

MD	✓	B&C	✓
CS	✓	ENV	✓
RO	✓	DIV	✓
TRA	NA	AC	✓
AGM	✓	SEI	✓
YE	✓		✓

# 16th Annual Report (1997-98)

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**Sree Rayalaseema Alkalies  
and Allied Chemicals Limited**



**SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED****BOARD OF DIRECTORS**

Sri T.G.Venkatesh  
Chairman & Managing Director

Sri Diwakar S.Shetty  
(upto 29.11.97)

Sri K.Kameswara Rao  
(Nominee of IDBI upto 23.02.98)

Sri M.P.Murti

Sri S.S.Bhandari  
(Nominee of IFCI)

Sri K. Balarama Reddi  
(Nominee of IREDA)

Sri P.N.Vedananarayanan

Sri S.Suryanarayanan

Sri G.Krishna Murthy

Sri O.D.Reddy

**VICE-PRESIDENT (P&A) AND  
COMPANY SECRETARY**

Sri. N.Ramaswamy

**BANKERS**

Indian Bank  
United Bank of India  
The South Indian Bank Ltd  
State Bank of Travancore  
The Federal Bank Ltd  
Canbank Factors Ltd

**LEGAL ADVISOR**

Sri. N.Nagendranath Reddy

**AUDITORS**

**Brahmayya & Co.**

Chartered Accountants  
Adoni - 518 301.

**REGISTERED OFFICE & FACTORY**

Gondiparla  
Kurnool - 518 004.

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**SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED****NOTICE**

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of Sree Rayalaseema Alkalies and Allied Chemicals Limited will be held at the Registered Office of the Company at the factory premises, Gondiparla, Kurnool - 518 004 on 25.09.98 at 4.00 p.m. to transact the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the period ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Sri. M.P.Murti, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Sri. G.Krishna Murthy, who retires by rotation and is eligible for reappointment.
4. To appoint Auditors and to fix their remuneration. In this connection, to consider and, if thought fit, to pass with or without modification the following as an ORDINARY RESOLUTION.

"RESOLVED THAT the retiring Auditors, M/s. Brahmayya & Co., chartered Accountants, Adoni be and hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration as decided by the Board of Directors as Audit fee exclusive of reimbursement of actual travelling and other expenses".

**SPECIAL BUSINESS :**

5. To consider and if thought fit to pass with or without modification the following Resolution as Special Resolution.

"RESOLVED that subject to section 163 of the Companies Act., 1956 and other applicable provisions consent of the company be and hereby is accorded to the Board of Directors of the company for keeping the Register of members together with the Index of Members, and copies of all returns prepared under sections 159 and 160 of the Companies Act, 1956, as also the copies of certificates and documents required to be annexed thereto under sections 160 and 161 of the Companies Act, 1956, Books of Accounts and connected records at Corporate Office the Krishna Jyothsna Complex, Kurnool - 518 004 instead of at the registered office of the Company at Gondiparla, Kurnool - 518 004."

"RESOLVED FURTHER that the Secretary of the company be and hereby is authorised to file necessary returns with the Registrar of Companies, Andhra Pradesh."

6. To consider and if thought fit, to pass with or without modification the following Resolution as a Special Resolution.

"RESOLVED THAT Subject to sec 17 of the Companies Act 1956, (including any amendments to or re-enactment or notification thereof), the Articles of Association of the Company be and hereby is altered in the manner and to the extent specified below i.e., to say, article 16A, be added after Article No. 16.

16A: The Company can buy back its shares, if so required, as and when permitted by the Companies Act, 1956.

BY ORDER OF THE BOARD

**N. RAMASWAMY**

Vice President (P&A) &  
Company Secretary

Place: Hyderabad.  
Date : 29.06.1998.

**Notes:**

1. A Member entitled to attend and vote at a Meeting is entitled to appoint one or more Proxies to attend and vote on a poll on his behalf and such Proxy need not be a Member of the Company. A Proxy Form is enclosed. Proxy Form in order to be effective, duly completed must be received by the Company at the Registered Office, not less than 48 hours before the time fixed for the Meeting.
2. Explanatory Statement as required under Section 173 of the Companies Act, 1956 is annexed hereto.
3. Members are requested to bring with them the Attendance Slip sent with the Annual Report duly completed and signed and hand it over at the entrance.
4. Pursuant to Sec. 154 of the Companies Act., 1956 and clause 41 of listing Agreement, the Register of Members and Share Transfer books of the company will remain closed for Four Days i.e., from 22.9.98 to 25.9.98 (both days inclusive).

**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 number in all correspondence.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956****Item No : 5**

For administrative convenience and to have better communication facilities it is proposed to keep Books of Accounts, Register of Members and connected records at Corporate Office, Krishna Jyothsna Complex, Kurnool - 518 004 with in the same city, instead of at the Registered Office, Gondiparla, Kurnool. This will facilitate customers, shareholders and others to have easy accessibility to the statutory records of the company. For keeping the statutory records in a place other than the Registered Office within the city a special resolution is required to be approved by members in their general meeting. None of the Directors is interested in the resolution.

