



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

### NOTICE

**NOTICE** is hereby given that the **28<sup>th</sup> 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.) Saturday on 7<sup>th</sup> August, 2010 at 4.00 P.M. to transact the following business :

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2010 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 224 A of Companies Act, 1956 the retiring Auditors, M/s.Brahmayya & Co., Chartered Accountants, Adoni, Kurnool District 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."

#### SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION**.

"RESOLVED THAT Sri K.Karunakar Rao who has been appointed by the Board of Directors as an Additional Director of the Company with effect from 11.05.2010 pursuant to Article 108 of the

Articles of Association of the Company and who holds office up to the date of 28<sup>th</sup> Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") be and is hereby appointed as a Director of the Company liable to retire by rotation."

6. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION**.

"RESOLVED THAT Sri N. Jeswanth Reddy who has been appointed by the Board of Directors as an Additional Director of the Company with effect from 11.05.2010 pursuant to Article 108 of the Articles of Association of the Company and who holds office up to the date of 28<sup>th</sup> Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") be and is hereby appointed as a Director of the Company liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification, the following resolutions which is proposed as **SPECIAL RESOLUTION**.

"RESOLVED THAT pursuant to Sec 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to required statutory approvals, the appointment of Sri K.Karunakar Rao as Executive Director (Finance & Commercial) by the Board in its meeting held on 11.05.2010 upon the recommendation of Remuneration Committee (vide its meeting dt. 11.05.2010) for a period of 3 years to be effective from 11.05.2010 on the following remuneration be and is hereby ratified subject to the condition that this remuneration be paid so long as he continues to be a Director liable to retire by rotation."

"RESOLVED FURTHER THAT Sri K.Karunakar Rao will be paid Rs. 90,000/- per month as consolidated Salary + allowances, perquisites and other benefits as per the rules of the company. Perquisites shall be evaluated as per Income Tax rules or at actual costs. However the following will not be included in the above perquisites limit.



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- a) Company's contribution to Provident Fund, Pension and Superannuation Fund will not be included in computation of the ceiling on perquisites to the extent of these either singly or put together are not taxable under the Income Tax Act.
- b) Use of Company Car for official purpose and phone at residence and Cell phone for official purpose (including payment of local and long distance calls).
- c) Earned/privilege leave - On full pay and allowance as per Rules of Company. Leave accumulated and not availed during the tenure may be encashed as per Rules of the Company.

"RESOLVED FURTHER THAT in the event of absence or inadequacy of Profits in any financial year the aforesaid remuneration shall be treated as minimum remuneration in pursuance to Schedule XIII of the Companies Act, 1956 and any amendment thereof from time to time."

8. To consider and if thought fit, to pass with or without modification, the following resolutions which is proposed as **SPECIAL RESOLUTION**.

"RESOLVED THAT pursuant to Sec 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to required statutory approvals, the appointment of Sri N. Jeswanth Reddy as Executive Director (Technical) by the Board in its meeting held on 11.05.2010 upon the recommendation of Remuneration Committee (vide its meeting dt. 11.05.2010) for a period of 3 years to be effective from 11.05.2010 on the following remuneration be and is hereby ratified subject to the condition that this remuneration be paid so long as he continues to be a Director liable to retire by rotation."

"RESOLVED FURTHER THAT Sri N. Jeswanth Reddy will be paid Rs. 90,000/- per month as consolidated salary + allowances, perquisites and other benefits as per the rules of the company. Perquisites shall be evaluated as per Income Tax rules or at actual costs. However the following will not be included in the above perquisites limit.

- a) Company's contribution to Provident Fund, Pension and Superannuation Fund will not

be included in computation of the ceiling on perquisites to the extent of these either singly or put together are not taxable under the Income Tax Act.

- b) Use of Company Car for official purpose and phone at residence and Cell phone for official purpose (including payment of local and long distance calls).
- c) Earned/privilege leave - On full pay and allowance as per Rules of Company. Leave accumulated and not availed during the tenure may be encashed as per Rules of the Company.

