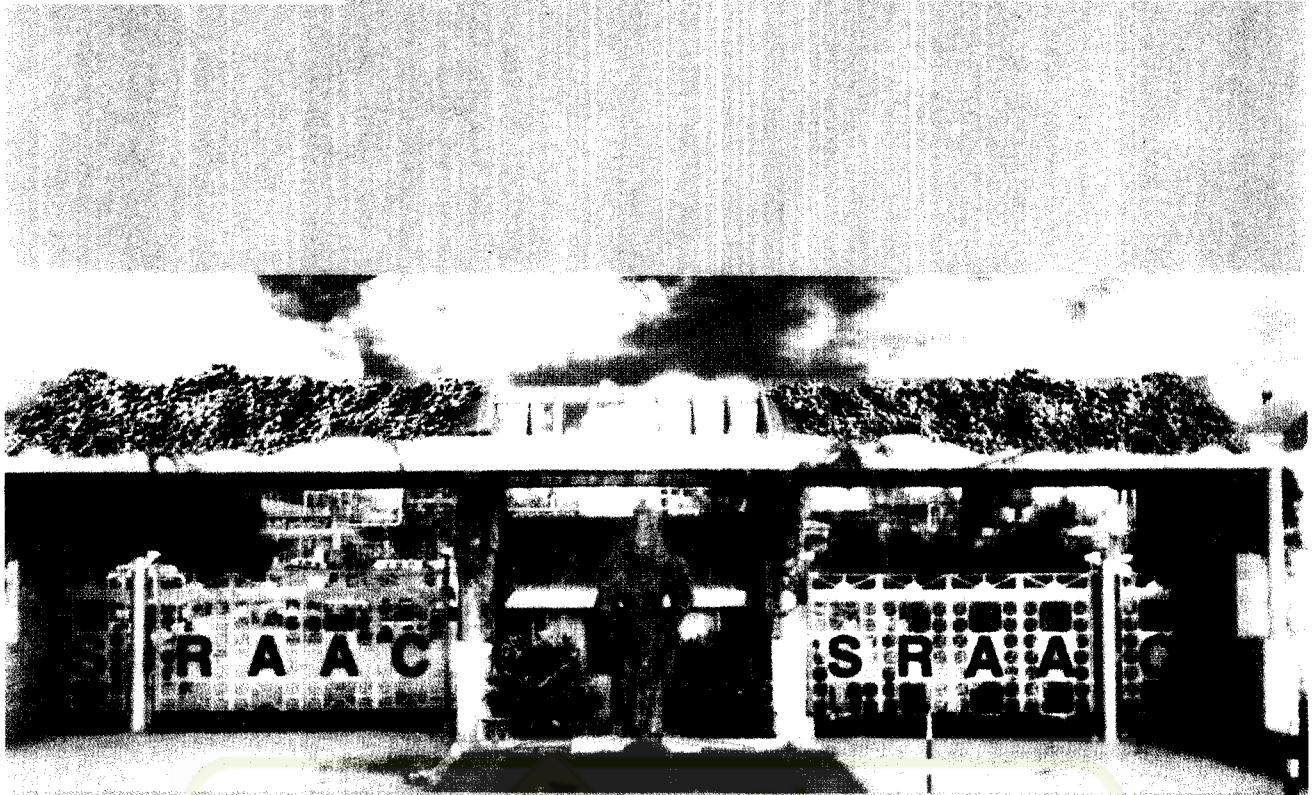


# **21st Annual Report 2002-03**



**Sree Rayalaseema Alkalies  
and Allied Chemicals Limited**



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

### BOARD OF DIRECTORS

Sri T.G.Venkatesh  
Chairman and Managing Director

Sri M.P.Murti

Sri S. Ramadoss  
(Nominee of IDBI)

Sri R.Loonkar  
(Nominee of IFCI upto 16.10.2002)

Sri T.Ramesh Babu  
(Nominee of IFCI from 17.10.2002)

Sri K. Balarama Reddi  
(Nominee of IREDA upto 29.10.2002)

Sri P.N.Vedananarayanan

Sri S.Suryanarayanan  
(upto 25.06.2003)

Sri G.Krishna Murthy

Sri O.D.Reddy

**GENERAL MANAGER & COMPANY SECRETARY**  
Sri. V.Radhakrishna Murthy

### BANKERS

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

### LEGAL ADVISOR

Sri. N.Nagendranath Reddy

### AUDITORS

Brahmayya & Co.  
Chartered Accountants  
Adoni - 518 301.

