 02728256) as an Independent Director.**

To consider, and if thought fit, to pass, the following Resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Mr. Eshwariah Kaparathi (DIN: 02728256), who was appointed as an Independent Director of the Company for a term of five years up to 13.08.2019, by the members at the 28th Annual General Meeting, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of five consecutive years on the Board of the Company with effect from 14.08.2019 to 13.08.2024 and shall not be liable to retire by rotation."

**6. Re-appointment of Mr. G. Raghavendra Rao (DIN: 00470659) as an Independent Director.**

To consider, and if thought fit, to pass, the following Resolution as a Special Resolution:

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

modification(s) or re-enactment thereof, for the time being in force) and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Mr. G. Raghavendra Rao (DIN:00470659), who was appointed as an Independent Director of the Company for a term of five years up to 13.08.2019, by the members at the 28th Annual General Meeting, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of five consecutive years on the Board of the Company with effect from 14.08.2019 to 13.08.2024 and shall not be liable to retire by rotation.”

For and on Behalf of the Board of Directors of  
**Southern Magnesium and Chemicals Limited**

Sd/-

**RAJENDER PRASAD NUTHAKKI**  
**JT. MANAGING DIRECTOR & CFO**  
**(DIN: 00145659)**

Place : Hyderabad  
Date : 14.08.2019

#### **NOTES:**

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself. Such proxy need not be a Member of the Company.

A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights.

The instrument of proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of the companies, societies etc. must be supported by an appropriate resolution/ authority, as applicable.

2. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the 33<sup>rd</sup> Annual General Meeting.
3. The Register of Members and Share Transfer Books of the Company will be closed from 23.09.2019 to 30.09.2019 (both days inclusive).
4. Members are requested to produce the Attendance Slip duly signed as per the Specimen Signature recorded with the Company/Depository Participant for admission to the meeting hall.
5. Trading in equity shares of the Company through stock exchanges is permitted only in dematerialized form. Members can dematerialize their equity shares in the Company through their Depository Participant(s). The ISIN in respect of equity shares is INE308N01012.
6. Members holding shares in physical form are requested to notify immediately any change in their address along with address proof, i.e., Electricity /Telephone Bill, Driving License or a copy of passport and Bank particulars to the company or its Registrar & Share Transfer Agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the company/RTA without delay.
7. Members, who hold shares in de-materialized form, are requested to bring their Client ID and DP IDs for easier identification of attendance at the meeting.

## PROCESS FOR MEMBERS OPTING FOR E-VOTING

For Members who's E-mail addresses are registered with the Company/ Depositories:

1. **E-Voting:** Pursuant to the provision of Section 108 and other applicable provision, if any, of the companies Act, 2013 read with Rule 20 of the companies (Management and Administration) Rules, 2014 as amended and Regulation 44(1) of SEBI (LODR) 2015, the Members are provided with the facility to cast their Votes on resolution through e-voting services provided by Central Depository Services (India) Limited (CDSL).

The e-voting period commence on 27.09.2019 (9.00 A.M. IST) and ends on 29.09.2019 (5.00 P.M. IST). During this period, Members of the company, holding shares either in physical form or in dematerialized form, as on 21.09.2018 (cut off date), may cast their votes electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, he shall not be allowed to change it subsequently.

### The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 27<sup>th</sup> September, 2019 (9.00 A.M) and ends on 29<sup>th</sup> September, 2019 (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 21.09.2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders
- (iv) 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.
- (v) Next enter the Image Verification as displayed and Click on Login. 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.
- (vi) If you are a first time user follow the steps given below:

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

<b>PAN</b>	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company /Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> </ul>
	<ul style="list-style-type: none"> <li>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 Rajesh Kumar with sequence number 1 then enter RA00000001 (which is printed on address label) in the PAN field.</li> </ul>



DOB	Enter the Date of Birth as recorded in your Demat account or in the company records for the said Demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your Demat account or in the company records for the said Demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member ID / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (vii) After entering these details appropriately, click on “SUBMIT” tab
- (viii) Members holding shares in physical form will then directly reach the Company selection Screen. However, members holding shares in Demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other company on which they are eligible to vote,
- Provided that company opts for e-voting through CDSL platform, it is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e- voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A Confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvi) If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (x) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
  - 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 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.
4. **Voting at AGM:** The Members, who have not cast their vote electronically, can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue.
5. **Other instructions:**
- (i) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - (ii) You can also update your mobile number and E-mail ID in the user profile details of the folio which may be used for sending future communication(s).
  - (iii) The voting rights of Members shall be reckoned on the paid up value of shares registered in the name of Member/ Beneficial Owner as on the cut-off date i.e. 21.09.2019.
  - (iv) The Board of Directors has appointed D. Hanumanta Raju & Co. Company Secretaries, B-13, F-1, P.S. Nagar, Vijayanagar Colony, Hyderabad - 500 057 as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
  - (v) The scrutinizer shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses who are not in the employment of the Company and make a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or person authorized by the Chairman for counter signature.
  - (vi) The results shall be declared either by the Chairman or by an authorized person of the Chairman and the Resolutions will be deemed to have been passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolution(s).
6. Immediately after declaration of results, the same shall be placed along with the Scrutinizer’s Report on the Company’s website [www.southernmagnesium.com](http://www.southernmagnesium.com) and on the website of RTA [www.aarthiconsultants.com](http://www.aarthiconsultants.com), and communicated to BSE Limited, where the shares of the Company are listed for placing the same on their website.