



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

### BOARD OF DIRECTORS

Sri T.G. Venkatesh  
Chairman and Managing Director  
(upto 30.11.10)

Sri G.Krishna Murthy  
(Chairman)

Sri M.P.Murti

Sri S.K.Ganguli  
(Nominee of IFCI)

Sri P.Sitaram  
(Nominee of IDBI)

Sri P.N.Vedanarayanan

Sri O.D.Reddy

Sri K. Karunakar Rao  
Executive Director & CEO

Sri N. Jeswanth Reddy  
Executive Director (Technical)

### CHIEF GENERAL MANAGER & COMPANY SECRETARY

Sri V. Radhakrishna Murthy

### BANKERS

Indian Bank  
United Bank of India  
The South Indian Bank Ltd.  
IDBI Bank Ltd.  
Canbank Factors Ltd.  
The Federal Bank Ltd.  
ICICI Bank Ltd.

### AUDITORS

Brahmayya & Co.  
Chartered Accountants  
21/142-6, S.K.D. Colony Extn.  
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

Aarthi Consultants Private Limited  
Regd.Office : 1-2-285, Domalguda  
Hyderabad - 500 029. (A.P)  
Tel.No. : 040 - 27638111/4445, 27642217, 66611921  
Fax No. : 040 - 27632184

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## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

### NOTICE

**NOTICE** is hereby given that the **29<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.) on Tuesday 9<sup>th</sup> August, 2011 at 3.15 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, 2011 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.Vednarayanan, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Sri G.Krishna Murthy, who retires by rotation and is eligible for reappointment.
4. To appoint Auditors and to fix their remuneration. In this connection, to consider and, if thought fit, to pass with or without modification the following as 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."

By Order of the Board

Sd/-

**(V. RADHAKRISHNA MURTHY)**

Chief General Manager and

Company Secretary

Place: Hyderabad

Date : 02.05.2011

#### 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 05-08-2011 to 09-08-2011 (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.
3. Since the company's shares are permitted for trading under compulsory demat mode, shareholders holding shares in physical form are requested to dematerialize the same immediately to avoid any inconvenience in future. Company's Equity Shares ISIN No.INE284B01028 and CRPS ISIN No.INE284B04014.



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4. Members are requested to note the following "e-mail Id" for any clarification on shares and other related matters "sralkalies@tgvmail.net".

### 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.

By Order of the Board

Sd/-

**(V. RADHAKRISHNA MURTHY)**

Chief General Manager and  
Company Secretary

Place: Hyderabad

Date : 02.05.2011

#### 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 P.N.Vedamarayanan  | Sri G.Krishna Murthy   |
| 2. | Date of Birth                                | 04.06.1933   | 17.09.1941   |
| 3. | Date of Appointment                          | April 1, 1994  | November 30, 1996  |
| 4. | Experience in Specific areas                 | More than 42 years experience at very senior level in public sector units. Ex-Chairman and Managing Director of NTC Mills Ltd. | More than 40 years experience in Industrial and Business fields as Promoter and entrepreneur. He is an eminent personality having interest in the fields of social services and human relations. |
| 5. | Qualifications                               | I.A.S. (Retd.)   | Graduate of MILT   |
| 6. | Shareholding in the Company                  | NIL  | NIL  |
| 7. | Directorships in other Public Ltd. 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, 2011.

#### Operations :

The turnover for the year under review was Rs. 76212 lakhs as compared to Rs. 63008 lakhs in the previous year. The increase in overall turnover is attributed to better performance of Caustic, Castor Oil, Fatty Acid divisions.

#### Division / Segment Wise Operations :

The Caustic plant has produced 111516 MT of Caustic Soda as against 99452 MT for the previous year. As against net sales of Rs. 21175 lacs for previous year, the current year sales comes to Rs. 24924 lacs representing an increase of 18 %.

The Potassium plant has produced 12111 MT of Potassium Hydroxide as against 9041 MT for the previous year. As against net sales of Rs. 6178 lacs for previous year, the current sales comes to Rs. 6189 lacs representing marginal increase of 0.17 %.

The Castor oil plant yielded 13190 MT of oil processing as against 10231 MT for the previous year. As against net sales of Rs. 6773 lacs for the previous year, the current year sales stood at Rs. 12303 lacs representing an increase of 82 %.

The Fatty acid plant has processed 25277 MT for the current year as against 23275 MT for the previous year. The net sales of this division has increased from Rs. 11929 lacs to Rs. 15973 lacs representing an increase of 34 %.

The Power plant at Bellary has billed 1821 lakhs KWH of electricity (including deemed generation) to Karnataka Power Transmission Corporation Limited (KPTCL) during the current year as against 1828 lacs KWH for the previous year.