### REGISTERED OFFICE & FACTORY

Gondiparla  
Kurnool - 518 004 (A.P).

### CORPORATE OFFICE

40-304, II Floor,  
Krishna Jyothsna Complex  
Bhagyanagar  
Kurnool - 518 004 (A.P).

### DEMAT REGISTRARS & SHARE TRANSFER AGENTS

Venture Capital & Corporate Investments Ltd.  
6-2-913/914, 3rd Floor  
Progressive Towers  
Khairatabad  
Hyderabad - 500 004.

### CONTENTS

	Page Nos.
Notice	2
Directors' Report	7
Auditors' Report	16
Balance Sheet	18
Profit & Loss Account	19
Schedules "A" to "I"	20
Schedules "1" to "7"	27
Notes to Accounts Schedule "J"	30
Cash Flow Statement	40





## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

### NOTICE

NOTICE is hereby given that the 21st 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 Tuesday the 9th September, 2003 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, 2003 and the Profit and Loss Account for the period ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Sri.P.N.Vedananarayanan, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Sri.G.Krishnamurthy, 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 a Special Resolution:

"RESOLVED THAT pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the "Delisting Guidelines") and subject to the provisions of the Companies Act, 1956 [including any statutory modification(s) or re-enactments thereof for the time being in force], the Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder, Listing Agreements and all other applicable rules, regulations and guidelines and subject to the approval(s), consent(s), permission(s) or sanction(s) of the Securities and Exchange Board of India, Stock Exchanges where the shares of the Company are listed and other appropriate authorities, institutions or regulators as may be prescribed or imposed by any authorities while granting such approval(s), permission(s) and sanction(s), which may be agreed to by the Board of Directors of the Company (hereinafter referred

to as 'the Board', which term shall be deemed to include any Committee thereof constituted by the Board) the consent of the Company be and hereby accorded to the Board to delist voluntarily the equity shares of the Company from The Hyderabad Stock Exchange Ltd, The Stock Exchange - Ahmedabad and The Delhi Stock Exchange Association Ltd."

6. To consider and if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution (Members approval by Postal Ballot only):

"RESOLVED THAT subject to the Provisions of Sections 80, 86, 100 to 104, 391 and all other applicable provisions of the Companies Act, 1956 and enabling provisions in the Memorandum and Articles of Association of the company and the Listing Agreements entered into by the Company with the Stock Exchanges on which the Securities of the company are listed and subject to individual sanctions received/receivable from lenders, i.e., IDBI, IFCI, Banks Consortium etc., and subject to the confirmation of the Hon'ble A.P.High Court at Hyderabad and subject also to the approval of the Reserve Bank of India ("RBI") and Central Government if required, and all such approvals, permissions and sanctions as may be necessary and subject to such modifications as may be prescribed or imposed by any of the aforementioned authorities while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "to Board" which terms shall be deemed to include any duly authorised committee thereof) the consent of the company be and is hereby accorded to the Board for giving effect to write off 50% of paid-up Equity Capital and to issue Cumulative Redeemable preference shares (CRPS) of having face value of Rs.10/- each in lieu of this write off by giving effect to the following.

The existing paid-up Equity Capital comprising 37944749 equity shares of face value of Rs.10/- each shall be cancelled and in its place the following shares shall be issued:

1. For every two Equity Shares one new Equity Share of Rs.10/- each and one Cumulative Redeemable Preference Share of Rs.10/- each having coupon rate of 0.01% redeemable after 15 years be issued to the existing equity shareholders.
2. The fractions if any left after the above reduction and conversion be disposed off at the discretion of the Board.