**Item No.6**

In 15th Annual General Meeting held on 29.11.1997, members have passed the required resolutions to enable to the Board to buy back Company's Shares as and when allowed by the Companies Act, 1956, Now it is required to amend Articles of Association suitably to facilitate the implementation of the members' approval as and when the Companies Act, 1956 is amended by the Parliament. None of the Directors is interested in the resolution.

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**SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED****DIRECTORS' REPORT :****OPERATIONS :**

Your Directors are pleased to inform that the Company has achieved good results quantitatively by having 121% capacity utilisation. The same could not be reflected in turnover as well as in profits. This is mainly due to the decline in realisations, which again is due to domestic over supply, Industrial recession and stiff competition from imports. Your Company has achieved a marginal increase in turnover from 127.46 crores to 129.24 crores, when compared to last year registering a marginal growth of 1.4 % in value. During the year the Company has successfully installed one more 6.2 MW D.G. set for Captive Power Generation. The fourth 6.2 MW D.G Set which was under erection during 1997-98 has been completed during the first quarter of the current year. Thus we have 4 D.G Sets of 6.2 MW each working now.

**OUTLOOK FOR THE CURRENT YEAR :**

Your Directors are optimistic of the future prospects of the Company. Anticipating such cyclic movement of Demand and supply, your company has already taken steps to diversify into Generation of power, utilisation of free Hydrogen to produce fatty acids, castor oil derivatives and so on. Once the market revives for the main product viz., caustic soda, the results will be extremely good.

**FINANCIAL RESULTS :**

The Net Profit after Taxation during the year under review is Rs.10.72 crores as against 16.49 crores during the previous year.

In view of unfavourable market conditions, surplus domestic production and threat from cheaper imports, the operating Profit Margin has come down.

	<b>YEAR ENDED</b>	
	<b>31.03.98</b>	<b>31.03.97</b>
	<b>Rs.In lakhs</b>	<b>Rs.In lakhs</b>
Surplus available for appropriation (Profit for the year)	<b>1072.17</b>	1648.93
Add : Surplus (Profits) brought from previous year	<b>1098.26</b>	739.65
	<b>2170.43</b>	2388.58
Less: Appropriation (transfer to General Reserve)	1000.00	1000.00
Provision for Dividend on Equity (10%)	-----	263.93
Provision for Corporate Dividend tax	-----	26.39
	<b>1000.00</b>	1290.32
	<b>1170.43</b>	1098.26

**DIVIDEND :**

Taking into account, the future fund requirements for further strengthening and consolidating the Asset base of your Company Directors feel that payment of Dividend for the year 1997-98 is not advisable and hence do not recommend the same.

**CAPITAL EXPENDITURE :**

During the year the Company has incurred an amount of Rs.4052 lakhs towards Capital Expenditure viz., Expansion, Staff Quarters, D G Sets, Fatty Acid and Potassium Hydroxide Projects and Bellary Power Project.

Your directors are confident that barring unforeseen circumstances the works relating to Fatty Acids, Potassium Hydroxide projects will be completed during the current year. The Company is taking all necessary steps to complete the Bellary Power Project at the earliest which is expected to be commissioned during next year (1999).

**SAFETY AND ENVIRONMENT PROTECTION :**

The Company is paying maximum attention for the Safety and Environment Protection. A Senior Executive continues to hold the responsibility of ensuring safety with a team of Officials working round the clock.

**QUALITY OF THE PRODUCT AND****ISO 9002 CERTIFICATION**

Main motto of the company is to confirm to highest quality norms not only in finished products but also in every aspect of business activity. Your directors are happy to inform that the company has been awarded ISO 9002, the highest certification for quality and standard during this year.

**INSURANCE :**

Assets of the Company are adequately insured.

**FIXED DEPOSITS :**

There were no unclaimed or overdue Fixed Deposits during the year.

**DIRECTORS :**

IDBI vide their letter Ref.No: CSD.53/979/NONB dated 23.2.98 has with drawn the nomination of Sri. K.Kameswar Rao from the Board with effect from 23.2.98. During his tenure Sri K.Kameswar Rao has given many useful suggestions. His views were heard in the meeting with attention and considered by all Directors as most constructive ones.

Sri M.P.Murti and Sri G.Krishna Murthy are retiring by rotation at the ensuing Annual General Meeting and they being eligible for reappointment offer themselves to be reelected as Directors.

**INDUSTRIAL RELATIONS :**

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

**DISCLOSURE OF PARTICULARS :**

The Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (particulars of Employees) Rules, 1975 forming part of this Report is annexed hereto.

**AUDITORS :**

M/s. Brahmayya & Co. Chartered Accountants, Adoni will retire at the conclusion of this Annual General Meeting and are eligible for reappointment. M/s. Brahmayya & Co. are being proposed for reappointment as Auditors and they will hold office upto the Annual General Meeting of the current year 1998-99.

**COST AUDIT :**

The Cost Audit under Section 233 B is being carried out by M/S. GEEYES & CO., Cost Auditor of the Company. As per the Government Order 52/75/CCAB/91(CLB) dated 23/02/93, Cost Audit is to be done on a regular basis by a qualified Cost Accountant from 1992-93 onwards every year.