"RESOLVED FURTHER THAT in the event of absence or inadequacy of Profits in any financial year the aforesaid remuneration shall be treated as minimum remuneration in pursuance to Schedule XIII of the Companies Act, 1956 and any amendment thereof from time to time."

9. To consider and if thought fit, to pass with or without modification the following resolution which is proposed as **SPECIAL RESOLUTION**.

"RESOLVED THAT pursuant to sections 198, 269, 309, 310 and schedule XIII and other applicable provisions of the Companies Act, 1956 or any amendment or modification thereof, and subject to required statutory approvals if any, consent be and is hereby accorded to reappoint Sri T.G.Venkatesh as Chairman and Managing Director, for a period of three years with effect from 20<sup>th</sup> September, 2010."

"RESOLVED FURTHER THAT Sri T.G.Venkatesh will be paid the following Salary, Perquisites allowances and other benefits if any, w.e.f. 20.09.2010.

### REMUNERATION

Consolidated salary of Rs.5,00,000/- per month. In addition to the above Sri T.G.Venkatesh, Chairman and Managing Director shall be entitled to perquisites as below.

Perquisites like HRA/Rent free accommodation, Gas, Electricity, Water Furnishings, Medical Reimbursement and LTC, for self and family. Personal Accident Insurance, Club Fees etc., and any other benefit in accordance with the rules of



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the Company. Perquisites shall be evaluated as per Income Tax rules (or) perquisite shall be evaluated at actual cost. However the following shall not be included in the above perquisite limit.

- a) Company's contribution to Provident Fund, Pension and Superannuation Fund will not be included in computation of the ceiling on perquisites to the extent of these either singly or put together are not taxable under the Income Tax Act.
- b) Use of Company Car for official purpose and phone at residence and Cell phone for official purpose (including payment of local and long distance calls).
- c) Earned/pre-leave leave - On full pay and allowance as per Rules of Company. Leave accumulated and not availed during the tenure may be encashed as per Rules of the Company."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of Profits in any financial year the aforesaid remuneration shall be treated as minimum remuneration in pursuance to Schedule XIII of the Companies Act, 1956 and any amendment thereof from time to time."

10. To consider and if thought fit, to pass with or without modification, the following resolution which is proposed as **ORDINARY RESOLUTION**.

"RESOLVED THAT the consent of the members of the Company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to Mortgage and / or charge by the Board of Directors of the Company of all the movable and immovable properties of the proposed Chloromethanes Project to be acquired by the Company present and future and / or conferring power to enter upon and to take possession of the assets of Chloromethanes Project of the Company in certain events, to / or in favour of the following Lenders of the Chloromethanes Project of the Company on first charge basis to the following Institutions, namely –

- (1) Indian Bank of its Term Loan of Rs.25 Crores;
- (2) The South Indian Bank Ltd. of its Term Loan of Rs.5 Crores;

- (3) ICICI Bank (Hyderabad) of its Term Loan of Rs. 22 Crores;

- (4) United Bank of India of its Term Loan of Rs. 20 Crores.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalise with the Financial Institutions and Banks Consortium the events for creation of Mortgage and charge and do such acts and deeds as may be necessary to give effect to the above Resolution."

"RESOLVED FURTHER THAT the consent of the members of the Company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to ratify the action taken by the Board of Directors of the Company for creation / modification of Second Charge on Fixed Assets of the Company by creation of joint mortgage with M/s. IDBI (being the lead institution) by way of extension on 11.06.2010 pari passu basis with other members of the Banks Consortium (excluding Assets of Bellary Power Project) and subject to the existing Mortgages / charges in favour of Financial Institutions and Banks on first charge basis for whatsoever present and future in favour of the following members of the Banks for regularizing their revised working capital limits to the Company:

- (1) IDBI Bank Ltd. of its Working Capital facilities of Rs.2375 lakhs;
- (2) Indian Bank of its Working Capital facilities of Rs.3470.84 lakhs;
- (3) United Bank of India of its Working Capital facilities of Rs.1532 lakhs;
- (4) The South Indian Bank Ltd. of its Working Capital facilities of Rs.365 lakhs;
- (5) The Federal Bank Ltd. of its Working Capital facilities of Rs.118.68 lakhs.

