

24th Annual Report 2005 - 06



**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 D.S.Prasad
(Nominee of IDBI)

Sri R.K.Chavali
(Nominee of IFCI)

Sri P.N.Vedananarayanan

Sri G.Krishna Murthy

Sri O.D.Reddy

LEGAL ADVISOR

Sri N.Nagendranath Reddy

AUDITORS

Brahmayya & Co.
Chartered Accountants
Adoni - 518 301 (A.P.)

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 (A.P)

**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.

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SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

NOTICE

NOTICE is hereby given that the 24th 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 (A.P.) on 27th May, 2006 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, 2006 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 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 a SPECIAL RESOLUTION.

*RESOLVED THAT subject to the provisions of 224A of Companies Act, 1956 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 on recommendation of the Audit Committee as Audit Fee exclusive of reimbursement of actual travelling and other expenses."

BY ORDER OF THE BOARD

(V. RADHAKRISHNA MURTHY)

Place: Hyderabad
Date: 25.04.2006

GENERAL MANAGER AND
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(2) 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 the Listing Agreement, the Register of Members and Share Transfer Books of the Company will remain closed for 5 days i.e., from 23.05.2006 to 27.05.2006 (both days inclusive).
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.

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 / Client ID No. in all Correspondence.



EXPLANATORY STATEMENT

ITEM NO. 4

(Pursuant to Section 173 (2) of the Companies Act, 1956)

Since the combined shareholding of IDBI, IFCI, LIC and UTI in the Company together exceeds 25% of the subscribed share Capital, the reappointment of Auditors of the Company is required to be made by a Special Resolution, as required under Section 224 A of the Companies Act, 1956.

None of the Directors is interested or concerned in the Resolution.

Board of Directors recommends the above as Special resolution for your approval.

Place: Hyderabad,

BY ORDER OF THE BOARD
(V. RADHAKRISHNA MURTHY)

Date : 25.04.06

General Manager and Company Secretary

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 | Sri M.P.Murti |
| 2. Date of Birth | 01.12.1919 |
| 3. Date of Appointment | June 25, 1986 |
| 4. Experience in Specific Areas | Morethan 35 Years Industrial Experience at very senior level in Indian and Multi National Companies. |
| 5. Qualifications | M.sc.M.S(Case Western - USA) |
| 6. Shareholding in the Company | 1,000 Shares |
| 7. Directorship in other Companies | 1. Vybra Automet Ltd., 2. Novopan Industries Ltd., 3. Reliance Cellulose Products Ltd., 4. CIL Securities Ltd., 5. Sree Rayalaseema Hi-Strength Hypo Ltd., |
| 8. Membership in other Company Committees | Audit, Share Holders Grievance Committee in SRAACL, Share Transfer Committee in SRHHL |

| | |
|---|--|
| 1. Name of the Director | Sri O.D.Reddy |
| 2. Date of Birth | 15.03.1940 |
| 3. Date of Appointment | Decemder 31, 1996 |
| 4. Experience in Specific Areas | Morethan 30 Years at Senior level in management and administration in Govt.under taking. |
| 5. Qualifications | B.sc (Agri) |
| 6. Shareholding in the Company | 2,850 Shares |
| 7. Directorship in other Companies | Sree Rayalaseema Hi-Strength Hypo Ltd., |
| 8. Membership in other Company Committees | Audit, Share Holders Grievance Committee in SRAACL, Share Transfer Committee in SRHHL. |



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors' have pleasure in presenting the Annual Report and the Audited statements of Accounts of the Company for the year ended 31st March, 2006.

OPERATIONS:

Your Directors' are pleased to inform that there is an increase in turnover i.e., from Rs.33671 lacs to Rs.35151 lacs (excluding internal transfer and other income) when compared to the previous year. The increase is due to better performance and improvement in chemical division operations.

DIVISION/SEGMENT WISE OPERATIONS:

The Caustic unit has produced 70264 MT. (capacity utilisation 101%) of Caustic Soda as against 59624 M.T. (capacity utilisation 86%) for the previous year. As against net sales of Rs.11159 lacs for previous year, the current year sales comes to Rs.14955 lacs representing an increase of 34%.

The Potassium plant has produced 10354 MT. (capacity utilisation 63%) of Potassium Hydroxide as against 20167 MT (capacity utilisation 122%) for the previous year. As against net sales of Rs.6530 lacs for previous year, the current sales recorded Rs.3908 lacs representing a decrease of 40%.

The Castor oil plant yielded 10223 MT (capacity utilisation 62%) of oil processing as against 8887 MT (capacity utilisation 54%) for the previous year. As against net sales of Rs.2723 lacs for the previous year, the current year sales stood at Rs.2985 lacs representing an increase of 10%.