"RESOLVED FURTHER THAT the Board be and is hereby authorised, in their absolute discretion, to carry out the aforesaid reduction and conversion



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

of Equity into CRPS Capital and to accept such other modifications as may be prescribed by the Hon'ble A.P. High Court at Hyderabad, Reserve Bank of India, Central Government and other concerned authorities while according their approval, permission, sanction or consent to the proposed reduction and conversion of Equity into CRPS Capital and to take such consequential action thereon".

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to consolidate any fractions arising out of the aforesaid reduction / conversion / consolidation and to dispose them off in such manner as may be beneficial to the shareholders and to distribute the proceeds thereof amongst the shareholders entitled to such proceeds in proportion to their holding".

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable and to settle any questions, difficulty or doubt that may arise with regard to reduction and conversion of Equity into CRPS, as it may, in its absolute discretion, deem fit and proper".

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

"RESOLVED THAT pursuant to the provisions of Section 17, 80, 94 and all other applicable provisions, if any, of the Companies Act, 1956 the Authorised Share Capital of the Company be and is hereby increased from Rs.55,00,00,000 (Rupees Fifty five crores only) divided into 5,50,00,000 Nos. of Equity Shares of Rs.10/- each to Rs.74,00,00,000 (Rupees Seventy four crores only) divided into

- i) 1,90,00,000 Nos. of Cumulative Redeemable Preference Shares of Rs.10/- each totalling to Rs.19,00,00,000 (Nineteen crores only) having a coupon rate of 0.01% redeemable after 15 years.
- ii) 5,50,00,000 Nos. of Equity Shares of Rs.10/- each totalling to Rs.55,00,00,000 (Fifty five crores only).

and the existing capital Clause V(a) of the Memorandum of Association of the Company be and is hereby altered by delating the existing clause:V(a) and substituting in its place the following:

V(a) The Authorised Share Capital of the Company is Rs.74,00,00,000 (Rupees Seventy four crores only) divided into:

- i) 1,90,00,000 Nos. of Cumulative Redeemable Preference Shares of Rs.10/- each totalling to Rs.19,00,00,000 (Nineteen crores only) having a coupon rate of 0.01% redeemable after 15 years.

- ii) 5,50,00,000 Nos. of Equity Shares of Rs.10/- each totalling to Rs.55,00,00,000 (Fifty five crores only).

with power for the Company to increase or reduce the said Capital in accordance with the applicable provisions of the Companies Act, 1956 and to issue any part of its Capital, original or issued, with or without any preference, priority or special privilege, or subject to any postponement of rights, and to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare, every issue of shares whether expressed to be preference or otherwise, shall be subject to the power, herein before contained."

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

"RESOLVED THAT pursuant to section 31, 80, 94 and all other applicable provisions of the Companies Act, 1956, the existing Article No:7 and 8 of the Articles of Association be deleted and in its place the following be substituted.

7. The Authorised Share Capital of the Company is Rs.74,00,00,000 (Rupees Seventy four crores only) divided into:

- i) 1,90,00,000 Nos. of Cumulative Redeemable Preference Shares of Rs.10/- each totalling to Rs.19,00,00,000 (Nineteen crores only) having a coupon rate of 0.01% redeemable after 15 years.
- ii) 5,50,00,000 Nos. of Equity Shares of Rs.10/- each totalling to Rs.55,00,00,000 (Fifty five crores only).

with power for the Company to increase or reduce the said Capital in accordance with the applicable provisions of the Companies Act, 1956 and to issue any part of its Capital, original or issued, with or without any preference, priority or special privilege, or subject to any postponement of rights, and to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare, every issue of shares whether expressed to be preference or otherwise, shall be subject to the power, herein before contained."