As against sales to KPTCL (including deemed generation billing) of Rs. 12386 lacs for the previous year, the current year sales comes to Rs. 10375 lacs showing decrease of 16 %.

#### OUTLOOK FOR THE CURRENT YEAR :

Segmentwise discussion is furnished in **Management Discussion and Analysis** annexed to this report in page No. 16 as "Annexure - E".

#### FINANCIAL RESULTS :

|  | YEAR ENDED    |               |
|--|---------------|---------------|
|  | 31.03.2011    | 31.03.2010    |
|  | (Rs.in lakhs) | (Rs.in lakhs) |
| Sales - Gross  | 76211.86      | 63008.29      |
| Other Income   | 993.97        | 3389.67       |
| Profit on sale of Fixed Assets/<br>Investments           | -             | 1.78          |
| Increase (Decrease) in Stocks                            | 338.61        | 188.64        |
| Total Income   | 77544.44      | 66588.38      |
| Profit before Interest & Depreciation                    | 9547.81       | 9674.03       |
| Less: Interest   | 3340.89       | 3418.85       |
| Profit before Depreciation                               | 6206.92       | 6255.18       |
| Less: Depreciation                                       | 3448.56       | 3272.28       |
| Profit (Loss) before Extraordinary<br>items and Taxation | 2758.36       | 2982.90       |
| Less: Expenses/Income relating to<br>Earlier Years (Net) | 40.13         | 21.51         |
| Profit/Loss Before Taxation                              | 2718.23       | 2961.39       |
| Less: Provision for Taxation (MAT)                       |               |               |
| - for Current Year                                       | 542.00        | 504.00        |
| - for Earlier Year                                       | 55.08         | 17.29         |
| - for Deferred Tax Liability                             | 756.22        | 1039.17       |
| Profit/Loss After Taxation                               | 1364.93       | 1400.93       |
| Add: Balance Carried from<br>Previous year               | 2861.26       | 2460.33       |
| Profit available for Appropriation                       | 4226.19       | 3861.26       |
| Less: Transfer to General Reserve                        | 500.00        | 500.00        |
| Less: Transfer to Debenture<br>Redemption reserve        | 1000.00       | 500.00        |
| Surplus carried to Balance Sheet                         | 2726.19       | 2861.26       |



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

Profit for the Current year at Rs. 1364.93 Lakhs shows a marginal decrease of 2.5 % compared to previous year Profit of Rs. 1400.93 Lakhs. Stiff market and recessionary conditions are the main reasons for over all decrease in performance.

### 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 2010-11.

### Capital Expenditure :

During the year the Company has incurred an amount of Rs. 8287 lacs on Capital Expenditure which is mainly towards Electrolysers, Boiler, Turbine, Chloromethanes Project and other normal expenditure. The funds required for the above is met from Promoters / Term loan and other internal accruals.

### Safety And Environment Protection :

Your management firmly believes the objective of company's growth by giving due importance to Safety and pollution free 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 by entrusting the safety of company in the hands of two experienced General Managers of proven track record and the steps taken by the management to develop green environs around the factory has given desired results. Towards achieving the Company's motto of continuous SAFETY FOR MEN, MACHINE AND MATERIALS the Company has implemented QUESH (Quality, Environment, Safety and Health Policy) policy. 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.19.04.2011.

### 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 31.3.2011.

### Directors :

Sri P.N.Vedananarayanan and Sri G.Krishna Murthy are retiring by rotation at the ensuing Annual General Meeting and they being eligible for reappointment offers themselves to be reelected as Directors. Sri T.G.Venkatesh has resigned

as Chairman as well as Managing Director of the Company from 01-12-2010. The Board has taken on record its appreciation for the remarkable contribution made by Sri T.G.Venkatesh during his tenure on the Board and Company.

### Industrial Relations :

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

### Particulars Of Employees :

Except Sri T.G.Venkatesh, CMD (From 20.09.10 to 30.11.10), there were no employee of the Company drawing monthly remuneration of Rs.5,00,000/- 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.

### 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.

### Changes in CEO and CFO declaration :

Sri K.Karunakar Rao, Executive Director has been redesignated as Executive Director & CEO (Chief Executive Director) by the Board in its meeting dt.08.01.11 and Sri M.V.Kumara Swamy has been appointed as CFO (Chief Financial Officer) on the recommendation of Audit



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Committee by the Board in its meeting dt.08.01.11 to ensure continuous compliance of Clause-49 of Listing Agreement.

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 2011-12.

### Cost Audit :

M/s. Geeyes & Co, A-3, III floor, 56, 7th Avenue, Ashok Nagar, Chennai - 600 083 has been reappointed as cost auditor of the company for the year 2010-11 by the Board in its meeting held on 28.01.10 upon the recommendation of Audit Committee to comply specific order of the Central Govt. (Cost Audit branch of Ministry of Corporate Affairs), with respect to Caustic Soda / Caustic Potash. As against the due date of 30.09.10 the Cost Audit Report has been filed on 24-09-2010 vide SRN No. A94680550 with MCA portal by the Cost Auditor / Company. 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.