The Fatty acid plant has processed 13814 MT (capacity utilisation 56%) for the current year as against 14327 MT (capacity utilisation 58%) for the previous year. The net sales of this division has decreased from Rs.5573 lacs to Rs. 4666 lacs representing a decrease of 16%.

The Power plant at Bellary has billed 1826 lakhs KWH (capacity utilisation 75%) of electricity (including deemed generation) to Karnakata Power Transmission Corporation Limited (KPTCL) during the current year as against 1807 lacs KWH (capacity utilisation 75%) for the previous year.

As against sales to KPTCL (including deemed generation billing) of Rs.3577 lacs for the previous year, the current year sales comes to Rs.2932 lacs showing a decrease of 18%.

OUTLOOK FOR THE CURRENT YEAR:

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

FINANCIAL RESULTS:

| | 31.03.2006 | YEAR ENDED 31.03.2005 |
|------------------------------------|-------------|--------------------------|
| | Rs.In lakhs | Rs.In lakhs |
| Sales - Gross | | 33671.45 |
| Other Income | 35151.06 | 436.45 |
| Profit on sale of Fixed Assets/ | 860.58 | |
| Investments | | 52.93 |
| Increase(Decrease)in Stocks | 1.20 | (98.75) |
| | (70.53) | |
| Total Income | 35942.31 | 34062.08 |
| Profit before Depreciation | | 5833.34 |
| Less: Interest | 7105.26 | 2606.22 |
| | 2511.73 | |
| Profit before Depreciation | | 3226.12 |
| Less: Depreciation | 4593.53 | 2464.19 |
| Profit(Loss)before Extra - | 2475.10 | |
| ordinary items and Taxation | | 762.93 |
| Less: Preliminary and Deferred | 2118.43 | |
| Revenue Expenditure | | |
| Written-off | | 520.58 |
| Expenses/Income relating to | 1079.64 | |
| Earlier Years (Net) | | (0.86) |
| Profit/Loss Before Taxation | 102.64 | 243.21 |
| Less: Provision for | 936.15 | |
| Taxation (MAT) | | |
| - for Current Year | | 19.07 |
| - for Earlier Year | 80.00 | 0.32 |
| - for Fringe benefit Tax | 0.36 | - |
| Profit/Loss After Taxation | 35.00 | 223.82 |
| Add: Balance Carried from | 820.79 | |
| Previous year | 295.90 | 447.08 |
| Profit available for Appropriation | | 670.90 |
| Add: Transfer from General | 1116.69 | |
| Reserve | | - |
| Less: Extra-ordinary Expenditure- | 624.93 | |
| relating to earlier years - | | |
| charged Off | | - |
| Less: Transfer to Debenture | (624.93) | |
| Redemption reserve | | 375.00 |
| Surplus carried to Balance Sheet | | 295.90 |
| | 1116.69 | |

Profit for the Current year Rs.820.79 Lakhs is increased more than three fold when compared to previous year Profit of Rs.223.83 Lakhs.



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

Dividend :

In view of the need for consolidation of company's growth and financial affairs your directors have decided not to recommend any dividend for the year 2005-06.

Capital Expenditure:

During the year the Company has incurred an amount of Rs.3029 lacs on Capital Expenditure which is mainly towards installation of Boiler Turbine and Water Management etc.

Safety and Environment Protection:

Safety and Environment Protection has been given utmost priority. Every effort has been taken to preserve and protect the surrounding environment of the factory by developing greenery. 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. The Company has fulfilled all the formalities for renewal of A.P.

Pollution Control Board Licence

Listing of Shares & Payment of Listing Fee:

In pursuance to the Scheme of Arrangement sanctioned by Hon'ble High Court of A.P. vide its orders dtd.11.11.04. The Board Allotment Committee in its meeting held on 8.3.05 issued 43190955 No. of Equity Shares to IDBI, IFCI and Promoters. After fulfillment of all formalities these shares were listed by BSE vide its letter Ref No.List/sdm/rk/sum/2006 dt.16.01.06. The Listing fee for the year 2005-06 has been paid by the company. Further 54,20,000 convertible warrants allotted to promoters by Board Allotment Committee in its meeting held on 8.3.05 were converted into 54,20,000 Equity shares by the Board in its meeting held on 25.4.06. Necessary

formalities are being fulfilled for listing of these shares.

Insurance:

Assets of the Company are adequately insured.

Fixed Deposits:

There are no Fixed deposits outstanding as on 31.3.06, since all deposits were repaid with interest.