8. Subject to the provisions of section 80 of the Companies Act, 1956 and these articles the Company shall have power to issue Cumulative Redeemable Preference Shares carrying a coupon rate of 0.01% redeemable after 15 years and further carrying a right to redemption out of profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or liable to be so redeemed at the option of Company.



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

"RESOLVED FURTHER THAT Pursuant Sec 192A of the Companies Act, 1956, and Companies (passing of the resolution by Postal Ballot) Rules 2001 after the existing Article 16A, the following new Article 16B be included:

### 16B: PASSING OF RESOLUTION BY POSTAL BALLOT

Notwithstanding anything contained in the Articles of Association of the Company, the Company do adopt the mode of passing a resolution by the members of the Company by means of a postal ballot and / or other ways as may be prescribed by the Central Government in this behalf in respect of the following matters instead of transacting such business in a General Meeting of the Company:

- i) Any business that can be transacted by the Company in General Meeting; and
- ii) Particularly, resolutions relating to such business as the Central Government, may by notification, declare to be conducted only by postal ballot.

The Company shall comply with the procedure for such postal ballot and / or other ways prescribed by the Central Government in this regard.

BY ORDER OF THE BOARD

Place : Hyderabad  
Date : 23.07.2003

**V.RADHAKRISHNA MURTHY**  
G.M & 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 4 days i.e., from 06.09.2003 to 09.09.2003 (both days inclusive).
5. 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.
6. In accordance with Section 192A of the Companies Act, 1956 and Companies (passing of the resolutions by postal ballot) Rules, 2001 the resolution at S.No:6 require consent of the Shareholders through Postal Ballot only. Members desirous of voting through Postal Ballot may send their assent or dissent in writing to the Company by Postal Ballot, in the prescribed Postal Ballot form sent herewith. The Postal Ballot form, duly completed and signed should reach the Registered Office of the Company on or before the normal working hours of 8th day of September, 2003.

### 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

The Securities and Exchange Board of India (SEBI) has issued the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, (hereinafter referred to as the "Delisting Guidelines") incorporating, among others, provisions for delisting of securities of a Listed Company voluntarily by a promoter or an acquirer or any other person from the Stock Exchanges.

Presently, the Company's equity shares are listed on the following four Stock Exchanges:

1. The Hyderabad Stock Exchange Limited, Hyderabad
2. The Stock Exchange - Mumbai
3. The Stock Exchange - Ahmedabad
4. The Delhi Stock Exchange Association Ltd, New Delhi



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

With the extensive networking of The Stock Exchange, Mumbai (BSE) and the extension of its terminals to other cities as well, investors have access to online dealings in the Company's equity shares across the country. The bulk of the trading in the Company's equity shares in any case takes place on the BSE, and the depth and liquidity of trading in the Company's equity shares on all other Stock Exchanges is low and insignificant.

The Securities and Exchange Board of India (SEBI) has specified for settlement of the Company's equity shares only in dematerialised form by all investors. It is also observed that the listing fee paid to Stock Exchanges other than BSE is disproportionately high compared to the extremely Low / Nil trading volumes of the Company's securities on those exchanges. The Company has proposed this resolution, which will enable it to delist its equity shares from the following Stock Exchanges.

1. The Hyderabad Stock Exchange Limited, Hyderabad
2. The Stock Exchange - Ahmedabad
3. The Delhi Stock Exchange Association Ltd, New Delhi

The Company's equity shares will continue to be listed on The Stock Exchange - Mumbai after the proposed delisting.

Your Directors commend the Special resolution for members approval.

None of the Directors of the Company is, in any way, concerned or interested in this resolution.

