

17th Annual Report (1998-99)



Sree Rayalaseema Alkalies
and Allied Chemicals Limited

ENVIRONMENTAL POLICY

1. Sree Rayalaseema Alkalies and Allied Chemicals Ltd. is committed to maintain safe and clean environment by controlling and preventing pollution and reducing the impacts on environment arising out of its products, activities or services.
2. The Company shall comply with all applicable Environmental regulations and other requirements to which organisation subscribes from time to time.
3. The Company shall achieve continual improvements in Environmental Preservation by way of optimum utilisation of resources, providing training, better operational control and monitoring, waste minimisation and disposal.
4. The Company shall educate and provide training to all the employees to develop more competence so that they are aware of Environmental management system to apply good environmental practices.

(T.G.VENKATESH)

Chairman & Managing Director



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

BOARD OF DIRECTORS

Sri T.G.Venkatesh
Chairman & Managing Director

Sri M.P.Murti

Sri S.S.Bhandari
(Nominee of IFCl upto 22.01.99)

Sri K. Balarama Reddi
(Nominee of IREDA)

Sri P.N.Vedanarayanan

Sri S.Suryanarayanan

Sri G.Krishna Murthy

Sri O.D.Reddy

Sr.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 Limited

LEGAL ADVISOR

Sri. N.Nagendranath Reddy

AUDITORS

Brahmayya & Co.
Chartered Accountants
Adoni - 518 301.

REGISTERED OFFICE & FACTORY

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

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"Royal" Soap launching ceremony at Hotel Holiday Inn, Hyderabad.
Seen From Left to Right Sri T.G. Raghavendra, Industrialist (Partly hidden), Sri T.G. Venkatesh, CMD,
Miss Sakshi Shivanand (Film Artist) Sri Akkinent Nagarajuna (Film Artist) lighting the Lamp.

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

NOTICE is hereby given that the Seventeenth 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 Thursday the 30.09.1999 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 1999 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.S.Suryanarayana, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Sri. O.D.Reddy, 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 out of pocket expenses".

SPECIAL BUSINESS:

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

"RESOLVED that the Debentures issued to IDBI to the tune of Rs.10 crores with a right to conversion into equity shares be and hereby approved".

BY ORDER OF THE BOARD

N. RAMASWAMY

Place : Hyderabad. Sr.Vice President (P&A) &
Date : 31.07.1999 Company Secretary

NOTES :

1. A Member entitled to attend and vote at a Meeting is entitled to appoint one or more Proxies to attend and vote on a poll on his behalf and such Proxy need not be a Member of the Company. A Proxy Form is enclosed. Proxy Form in order to be effective, duly completed must be received by the Company at the Registered Office not less than 48 hours before the time fixed for the Meeting.
2. Explanatory Statement as required under Section 173 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 10 days i.e., from 21.09.99 to 30.09.99 (both days inclusive).
5. Pursuant to the provisions of the erstwhile sub section (5) of Section 205-A of the Companies Act, 1956, the dividends upto the financial year 1994-95, which remained unclaimed, have been transferred to the General Revenue Account of the Central Government. The concerned Shareholders are requested to claim the amount



from the Registrar of Companies, Hyderabad. In case any assistance is required, please write to the Company at its Registered Office. In accordance with the amended provisions of Section 205-A(5), (amended by the Companies (Amend) Ordinance, 1999), the unclaimed Dividends pertaining to the years 1995-96 and 1996-97, would remain with the Company for a period of 7 years, upon expiry of which they will be transferred to a Fund established by the Central Government called The Investor Education and Protection Fund.

6. Non-resident Indian Shareholders are requested to inform us immediately:-

- a) the change in the Residential Status on return to India for permanent settlement;
- b) the particulars of NRE Account, if not furnished earlier.

Request to the Members:

1. Queries, if any, on Annual Accounts may please be forwarded to the Registered Office of the Company atleast 7 days before the date of the Annual General Meeting to enable us to prepare the answers well in advance.
2. Members are requested to quote Folio number in all correspondence.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item No: 5

Non-Convertible Debentures are allotted and issued to IDBI by the committee of the Board on 17.7.99. As per Article 71 of the Articles of Association of our Company, if we issue any Debenture to any one with a right to convert it as Equity Share, it should have the approval of members at their General Meeting. Here we have placed by private placement NCD's to the tune of Rs. 10 Crores to IDBI and one of the Clauses under which IDBI agreed to subscribe for the NCD is that it should have right to convert the Debentures into Equity Shares under certain circumstances. Hence the item is placed before members for approval.