BY ORDER OF THE BOARD

Sd/-

Place: Kurnool (V. RADHAKRISHNA MURTHY)

Date : 11.05.2010 CHIEF GENERAL MANAGER AND  
COMPANY SECRETARY



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### 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 16 of the Listing Agreement, the Register of Members and Share Transfer Books of the Company will remain closed for 5 days i.e., from 03-08-2010 to 07-08-2010 (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 No. / Client ID No. in all correspondence.

### EXPLANATORY STATEMENT

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

#### ITEM NO. 4

Since the combined shareholding of public financial institutions 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.

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

#### ITEM NO. 5 & 6

Sri K. Karunakar Rao and Sri N. Jeswanth Reddy were co-opted as Addl. Directors on the Board of the Company w.e.f. 11.05.2010 pursuant to Section 260 of the Companies Act, 1956 read with Article 108 of the Articles of Association of the Company and will hold office only upto the date of AGM of the Company.

The Company has received notice in writing alongwith deposit of Rs. 500/- each from two (2) Members of the Company in respect of the above two Additional Directors signifying their intention to propose Sri K. Karunakar Rao and Sri N. Jeswanth Reddy as the candidates for the office of the Directors whose term is liable for retirement by rotation pursuant to Section 255 of the Companies Act, 1956. Induction of the two Directors on the Board, who are having more than three decades of experience and professionally qualified in their field will suit the Board in taking policy decisions of the Company. Their association with the Board will be beneficial to the Company in the long run sustained growth.

Except Sri K. Karunakar Rao and Sri N. Jeswanth Reddy, none of the Director is interested in the above proposal.

Your Board of Directors recommend the necessary Resolutions in item Nos. 5 & 6 of the Notice.

#### ITEM NO. 7 & 8

With the increase in business operations of the company as a result of expansion and diversification the need for strengthening management of the company by inducting Executive Directors to assist Managing Director has arisen. This will facilitate better administration and control. In view of the above explained reasons the Board in its meeting held on 11.05.2010 has appointed Sri K. Karunakar Rao as Executive Director (Finance & Commercial) and Sri N. Jeswanth Reddy as Executive Director (Technical) upon the recommendation of Remuneration Committee and Audit Committee in its meeting



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dt.11.05.2010. Both of these officials are having enormous exposure and experience in their professional/technical fields.

The terms as set out in the resolution may be treated as an abstract of terms under section 302 of the companies Act, 1956.

Your directors commend these special resolutions for your approval and ratification.

None of the directors except Sri K.Karunakar Rao and Sri N.Jeswanth Reddy is in any way concerned or interested in the above resolution.

### ITEM NO. 9

The existing term of Sri T.G.Venkatesh as Chairman and Managing Director will expire on 19.09.2010 in pursuance to the previous shareholders approvals in the Annual General Meetings held on 16.08.2005 and 28.09.2007.

Sri T.G.Venkatesh is associated with the Company since its incorporation and his directions and guidance are the main reasons for the company's present position. He is instrumental in the achievements of the company under the guidance of the Board to achieve the targeted objectives for which he has endeavoured day and night.

In view of his role in the growth, success and stability of the Company and the need for his association in future the Remuneration Committee and Board have recommended for his reappointment in its meetings held on 12.02.2010 and 11.05.2010 at a salary of Rs.5,00,000/- per month plus perquisites and allowances as mentioned in the resolution subject to Schedule XIII and other provisions of the Companies Act, 1956 to be effective from 20.09.2010 for a period of three years.

According to the present trends in the industry the remuneration now proposed to be payable to Sri T.G.Venkatesh is commensurate with the similar sized companies. Further CDR Cell of IDBI vide its letter dt.28.10.2009 has given their approval for the reappointment.

The terms as set out in the resolution may be treated as an abstract of terms under section 302 of the companies Act, 1956.

Sri T.G.Venkatesh is interested in the resolution. No other Director is concerned or interested in the resolution.