### Item No: 6

Corporate Debt Restructuring (CDR) cell of IDBI vide its letter Ref.No.BY/CDR/2020/Sree Rayalaseema dated 09.07.2003 has communicated that CDR Empowered group has given approval for debt restructuring package of the company. M/s.IDBI has been appointed as monitoring agency. The Board in its meeting held on 23.07.2003 has considered the CDR Empowered Group approval for the restructuring package. The main terms of package are:

- (i) Conversion of 15% of outstanding on Rupee Term Loan (RTL), Foreign Currency Loan (FCL) and Non Convertible Debentures (NCDs) as on April 1, 2002 into equity shares of face value Rs.10/- each at par.
- (ii) Reduction in rate of interest on RTL / NCDs (on the balance outstanding principal) to 13% p.a from April 1, 2002.
- (iii) Reduction in rate of interest on IFCI's FCL-DM Loans from 10% to 8% p.a.
- (iv) Funding of interest up to March 31, 2003 including existing deferred interest payable in 16 quarterly installments commencing from October 1, 2004, carrying 0% interest from the cut-off date.

(v) Rescheduling of balance 85% outstanding RTL, FCL and NCDs so as to be repayable in 40 quarterly installments commencing from April 1, 2008.

(vi) The existing equity base of the company to be written down by 50%. The equity holders to be issued Cumulative Redeemable Preference Shares (CRPS) equivalent to 50% written down amount carrying coupon of 0.01% in lieu of write-down of the equity. 0.01% CRPS to be repayable in 4 quarterly installments commencing from April 1, 2018.

(vii) Promoters are to bring in Rs.20 crores as Equity in a period of two years.

Members approval by way of special resolution is required to enable the Company for issue of CRPS in lieu of 50% equity capital write off. Further the company has to obtain High Court approval before implementing the above proposal. As seen above the implementation of package after obtaining all the required sanctions will result in reduction of interest cost burden of the company.

Sri T.G.Venkatesh, Chairman and Managing Director may be deemed to be concerned or interested in the resolution to the extent of his shareholding in the company. Sri S.Ramadoss, IDBI Nominee Director and Sri T.Ramesh Babu, IFCI Nominee Director may be deemed to be concerned or interested to the extent of shareholding held by M/s.IDBI and IFCI. Except the above none of the Directors is deemed to be concerned or interested in this resolution.

Your Directors commend the Special resolution for members approval by Postal Ballot pursuant to Section 192A of the Companies Act, 1956.

### Item No: 7

To give effect to the terms and conditions of Debt Restructuring Package explained in detail in item No:6 above, once, individual sanction letters from Institutions are received and A.P.High Court approval obtained the company has to issue Cumulative Redeemable Preference Shares to equity shareholders in lieu of their consent for 50% equity capital write-off. The authorised share capital and capital clause of the Memorandum of Association has to be altered to increase the authorised capital and to sub-divide the same into equity and Cumulative Redeemable Preference Shares. Your Directors commend the special resolution for approval of the members.

None of the Directors is considered as interested in this resolution.

### Item No. 8

Increase in authorised share capital and sub-division of the same into equity and Cumulative Redeemable Preference shares requires alterations of clause 7 and 8 of Articles of Association.





## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

As the members are aware the Companies Act, 1956 has been amended and new provisions dealing with Voting by Postal Ballot etc. have been introduced. With a view to suitably incorporate the amendments made to the Companies Act, 1956 to comply with Companies (passing of the resolution by Postal Ballot), Rules, 2001 and subject to your approval new Articles viz., Article 16B is proposed to be added to the existing Articles of Association of the Company as indicated in the resolution to facilitate the issue of Cumulative Redeemable Preference Shares.

Your Directors commend the special resolution for approval of the members.

None of the Directors is concerned as interested in this resolution.

### Additional Information

Details of Directors seeking reappointment at the forthcoming Annual General Meeting. (Pursuant to Clause 49 of the listing agreement)

1. Name of the Director	P.N.Vednarayanan	G.Krishnamurthy
2. Date of Birth	04.06.1933	17.09.1941
3. Date of Appointment	01.04.1994	30.11.1995
4. Experience in specific Financial areas.	More than 35 years experience at very senior level in Public Sector Units. (Ex. Chairman of TIDCO and Ex. CMD of Swadeshi Polytex Ltd.	More than 35 years experience in Industrial and Business fields as Promoter. He is an eminent personality having interest in the field of Social Service.
5. Qualifications	IAS (Retd)	Graduate of MILT
6. Directorships in other Public Ltd Companies.	Indo Wind Farm Energy Ltd	Town Essentials Pvt Ltd

BY ORDER OF THE BOARD

Place : Hyderabad  
Date : 23.07.2003

V.RADHAKRISHNA MURTHY  
G.M & Company Secretary

Report  junction.com



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

### DIRECTORS' REPORT

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, 2003.