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

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

To

Dear Members,

We have pleasure in presenting the Annual Report and the Audited Statements of Accounts of the Company for the year ended 31st March, 1999.

OPERATIONS:

Your Directors are pleased to inform that the Company has achieved good results quantitatively by having 116% capacity utilisation. Again this year also the same could not be reflected in turnover and in profits. This is mainly due to the continuance of previous years factors viz., the decline in realisations, which again is due to domestic over supply, Industrial recession and stiff competition from cheap imports. There is a marginal decrease in turnover from 129.24 crores to 123.84 crores when compared to last year, registering a decrease of 4.2% in value. During the year the Company has successfully installed one more 6.2 MW D.G. set for Captive Power Generation and a total of 4 D.G. Sets of 6.2 MW are now working.

OUTLOOK FOR THE CURRENT YEAR:

There is no respite from the recessionary conditions of the Chlor-Alkalie market and also realisations are not as good as expected in the Castor Oil derivatives market. In spite of these adverse market conditions your Directors are optimistic to have positive results in view of the commissioning of Fatty Acid project and expectation of completing the Bellary Power Project in the third quarter of the year.

FINANCIAL RESULTS:

The Net Profit after Taxation during the year under review is Rs.3.57 crores as against 10.72 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.

	YEAR ENDED	
	31.03.99	31.03.98
	(Rs.In lacs)	(Rs.In lacs)
Surplus available for appropriation (Profit for the year)	356.55	1072.17
Add: Surplus (Profits) brought from previous year	1170.43	1098.26
	<u>1526.98</u>	<u>2170.43</u>
Less: Appropriation : transfer to General Reserve	500.00	1000.00
	<u>1026.98</u>	<u>1170.43</u>

DIVIDEND:

The asset base of your company requires strengthening and your Directors feel that payment of Dividend for the year 1998-99 is not advisable and hence do not recommend the same.

CAPITAL EXPENDITURE:

During the year the Company has incurred an amount of Rs.5687 lakhs towards Capital Expenditure towards Fatty Acid and Caustic Potash Plant, Staff Quarters and Bellary Power Project.

Your Directors are happy to inform that the collective efforts of one and all resulted in the completion of Fatty Acid project without any difficulty, during April, 1999. The Project work of Bellary Power Project is in advanced stage of completion and it is hoped that the Project will be commissioned as per schedule.

SAFETY AND ENVIRONMENT PROTECTION:

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

In tune with the Government Policy of "Clean and Green", the Company has given utmost importance to develop greenery around the plant site which will in turn protect the environment at Factory site.

Your Directors are happy to inform that apart from getting ISO 9002 Certification, the efforts of the Company is in advanced stage of getting ISO 14001 in the near future which is a Hall Mark to signify the status of environment protection, preservation and improvement.

LISTING OF THE COMPANY'S EQUITY SHARES

The equity shares of the Company are listed on the following Stock Exchanges.

1. The Hyderabad Stock Exchange Ltd., Himayat Nagar, Hyderabad.
2. The Stock Exchange, Dalal Street, Mumbai.
3. The Delhi Stock Exchange Association Ltd., New Delhi.
4. The Stock Exchange, Panjaropole, Ahemadabad

The listing fee is paid regularly to the above Stock Exchange

**STATUS OF Y2K PREPAREDNESS:**

All commercial application systems have been made Y2K Compliant.

The Company is developing contingency plans to meet foreseeable adverse situations. The Company has sufficient internal resources to address any system disruption due to Y2K issues.

INSURANCE:

Assets of the Company are adequately insured.

FIXED DEPOSITS:

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

DIRECTORS:

IFCI vide their letter Ref.No: IFCI/NDC-2/99-31372 dated 22.1.99 has withdrawn the nomination of Sri. S.S.Bhandari from the Board with effect from 22.1.99. During his tenure Sri S.S.Bhandari has given many useful suggestions. His views were heard in the meetings with attention and considered by all Directors as most constructive ones.

Sri S.Suryanarayanan and Sri O.D.Reddy are retiring by rotation at the ensuing Annual General Meeting and they being eligible for reappointment offer themselves to be re-elected 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 conclusion of Annual General Meeting of the current year 1999-2000.

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 Section 217(2)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed hereto as Annexure 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

T.G.VENKATESH
Chairman and
Managing Director

Place : Hyderabad.
Date : 31.07.1999.

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On behalf of the Board of Directors

Place : Hyderabad.
Date : 31.07.1999.

T.G.VENKATESH
Chairman and
Managing Director