### 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 : Hyderabad  
Date : 02.05.2011

**K. KARUNAKAR RAO**  
Executive Director & CEO

## "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 01.04.2010 to 30.11.2010.

| Name of the Employee | Age | Qualifications | Designation/<br>Nature of Duties | Date of commencement of Employment | Remuneration Received Rs. (Gross) | Experience (years) | Last Employment held |
|----------------------|-----|----------------|----------------------------------|------------------------------------|-----------------------------------|--------------------|----------------------|
|----------------------|-----|----------------|----------------------------------|------------------------------------|-----------------------------------|--------------------|----------------------|

Employed for part of the Financial Year :

|   |    |        |                              |            |           |    |  |
|---|----|--------|------------------------------|------------|-----------|----|--|
| Sri T.G. Venkatesh<br>(From 01.04.10 to 30.11.10) | 61 | B.Com. | Chairman & Managing Director | 20.09.1985 | 34,07,504 | 39 | General Manager (Commercial),<br>Sree Rayalaseema Paper Mills Ltd. |
|---|----|--------|------------------------------|------------|-----------|----|--|

### Notes :

1. Remuneration includes Salary and other perquisites.
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 28.09.2007 and 07.08.2010.
3. Salary has been increased from Rs. 2 lakhs to Rs. 5 lakhs to be effective from 20.09.10 by the share holders in the Annual General Meeting held 07.08.10 at the time of approving reappointment.

On behalf of the Board of Directors  
Sd/-

Place : Hyderabad  
Date : 02.05.2011

**K. KARUNAKAR RAO**  
Executive Director & CEO



## 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. Additional 2000 KVA Auxiliary Transformer along with PCC and MCC has been installed to improve power distribution and to reduce distribution losses.
2. 1 x 250 KVA (Reduced supply voltage) Lighting Transformer has been installed as energy saving device to reduce lighting energy.
3. 1 No. 4.4 MVR Capacitor Bank has been installed to improve power factor above 0.98 and to reduce distribution power factor above 0.98 and to reduce distribution losses.
4. Vapour Liquid separator is installed in soap noodles plant to increase additional production with same energy.

#### FORM – A

| Disclosure of Particulars with respect to conservation of energy: | Current Year<br>31.03.2011 | Previous Year<br>31.03.2010 |
|---|----------------------------|-----------------------------|
| <b>A. Power and Fuel Consumption :</b>                            |                            |                             |
| 1. Electricity:   |                            |                             |
| a) i) Electricity from APCPDCL                                    |                            |                             |
| Units (KWH)   | 178186700                  | 179689309                   |
| Total Amount (Rs.in Lakhs)  | 5987.20                    | 5196.59                     |
| Rate/Unit (Rs.)   | 3.36                       | 2.89                        |
| ii) Electricity from APGPCL                                       |                            |                             |
| Units (KWH)   | 26142867                   | 32577223                    |
| Total Amount (Rs.in Lakhs)  | 688.51                     | 678.72                      |
| Rate/Unit (Rs.)   | 2.63                       | 2.08                        |
| b) Own Generation:  |                            |                             |
| i) Through Diesel Generators                                      |                            |                             |
| Units(KWH)  | -                          | 688345                      |
| Unit per Lt of Fuel (KWH)   | -                          | 2.38                        |
| Cost/Unit (Rs.)   | -                          | 66.55                       |
| ii) Through Wind Farm   |                            |                             |
| Units(KWH)  | 1955493                    | 2181082                     |
| Cost/Unit (Rs.)   | 5.26                       | 3.80                        |
| iii) Through Co-Gen Plant   |                            |                             |
| Units(KWH)  | 139853600                  | 83999480                    |
| Cost/Unit (Rs.)   | 3.16                       | 3.39                        |
| 2. Coal :   |                            |                             |
| Quantity (MT)   | 248149                     | 193040                      |
| Total amount (Rs.in lakhs)  | 6133.94                    | 4256.97                     |
| Average Rate (Rs./MT)   | 2472                       | 2205                        |
| 3. Fuel Oil :   |                            |                             |
| Qty (KL) (consist of HSD & FO)                                    | 429                        | 769                         |
| Total Amount (Rs.in lakhs)  | 145.72                     | 191.37                      |
| Average Rate (Rs/MT)  | 33949                      | 24901                       |
| <b>B. Consumption per MT of Caustic Soda Lye Production</b>       |                            |                             |
| No.of Units (KWH) (AC Power)                                      | 2517                       | 2440                        |



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

### 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 :

- New in-house process is developed to produce Methyl 12-Hydroxy Stearic Acid and using sodium methoxide instead of conventional process using Methanol.
- Pilot plant trials are in progress in association with supplier of Hcl plant to generate 12kg/cm<sup>2</sup> steam while producing Hydrochloric Acid instead of conventional system of cooling tower.
- Experiments are in progress in association with reputed Research Centre to recover sulphates from brine (non-chemical treatment).