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

### ITEM NO. 10

During the course of the business, the Consortium of Banks have sanctioned enhanced working capital limits to the Company. These revised limits have been regularized subsequently. For this purpose, the Company has created joint mortgage with M/s. IDBI Bank Ltd, the lead Financial Institution by way of extension by deposit of Title Deeds on Second Charge basis on its behalf and on behalf of other Financial Institutions and Banks Consortium namely – IB, UBI, SIB, FBL and IDBI Bank Ltd. in respect of their outstanding working capital facilities. The Board commends the resolution to ratify the action taken by the Board for creation of second charge on fixed assets in favour of Banks consortium.

Further, for the proposed Chloromethanes Project, the Company has completed financial closure by obtaining required Term Loans sanctioned by IB, SIB, ICICI Bank and UBI for which respect, the Company has to create Mortgage with exclusive charge in favour of the above Financial Institutions and Banks, for which purpose, the Board of Directors seeks Members approval to the Company for taking necessary action for creation of Mortgage with Indian Bank being the lead Bank by deposit of title deeds on its behalf and on behalf of other Banks, who have provided term loan assistance to the Company for the proposed Chloromethanes Project.

None of the Directors is deemed to be interested in the above Resolution.

Your Directors recommend the Ordinary Resolution for your approval.

BY ORDER OF THE BOARD

Sd/-

Place: Kurnool (V. RADHAKRISHNA MURTHY)

Date : 11.05.2010 CHIEF GENERAL MANAGER AND  
COMPANY SECRETARY



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### 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 T.G. Venkatesh	Sri M.P.Murti	Sri O.D.Reddy
2.	Date of Birth	16-05-1950	01-12-1919	15-03-1940
3.	Date of Appointment	September 20, 1985	June 25, 1986	December 31, 1996
4.	Experience in Specific areas	Hailing from renowned family of industrialists and an entrepreneur himself has over 38 years of experience in steering diverse business enterprises.	More than 38 years Industrial experience at very senior level in Indian and Multi National Companies.	More than 33 years experience at Senior level in Management and Administration in govt. undertaking.
5.	Qualification	B.Com.,	M.Sc.M.S(Case Western-USA)	B.Sc (Agri)
6.	Shareholding in the Company	3,03,848 Equity shares	1,000 Equity Shares	2,850 Equity Shares
7.	Directorships in other Companies	1. Sree Maruthi Marine Industries Ltd. 2. A.P. Gas Power Corporation Ltd.	1. Novopan Industries Ltd. 2. Reliance Cellulose Products Ltd. 3. CIL Securities Ltd.	Roopa Industries Limited.
8.	Membership in other Company committees	NIL	NIL	Audit and Share holders Grievance Committees in Roopa Industries Limited.

1.	Name of the Director	Sri K.Karunakar Rao	Sri N.Jeswanth Reddy
2.	Date of Birth	14-06-1950	11-06-1954
3.	Date of Appointment	May 11, 2010	May 11, 2010
4.	Experience in Specific areas	More than 35 years in the field Finance & Accounts of listed and unlisted companies.	More than 30 years in paper and chemical industries.
5.	Qualifications	B.Com., ACA	B. E. (Mech)
6.	Shareholding in the Company	50 Equity Shares	NIL
7.	Directorships in other Companies	NIL	NIL
8.	Membership in other Company committees	NIL	NIL



## 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 31<sup>st</sup> March, 2010.

#### Operations :

The turnover for the year under review was Rs. 63008 lakhs as compared to Rs. 75196 lakhs in the previous year. The unprecedented floods which occurred during the year impacted the operations resulting in production losses. Price realizations were also lower reflecting the general economic conditions.

#### Division / Segment Wise Operations :

The Caustic unit has produced 99452 MT of Caustic Soda as against 110223 M.T. for the previous year. As against net sales of Rs. 25848 lacs for previous year, the current year sales comes to Rs. 21175 lacs representing a decrease of 18 %.

The Potassium plant has produced 9041 MT of Potassium Hydroxide as against 15023 MT for the previous year. As against net sales of Rs. 12607 lacs for previous year, the current sales comes to Rs. 6178 lacs representing a decrease of 51 %.

The Castor oil plant yielded 10231 MT of oil processing as against 8036 MT for the previous year. As against net sales of Rs. 6090 lacs for the previous year, the current year sales stood at Rs. 6773 lacs representing an increase of 11 %.