Directors:

Sri M.P.Murti and Sri O.D.Reddy are retiring by rotation at the ensuing Annual General Meeting and they being eligible for reappointment offers themselves to be reelected as Directors.

Industrial Relations:

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

Particulars of Employees:

As there were no employee's 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 are not given.

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 this report.

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.4(vi)(1)



of the Auditors Report regarding taxes on income, the explanation given in Schedule J – Notes to Accounts Point No.10 of Balance Sheet and Profit and Loss Account which is self explanatory.

2. Statutory Auditors reservation/ qualification mentioned in point No.4(vi)(2) regarding extraordinary expenditure of Rs.624.93 lacs relating to earlier years charged off by transferring an equal amount from General Reserve Account to Profit & Loss appropriation account, the explanation given in Schedule “J”, Notes to Accounts point No.11 of Balance Sheet and Profit & Loss Account which is self explanatory and the same is not having any impact on the Profit for the year.

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 Agreement with the Stock Exchanges, are complied with.

Corporate Governance - Clause 49 of Listing Agreement :

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.

Further to comply with Clause 49 of listing agreement “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 the ensuing Annual General Meeting and are eligible for reappointment. M/s.Brahmayya &

Co., are being proposed for reappointment as Auditors to hold office for the current year 2006-07.

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 has to be done on a regular basis by a qualified Cost Accountant from 1992-93 onwards and the same is submitted to Central Govt. every year. The Company has complied with all the provisions of the said order.

Audit Committee :

An Audit Committee continues to function to comply with provisions of sec.292(A) of the Companies Act, 1956 and also Clause 49 of Listing Agreement. The Audit Committee comprise of Sri R.K.Chavali, Sri D.S.Prasad and Sri P.N.Vedanarayanan as members with Sri M.P.Murti as Chairman of the Audit Committee.

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 : 25.04.06

T.G.VENKATESH

Chairman and Managing Director



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

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:

1. In order to improve the LT distribution and minimize the distribution losses 2500 KVA Transformer (11 KV / 433 V) and PCC was commissioned at Oils and Fats Division.
2. Commissioning of 1600 KVA Distribution Transformer (11 KV / 433 V) at chlorine compressor house, is in progress. This will minimise the distribution losses and plant expansion requirements will also be met.
3. In order to improve the control on Electrolyzers DC Load Current, NGEF Rectifier has been modified with Thyristor Converter. Now it is at commissioning stage.
4. HT Capacitor Panels installation is in progress to improve the 11 KV Gen.Bus power factor and to minimise the distribution losses and voltage transients.
5. An efficient screw type air compressor has been installed at O&F div., in place of conventional plunger type compressor.
6. Tripping devices installed in all the cooling towers to reduce the power consumption.
7. Steam distribution lines modified in Oils & Fats Division to reduce the line, losses of steam.

FORM - A

Disclosure of Particulars with respect to conservation of energy:

| | Current Year 31.03.2006 | Previous Year 31.03.2005 |
|---|----------------------------|-----------------------------|
| A. Power and Fuel Consumption : | | |
| 1. Electricity: | | |
| a) i) Electricity from APCPDCL | | |
| Units (KWH) | 13653872 | 89317824 |
| Total Amount (Rs.in Lakhs) | 4523.15 | 2991.80 |
| Rate/Unit (Rs.) | 3.31 | 3.35 |
| ii) Electricity from APGPCL | | |
| Units (KWH) | 28984519 | 32850030 |
| Total Amount (Rs.in Lakhs) | 607.61 | 772.80 |
| Rate/Unit (Rs.) | 2.10 | 2.35 |
| b) Own Generation: | | |
| i) Through Diesel Generators | | |
| Units(KWH) | 29144720 | 78497590 |
| Unit per Lt of Fuel (KWH) | 3.76 | 3.85 |
| Cost/Unit (Rs.) | 6.80 | 4.48 |
| ii) Through Wind Farm | | |
| Units(KWH) | 2634584 | 3035952 |
| Rate/Unit (Rs.) | 4.71 | 4.76 |
| iii) Through Co-Gen Plant | | |
| Units(KWH) | 37908240 | 20754221 |
| Rate/Unit (Rs.) | 3.49 | 3.56 |
| 2. Coal : | | |
| Qty (MT) (Train Run) | 58748 | 33128 |
| Total amount (Rs.in lakhs) | 1123.52 | 653.03 |
| Average Rate (Rs./MT) | 1912 | 1971 |
| 3. Fuel Oil : | | |
| Qty (KL) (consist of HSD & FO) | 9100 | 20384 |
| Total Amount (Rs.in lakhs) | 1416.20 | 2652.95 |
| Average Rate (Rs./KL) | 15562 | 13015 |
| B. Consumption per MT of Caustic Soda Lye Production | | |
| No.of Units (KWH) | | |
| (AC Power) | 2615 | 2660 |

**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 :**

- A process is developed to make saleble Sodium sulphate which is generated from 12-HSA sweet water evaporation.
- Process know-how is developed to utilise Glycerine pitch effectively.