#### OPERATIONS:

Your Directors are pleased to inform that there is an increase of 12% in turnover i.e. from Rs.25809 lacs to Rs.28769 lacs (excluding Internal Transfer) when compared to previous year. The increase is due to better performance of Fatty Acid and Caustic Potash operations.

#### DIVISION/SEGMENT WISE OPERATIONS:

The Caustic Unit has produced 53219 MT (capacity utilisation 77%) of Caustic Soda as against 52640 MT (capacity utilisation 76%) for previous year. As against net sales of Rs.8743 lacs previous year, the current year sales comes to Rs.8639 lacs signifying a decrease of 1%.

The Potassium plant has produced 12930 MT (capacity utilisation 98%) of Potassium Hydroxide (KOH) as against 8783 MT (capacity utilisation 66%) for previous year. As against net sales of Rs.2600 lacs previous year, the current year sales recorded Rs.4089 lacs representing an increase of 57%.

The Castor Oil plant yielded 5840 MT (Capacity utilisation 35%) of oil processing as against 5518 MT (Capacity utilisation 33%) for previous year. As against net sales of Rs.1982 lakhs in the previous year, the current year sales was Rs.2481 lacs signifying an increase of 25%.

The Fatty Acid plant has processed 15581 MT (Capacity utilisation 63%) during the year as against 9286 MT (Capacity utilisation 38%) oil processing. The sales of this division has increased from Rs.2527 lacs to Rs.6069 lacs which is an increase of 140%.

The Power plant, at Bellary has billed 1612 lakhs KWH (Capacity utilisation 66%) of electricity (including deemed generation) to Karnataka Power Transmission Corporation Limited (KPTCL) during the year as against 2024 lakhs KWH (Capacity utilisation 83%) for previous year. As against sales to KPTCL (including deemed generation billing) of Rs.7380 lakhs in the previous year, the current year sales comes to Rs.4237 lacs a decrease of 43%.

#### OUTLOOK FOR THE CURRENT YEAR:

Segment wise discussion is furnished in Management Discussion and Analysis annexed to this report.

#### FINANCIAL RESULTS:

The Net Loss during the year under review is Rs.286.30 lacs as against Rs.101.43 lacs Profit for the previous year. The main reason for the negative result being making provision for bad and doubtful debts.

	YEAR ENDED	
	31.03.2003 Rs.In lakhs	31.03.2002 Rs.In lakhs
Sales - Gross	28769.05	25808.64
Other Income	119.12	130.20
Profit on sale of Fixed Assets	0.06	0.00
Increase/Decrease in Stocks	74.79	(47.56)
Total Income	28963.02	25891.28
Profit before Interest & Depreciation	4689.69	5114.08
Less : Interest	2613.55	2588.62
Profit before Depreciation	2076.14	2525.46
Less : Depreciation	2268.78	2219.68
Profit/(Loss) before Extraordinary items and Taxation	(192.63)	305.78
Less : Preliminary and Deferred Revenue Expenditure Written-off	176.64	217.08
Expenses/Income relating to Earlier Years (Net)	(82.98)	(28.49)
Profit/(Loss) Before Taxation	(286.30)	117.19
Less : Provision for Taxation (MAT)		
- for Current Year		8.97
- for Earlier Year		6.79
	0.00	15.76
Profit/(Loss) After Taxation	(286.30)	101.43
Add : Balance Carried from Previous year	690.23	688.80
Profit available for Appropriation	403.93	790.23
Less : Appropriations		
Transfer to Debenture Redemption Reserve	—	100.00
Surplus carried to Balance Sheet	403.93	690.23
Dividend:		

In view of the tight liquidity position and loss for the current year your Directors feel it prudent not to recommend any Dividend for the year 2002-03.