**ENERGY CONSERVATION, TECHNOLOGY****ABSORPTION AND FOREIGN EXCHANGE****EARNINGS AND OUTGO :**

Particulars required to be disclosed under sec. 217(2)(e) of the companies Act, 1956 read with Rule 2 of the

companies (Disclosure of particulars in the Report of Directors) Rules, 1988 are annexed hereto as Form A and Form B.

**ACKNOWLEDGEMENT :**

Your Directors wish to express their grateful 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.

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 work of the Company during the year, inspite of difficult economic depression in the country.

On behalf of the Board of Directors

Place: Hyderabad.

Date : 29.06.1998.

**T.G.VENKATESH**

Chairman &  
Managing Director



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

## FORM - A

Disclosure of Particulars with respect to conservation of energy

	Current Year 31.03.1998	Previous Year 31.03.1997
<b>A. Power and Fuel Consumption</b>		
1. Electricity		
a) Units (KWH)	58870528	59905899
Total Amount (Rs.in Lakhs)	1243.63	1287.27
Rate/Unit (Rs)	2.11	2.15
b) Own Generation through Diesel Generators		
Units (KWH)	113569350	87552615
Unit per Lt of Diesel Oil (KWH)	3.84	3.69
Cost/Unit (Rs)	2.10	2.26
Through Wind Form Generation (KWH)	3099061	2760552
2. Coal	NIL	NIL
3. Furnace Oil Qty., (KL)LDO&HSD	29542	23714
Total Amount (Rs.in lakhs)	1998.19	1498.57
Average Rate (Rs/KL)	6764	6319
<b>B. Consumption per MT of Caustic Soda Lye Production</b>		
Number of Units (KWH)	2650	2673

**ENERGY CONSERVATION MEASURES TAKEN**

A separate dedicated Transformer has been installed and commissioned for Chlorine Plant Operations to reduce the transmission losses.

High efficiency motors were selected for Castor Oil & Fatty Acid Plants to obtain improved power factor at optimum loads.

A scheme has been introduced such that there will not be any effect on the Plant operations, due to sudden grid supply failures, when Captive Sets are operated in parallel to APSEB Supply.

To reduce fuel consumption in captive power generation, an improved version of Diesel Generator was installed.

The Company is replacing old Cell House, old Electroliser Elements & Membranes with new one, to avoid voltage drop, to conserve power.

An Absorption Pump was installed to produce chilled water from waste heat.





## FORM - B

## 1. SPECIFIC AREAS IN WHICH R&amp;D CARRIED OUT BY THE COMPANY :

- a) Recovery of sodium sulphate while processing Castor Oil Derivatives.
- b) Recovery of magnesium and calcium compounds as useful products from brine sludge.
- c) Development of products based on barium sulphate.

## 2. BENEFITS DERIVED AS A RESULT OF R &amp; D :

- a) Improved realisation of Barium Sulphate on account of better quality and reduction of solid waste in the process.
- b) Development of down stream units for gainful disposal of Chlorine.
- c) Better quality management for improving export of Castor Oil Derivatives and end products.

## 3. FUTURE PLANS :

- a) To utilise R/D activities for implementation of Environmental Management System ( ISO 14001 ).
- b) To perfect the technology to recover products from sweet water totally.

## 4. EXPENDITURE ON R&amp;D :

Charged under primary Heads of Accounts.

## 5. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :

- a) New technology to generate chilled water through vapour absorption by using waste heat had been adopted.
- b) By innovative technology developed in R/D centre, studies are being conducted to minimise solid waste generation in Chlor-alkali unit.

Particulars of Foreign Exchange Earnings and outgo  
(Please refer Rule 2(c))

1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, export plans.	Exported Hydrogenated Castor Oil, 12 Hydroxy Stearic Acid. Planning to enlarge exports by increasing export quantity and explore export possibility for other products.
2. Foreign Exchange earnings and outgo	<u>Rs.in lakhs</u>
a) Foreign Exchange used	14.59
b) Foreign Exchange earned	1157.87

On behalf of the Board of Directors

Place: Hyderabad.  
Date : 29.06.1998.

T.G.VENKATESH  
Chairman and Managing Director

**SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED****ANNEXURE TO DIRECTORS' REPORT :**

Information as per the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the period ended 31st March, 1998.

Name of the Employee	Age	Qualifications	Designation/ Nature of Duties	Date of commen- cement of Employment	Remuneration Received Rs.(Gross)	Experience (years)	Last Employment held
a) Employed throughout the Financial Year :							
1. Sri T.G.Venkatesh	49	B. Com.	Chairman & Managing Director	20.09.1985	7,72,000	26	General Manager (Commercial), Sree Rayalaseema Paper Mills Ltd.

**Notes :**

1. Remuneration includes Salary, House Rent Allowance and other Perquisites.
2. The Appointment of the Managing Director is Contractual and on the terms and conditions approved by the Central Government Letter No. 4/453/CL.IX/90 dated 29th November, 1990.

On behalf of the Board of Directors

Place : Hyderabad.

Date : 29.06.1998.

**T.G. Venkatesh**  
Chairman and Managing Director