The Fatty acid plant has processed 23275 MT for the current year as against 21935 MT for the previous year. The net sales of this division has decreased from Rs. 12451 lacs to Rs. 11929 lacs representing a decrease of 4 %.

The Power plant at Bellary has billed 1828 lakhs KWH of electricity (including deemed generation) to Karnataka Power Transmission Corporation Limited (KPTCL) during the current year as against 1813 lacs KWH for the previous year.

As against sales to KPTCL ( including deemed generation billing ) of Rs. 11016 lacs for the previous year, the current year sales comes to Rs. 12386 lacs showing an increase of 12%.

#### Outlook For The Current Year :

Segmentwise discussion is furnished in **Management Discussion and Analysis** annexed to this report in Page No. 19 as “ANNEXURE – E”.

#### Financial Results :

#### YEAR ENDED

	31.03.2010 (Rs.in lakhs)	31.03.2009 (Rs.in lakhs)
Sales - Gross	63008.29	75195.63
Other Income	3389.67	1170.22
Profit on sale of Fixed Assets/Investments	1.78	-
Increase (Decrease) in Stocks	188.64	224.67
Total Income	66588.38	76590.52
Profit before Interest & Depreciation	9674.03	11908.61
Less: Interest	3418.85	3414.59
Profit before Depreciation	6255.18	8494.02
Less: Depreciation	3272.28	3257.28
Profit(Loss) before Extraordinary items and Taxation	2982.90	5236.74
Expenses/Income relating to Earlier Years (Net)	21.51	43.70
Profit/Loss Before Taxation	2961.39	5193.04
Less: Provision for Taxation (MAT)		
- for Current Year	504.00	589.00
- for Earlier Year	17.29	0.15
- for Fringe benefit Tax	-	25.00
- for Deferred Tax Liability	1039.17	1848.32
Profit/Loss After Taxation	1400.93	2730.57
Add: Balance Carried from Previous year	2460.33	1229.76
Profit available for Appropriation	3861.26	3960.33
Less: Transfer to General Reserve	500.00	1000.00
Less: Transfer to Debenture Redemption reserve	500.00	500.00
Surplus carried to Balance Sheet	2861.26	2460.33

Profit for the Current year at Rs. 1400.93 Lakhs shows a decrease of 49 % compared to previous year Profit of Rs. 2730.57 Lakhs. Stiff market and recessionary conditions, increase in imports are the main reasons for over all decrease in performance.



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### Floods :

Members are aware that flood havoc in October, 2009 in Kurnool and Mahabubnagar Districts of Andhra Pradesh from river Tungabhadra and at Bellary District of Karnataka. The intensity of floods was such that this extent of flood was not witnessed during the past 400 years. The flood waters have entered into the factory and made havoc due to which part of inventories, machinery etc., were suffered/damaged. The operations of the factory have come to a stand still for about 45 days. Considering the losses, the company has preferred claims with Insurance Company and Accounted for Rs. 3239.25 lakhs and same is under active consideration by the Insurer.

### Dividend :

In view of the need for strengthening the financial base of the company, your Directors have decided not to declare any dividend for the year 2009-10.

### Capital Expenditure :

During the year the Company has incurred an amount of Rs. 3958 lacs on Capital Expenditure which is mainly towards Flaker, Boiler, Turbine and other normal expenditure. The funds required for the expenditure are met from internal accruals.

### Safety And Environment Protection :

Your management firmly believes the objective of company's growth by giving due importance to Safety and congenial Environment as a matter of corporate responsibility which will pay dividends in the long run. Every effort is being made to ensure safety in all activities of the company and the steps taken by the management to develop green environs around the factory have given desired results. 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.

### Listing Fees :

The Company has paid Listing Fee to Bombay Stock Exchange vide its letter dtd.19.04.2010.

### Insurance :

Assets of the Company are adequately insured.

### Fixed Deposits :

The Company has not accepted any fixed deposits during the year and there are no fixed deposits outstanding at as on 31.3.2010.