#### Capital Expenditure:

During the year the Company has incurred an amount of Rs.3253 lakhs on Capital Expenditure which is mainly towards normal Capital Expenditure, captive power generation through new boiler installation and foreign exchange fluctuations.





## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

### Safety and Environment Protection:

The Company is paying utmost attention for the Safety and Environmental Protection. A separate cell has been created and entrusted with the responsibility of ensuring safety with a team of Officials working round the clock with the motto of "ANY TIME SAFETY TIME". Apart from clean and green programmes undertaken both inside and outside the Factory, the Company is in the process of developing Green belt area to protect environment.

### Corporate Debt Restructuring Scheme:

The Company's proposal for Debt Restructuring under the CDR (scheme or arrangement) mechanism has been considered favourably by the CDR Empowered Group. The package approved consists of interest reduction on Loans, reschedulement of term Loan repayment, part Term Loans Conversion into Equity and funding of interest etc. The interest rates on Working Capital is also envisaged for reduction.

While approving the package, the CDR Forum has advised to Write down 50% of present Equity Capital and in lieu of such write down, the Equity shareholders are to be issued Cumulative Redeemable Preference Shares carrying 0.01% coupon rate. The Cumulative Redeemable Preference Shares so issued are to be redeemed during 2018. Required resolutions for the above write down and allotment of Preference shares are recommended for members approval by Postal Ballot and to declare the results in the ensuing Annual General Meeting.

### Insurance:

Assets of the Company are adequately insured.

### Fixed Deposits:

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

### Directors:

Sri P.N.Vedamarayanan and Sri G.Krishnamurthy are retiring by rotation at the ensuing Annual General Meeting and they being eligible for reappointment offer themselves to be re-elected as Directors. A brief profile of Sri. P.N.Vedamarayanan and Sri G.Krishnamurthy is given in the Notice of Annual General Meeting.

Sri.T.Ramesh Babu, General Manager, IFCI, Hyderabad joined the Board in place of Sri.R.Loanar with effect from 17.10.2002 as IFCI Nominee Director vide its letter Ref.No: IFCI/NDC-1/2002-39370 dated 20.09.2002.

M/s IREDA vide their letter No.221/0811/WE/1995-IREDA/9575 dated 29.10.2002 has withdrawn their Nominee Director Sri.K.Balarama Reddi. He was on the Board from 24.06.1996 to 29.10.2002.

Sri.S.Suryanarayanan vide his letter dated 25.06.2003 has resigned from the Board on personal grounds and preoccupation of other activities. He was on the Board from 12.03.1994 to 25.06.2003.

The Board of Directors has taken on record and appreciated the valuable suggestions and guidance given by Sri.R.Loanar, Sri.K.Balarama Reddi and Sri.S.Suryanarayanan during their tenure on the Board of the Company.

### Industrial Relations:

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

### Particulars of Employees:

As there were no employee of the Company drawing monthly remuneration of Rs.2,00,000/- or more, particulars of employees as required under section 217(2A) of the Companies Act, 1956 have not been given.

### Directors' Responsibility Statement:

As required by the provisions of Section 217(2AA) of the Companies Act, 1956, Directors' Responsibility Statement is attached as Annexure - B.

### Explanation to Auditors Qualifications

#### Auditors' Report - Reservation / Qualifications:

1. Statutory Auditors reservation/qualification mentioned in point No:vi(1) of the Auditors Report regarding taxes on income, the explanation given in schedule J - Notes to Accounts Point No:11 of Balance Sheet and Profit & Loss Account which is self explanatory.
2. Statutory Auditors reservation / qualification mentioned in Point No:vi(2) of the Auditors Report regarding treatment of the interest on loans/ debentures from Financial Institutions as Deferred Revenue expenditure and Postponement of Deferred Revenue Expenditure (proportionate interest on Project Loans during the technical stabilisation period) charging to Profit and Loss A/c by one year, i.e., from 2003-04, the explanation given in Schedule J - Notes to Accounts Point No:12(i) and 12(iii) of Balance Sheet and Profit & Loss Account which is self explanatory.