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

- Disposal problem of Sodium sulphate is totally eliminated after making saleble Sodium Sulphate apart from additional revenue.

3. Future Plans :

- Installation of Sulphate recovery system by Nanofiltration in place of chemical precipitation using BaCO_3 or Barium Chloride. This will reduce the sludge generation and handling of brine sludge.

4. Technology Absorption, Adoption and Innovation :

- Bio-filter is commissioned at Co-gen plant to utilise contaminated water available during summer.
- Flash recovery system is installed at Fusion plant to recover flash steam generated in the plant. This has reduced the steam consumption to the extent of 15 TPD and resulted in recovery of 15 m³ condensate per day. Similar arrangement is planned at Fatty Acid plant.
- Fly ash quality is improved by segregation of coal ash. The fly ash is regularly sold to nearby Cement Industries.

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 explore export possibility for other products.

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

| | | |
|-----|-------------------------|---------|
| i) | Foreign Exchange used | 3420.72 |
| ii) | Foreign Exchange earned | 2303.17 |

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 except AS-22 relating to taxes on income have been followed alongwith proper explanation relating to material departure or non-compliance in notes to accounts and Directors' Report.
- (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, 1956 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

Place: Hyderabad

Date : 25.04.06

T.G.VENKATESH

Chairman and managing Director



ANNEXURE 'C' TO THE DIRECTORS REPORT

Report on Corporate Governance:

The Management of SRAAC Ltd., hereby confirm and certify that the relevant provisions of Clause-49 of Listing Agreement dealing with "Corporate Governance" have been complied for the year 2005-2006. The Corporate Governance compliance details are furnished hereunder:

(1) Company's Philosophy:

The company is committed to fulfill the objective of good Corporate Governance. The company has complied with almost all the provisions of Corporate Governance before its enactment in the Listing Agreement by respective Stock Exchanges on the order of SEBI. The company's basic philosophy is "SERVING SOCIETY THROUGH INDUSTRY" which is backed by principles of concern, commitment, ethics, excellence and learning in all its acts and relationships with stakeholders, customers, associates and community at large which has always propelled the Group towards higher horizons.

(2) Board Procedure :

All the mandatory information as mentioned in Annexure -1A Clause 49 is being placed before the Board during its meetings.

(3) Board of Directors

The Composition of the Board is in compliance with the guidelines given in Clause-49 of the Listing Agreement. The Board comprise of 7 Directors and Majority of Directors are independent/nominee Directors. Except Chairman and managing Director the other Directors are non-executive Directors. The day-to-day management of the Company is conducted by Chairman and Managing Director 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:

| Name of the Director | Designation | No. of Board Meetings | | Other Membership | |
|--------------------------|--|-----------------------|----------|------------------|-----------|
| | | Held | Attended | Board | Committee |
| (1) Sri T.G.Venkatesh, | Chairman and Managing Director(Promoter) | 6 | 6. | 5 | - |
| (2) Sri M.P.Murti | Director(Independent) | 6 | 5 | 5 | 5 |
| (3) Sri D.S.Prasad | Director(IDBI Nominee) | 6 | 4 | 2 | 1 |
| (4) Sri R.K.Chavali | Director(IFCI Nominee) | 6 | 6 | 4 | 2 |
| (5) Sri P.N.Vednarayanan | Director(Independent) | 6 | 5 | 3 | 2 |
| (6) Sri G.Krishna Murthy | Director | 6 | 4 | 2 | 4 |
| (7) Sri O.D.Reddy | Director(Independent) | 6 | 6 | 2 | 4 |

During the financial year ended 31st March, 2006, six Board Meetings were held on (1) 28.05.05 (2) 10.06.05 (3) 29.07.05 (4) 19.10.05 (5) 20.01.06 and (6) 09.03.06. The last Annual General Meeting of the Company was held on 16.08.05 and it was attended by Sri T.G.Venkatesh, Chairman and Managing Director and Sri M.P.Murti, Chairman of Audit Committee.

(4) Audit Committee:

The composition of the Audit Committee is in accordance with the Corporate Governance guidelines and the provisions of 292A of the Companies Act, 1956. 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 appointment, reappointment, 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