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

- By adopting new route to manufacture Methyl 12-Hydroxy Stearic acid, transportation, storage, handling of methanol is totally eliminated, which is highly inflammable.

##### 3. Future Plans :

- Implementation of Filtered brine acidification and neutralization to remove Mg(OH)<sub>2</sub> from brine.
- Introduction of Evaluator for Electrolyser.

##### 4. Technology Absorption, Adoption and Innovation :

- There is no technology innovation, absorption and adoption during the year.

### 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                  | .... | 4712.26       |
| ii) Foreign Exchange earned               | .... | 8754.10       |

## 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 have been followed along with proper explanation relating to material departure or non-compliance in notes to accounts and Directors' Report.





## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

- (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

Sd/-

**K. KARUNAKAR RAO**

Executive Director & CEO

Place : Hyderabad

Date : 02.05.2011

## 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" as amended from time to time by SEBI and BSE have been complied for the year 2010-11. The Corporate Governance compliance details are furnished hereunder:

#### (1) Company's Philosophy :

The company is firmly committed to fulfill the objective of good and effective 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 humble philosophy is "SERVING SOCIETY THROUGH HARMONIOUS AND CORDIAL INDUSTRY ACTIVITIES AND RELATIONS" synchronizing socio, economic and human objectives which are 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 Company towards higher horizons.

#### (2) Board Procedure :

All the mandatory information as mentioned in Annexure – 1A for Clause 49 of Listing Agreement 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 comprises of Eight Directors and Majority of Directors are independent/nominee Directors. Except two Executive Directors the other Directors are non-Executive Directors. The day-to-day management of the Company is conducted by Executive Director & CEO and Executive Director (Technical) 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 :



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

| S.No | Name of the Director | Category                | F.Y 2010-11 attendance at |          | As on 2 <sup>nd</sup> May, 2011 |                            |          |
|------|----------------------|-------------------------|---------------------------|----------|---------------------------------|----------------------------|----------|
|      |                      |                         | BM                        | Last AGM | No. of Directorship             | Committee Positions Member | Chairman |
| 1.   | Sri G.Krishna Murthy | Chairman                | 3                         | No       | -                               | -                          | -        |
| 2.   | Sri K.Karunakar Rao  | E.D & CEO               | 4                         | Yes      | -                               | -                          | -        |
| 3.   | Sri N.Jeswanth Reddy | E.D (Technical)         | 4                         | Yes      | -                               | -                          | -        |
| 4.   | Sri T.G.Venkatesh    | CMD (Upto 30.11.10)     | 3                         | Yes      | -                               | -                          | -        |
| 5.   | Sri M.P.Murti        | Director (Independent)  | 4                         | Yes      | 3                               | 1                          | 1        |
| 6.   | Sri S.K.Ganguli      | Director (IFCI Nominee) | 4                         | No       | 4                               | -                          | 3        |
| 7.   | Sri P.Sitaram        | Director (IDBI Nominee) | 2                         | No       | 1                               | -                          | -        |
| 8.   | Sri P.N.Vednarayanan | Director (Independent)  | 4                         | No       | -                               | -                          | -        |
| 9.   | Sri O.D.Reddy        | Director (Independent)  | 3                         | Yes      | 1                               | 1                          | -        |

During the financial year ended 31<sup>st</sup> March, 2011, Four Board Meetings were held on (1) 11.05.10 (2) 20.07.10 (3) 20.10.10 and (4) 08.01.11 respectively.

#### (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 and Tax 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.
5. Reviewing with management quarterly financial statements.
6. The adequacy of internal audit functions.
7. Discussion with statutory auditors before the audit commences.
8. Reviewing the findings of any investigations by the internal auditors etc.,
9. Appointment of CFO.

In addition to quarterly and yearly Un-audited/Audited financial results the Committee deliberate upon the relevant matters mentioned in Listing agreement, Companies Act and Cost Audit Report rules etc., The Committee is headed by Sri M.P.Murti, the Senior most independent Director. Majority of the committee members are independent Directors or Nominee Directors of Financial Institutions viz., IDBI and IFCI. The Audit Committee was reconstituted by the Board in its meeting held on 02.05.09 with the following directors as its members (1) Sri M.P.Murti, Chairman (2) Sri S.K.Ganguli, Member (3) Sri P.Sitaram, Member and (4) Sri P.N.Vednarayanan, Member.