### Corporate Governance:

Pursuant to clause 49 to the Listing Agreement, the mandatory requirements relating to Corporate Governance were to be complied with by your Company. Accordingly your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance in terms of Clause 49 to the Listing Agreements with the Stock Exchanges, are complied with.

A separate report on Corporate Governance is being incorporated as a part of the Annual Report along with a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance which is annexed as "Annexure-C" to the Directors' Report.

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

### 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 2003-04.



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

### Cost Audit:

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

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

Particulars required to be disclosed under Section 217(2)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed hereto as Annexure - A to the Directors' Report.

### Acknowledgement:

Your Directors wish to express their sincere thanks to Financial Institutions, Bankers, Distributors and

Customers for their continued support to the Company. The Directors also acknowledge with gratitude the continued help and support received from the various departments of the Government of India and the Government of Andhra Pradesh and Government of Karnataka.

The Directors place on record their appreciation of the sincerity, commitment and contribution made by the Employees at all levels and this was mainly responsible to carry on the business of the Company during the year smoothly, inspite of difficult economic environment in the country and more particularly in the Chlor-Alkalie Industry.

On behalf of the Board of Directors

Place : Hyderabad

Date : 23.07.2003 Chairman & Managing Director

T.G.VENKATESH

## ANNEXURE 'A' TO THE DIRECTORS' REPORT

Particulars pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and Section 217(2)(e) of the Companies Act, 1956.

### A. Conservation of Energy:

#### a) Energy conservation measures taken:

- 1) Existing Furnace Oil/H<sub>2</sub> gas fired Thermopac unit is converted to use locally available Bio-mass fuel to reduce cost of heat generation and also to utilise locally available renewable bio-mass.
- 2) Steps are being taken to install one more 11 KV / 440 V transformer at Fusion / O&F div., to reduce W.T power losses.
- 3) Installed 1 No. HFO separator of type FUPX 609 of steam heating in place of electrical heaters at captive DG plant to save effective energy 2000 KWH/day.
- b) Total energy consumption and energy consumption per unit of production as per Form A given below in respect of industries specified in the Schedule thereto.

### FORM - A

Disclosure of Particulars with respect to conservation of energy: Current Year  
31.03.2003 Previous Year  
31.03.2002

#### A. Power and Fuel Consumption

##### 1. Electricity:

a) i) Purchased from APTRANSCO Units (KWH)	37119381	8672983
Total Amount (Rs.in Lakhs)	1318.32	421.70
Rate/Unit (Rs.)	3.55	4.86
ii) Electricity from APGPCL		
Units (KWH)	27867107	42800875
Total Amount (Rs.in Lakhs)	499.10	712.82
Rate/Unit (Rs.)	1.79	1.67
b) Own Generation:		
i) Through Diesel Generators Units(KWH)	116301450	119228612
Unit per Lt of Fuel (KWH)	3.88	3.82
Cost/Unit (Rs.)	4.13	3.42
ii) Through Wind Form Units(KWH)	2158600	2957110
Rate/Unit (Rs.)	8.25	5.37

##### 2. Coal

Qty (MT) (Trail Run)	5704	-
Total Amount (Rs. in lakhs) (Trail Run)	123.95	-
Average Rate (Rs./MT)	2173	-

##### 3. Fuel Oil

Qty (KL) (consist of HSD & FO)	29941	31179
Total Amount (Rs.in lakhs)	3690.08	2952.38
Average Rate (Rs/KL)	12325	9469

#### B. Consumption per MT of Caustic Soda Lye Production

Number of Units (KWH)	2763	2727
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