### 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. M/s.IDBI Bank has appointed Sri P.Sitaram as its Nominee on the Board in place of Sri D.S.Prasad vide its letter Ref.No.SS-ICG.53/678/Nom.8 dated 26.03.2009 to be effective from 09.04.09. The Board in its meeting held on 02.05.09 has taken note of the same. The Board further taken on record with appreciation the valuable advises given by Sri D.S.Prasad during his tenure on the Board.

### Industrial Relations :

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

### Particulars Of Employees :

Except Sri T.G.Venkatesh, CMD, 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 are given as "Annexure -AE ".

### 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".

### 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 by the company.

### 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



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Governance as “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 this 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 2010-11.

### 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 regularly.

### 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 comprises of Sri S.K.Ganguli, Sri P.Sitaram and Sri P.N.Vedananarayanan as members with Sri M.P.Murti as Chairman of the Audit Committee. Audit Committee was reconstituted on 02.05.09 to give effect to the change in IDBI Nominee Director.

### 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.

On behalf of the Board of Directors  
Sd/-

Place : Kurnool

Date : 11.05.2010

**T.G.VENKATESH**  
CHAIRMAN AND  
MANAGING DIRECTOR

## “ANNEXURE - AE” TO THE 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 are forming part of the Director's Report for the period ended 31st March 2010.

Name of the Employee	Age	Qualifications	Designation/ Nature of Duties	Date of commencement of Employment	Remuneration Received Rs. (Gross)	Experience (Years)	Last Employment held
a) Employed throughout the Year :							
1. Sri T.G. Venkatesh	60	B.Com.,	Chairman & Managing Director	20.09.1985	30,00,442	38	General Manager (Commercial) Sree Rayalaseema Paper Mills Ltd.

### Notes :

1. Remuneration includes Salary and other prequisites.
2. The Appointment of the Managing Director is Contractual and on the terms and conditions approved by the Members in the Annual General Meetings held on 16.08.2005 and 28.09.2007.

On behalf of the Board of Directors

sd/-

Place : Kurnool  
Date : 11.05.2010

**T.G. VENKATESH**  
Chairman and Marketing 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) 1 x 100 TPT Furnace is installed with steam recovery to the extent of 2TPH @ 3kg/cm<sup>2</sup>., which will reduce load on cooling tower.
- 2) 1 x 5.1 MW Back pressure Turbine is installed in place of PRDS. At present about 2.5 MW power is generated through the steam which is going to process.

#### FORM – A

Disclosure of Particulars with respect to conservation of energy:	Current Year 31.03.2010	Previous Year 31.03.2009
<b>A. Power and Fuel Consumption :</b>		
1. Electricity :		
a) i) Electricity from APCPDCL		
Units (KWH)	179689309	198938591
Total Amount (Rs. In lakhs)	5196.59	5686.89
Rate/Unit (Rs.)	2.89	2.86
ii) Electricity from APGPCL		
Units (KWH)	32577223	20727266
Total Amount (Rs. In lakhs)	678.72	477.85
Rate/Unit (Rs.)	2.08	2.31
b) Own Generation :		
i) Through Diesel Generators		
Units(KWH)	688345	2768540
Unit per Lt of Fuel (KWH)	2.38	2.94
Cost/Unit (Rs.)	66.55	39.25
ii) Through Wind Farm		
Units(KWH)	2181082	2084631
Cost/Unit (Rs.)	3.80	3.53
iii) Through Co-Gen plant		
Units(KWH)	83999480	113145105
Cost/Unit (Rs.)	3.39	3.09
2. Coal :		
Quantity (MT)	193040	249611
Total amount (Rs. In lakhs)	4256.97	4951.84
Average Rate (Rs./MT)	2205	1984
3. Fuel Oil :		
Qty (KL) (consist of HSD & FO)	769	1576
Total Amount (Rs. In lakhs)	191.37	413.72
Average Rate (Rs./MT)	24901	24486
<b>B. Consumption per MT of Caustic Soda Lye Production :</b>		
No. of Units (KWH) (AC Power)	2440	2461

#### C. Technology Absorption :

Efforts made in technology absorption are provided in "Form – B" as follows :