



## BOARD OF DIRECTORS

Sri G. Krishna Murthy  
(Chairman)

Sri M.P. Murti

Sri K. Davidson  
(Nominee of IDBI from 29.06.2013)

Sri P. Sitaram  
(Nominee of IDBI upto 29.06.2013)

Ms. Venus Bhanot  
(Nominee of IFCL from 07.05.2012)

Sri S.K. Ganguli  
(Nominee of IFCL upto 07.05.2012)

Sri P.N. Vedanarayanan

Sri O.D. Reddy

Sri K. Karunakar Rao  
Executive Director & CEO

Sri N. Jesvanth 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.

The Federal Bank Ltd.

Canbank Factors 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, 2nd Floor, Krishna Jyotsna Complex

Bhagyanagar,

Kurnool - 518 004 (A.P.)

## REGISTRAR & SHARE TRANSFER AGENT

Aarthi Consultants Private Limited

Regd. Office: 1-2-285, Domalguda

Hyderabad - 500 029 (A.P.)

Tel No. 040 - 27638111 / 4445

Fax No. 040 - 27632184

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## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

### NOTICE

**NOTICE** is hereby given that the **31st 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 Wednesday, 7<sup>th</sup> August, 2013 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, 2013 and the Statement of Profit and Loss for the year ended as on that date together with the Reports of Directors and the Auditors attached thereto.
2. To appoint a Director in place of Sri K. Karunakar Rao, who retires by rotation and is eligible, offers himself for reappointment.
3. To appoint a Director in place of Sri N. Jesvanth Reddy, who retires by rotation and being eligible, offers himself 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 which is proposed as **Special Resolution**.  
"RESOLVED THAT pursuant to Section 198, 269, 309 and 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to required statutory approvals as may be necessary, the members

of the company here by ratify the Board approval to the company, for payment of the following remuneration to Sri K. Karunakar Rao, Executive Director & CEO from 11.05.2013 in its meeting held on 15.05.2013 upon the recommendation of Remuneration Committee Meeting held on 02.05.2013 and further noted that this remuneration will be payable for a period of three years from 11.05.2013."

"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.

- 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/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 total remuneration as explained above shall not exceed Rs. 1,50,000/- per month."

"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."

6. 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 Section 198, 269, 309 and 311 read with schedule XIII and other applicable provisions, if any, of the



Companies Act, 1956 and subject to required statutory approvals as may be necessary, the members of the company hereby ratify the Board approval to the company, for payment of the following remuneration to Sri N. Jesvanth Reddy, Executive Director (Technical) from 11.05.2013 in its meeting held on 15.05.2013 upon the recommendation of Remuneration Committee Meeting held on 02.05.2013 and further noted that this remuneration will be payable for a period of three years from 11.05.2013."

"RESOLVED FURTHER THAT Sri N. Jesvanth 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/ 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 total remuneration as explained above shall not exceed Rs.1,50,000/- per month."

"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."

By Order of the Board  
Sd/-

Place: Kurnool (V. RADHAKRISHNA MURTHY)  
Date : 15<sup>th</sup> May, 2013 Chief General Manager and  
Company Secretary

#### NOTES :

1. A member entitled to attend and vote at the 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 of the company not less than 48 hours before the schedule time of the Annual General Meeting.
2. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto in respect to Special Business.
3. Member/Proxies are requested to produce the attendance Slip at the entrance of the Registered Office duly completed and signed for admission to the meeting hall.
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 7 days i.e., from 01.08.2013 to 07.08.2013 (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.



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

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 the members in the AGM held on 07.08.2010 has expired on 11.05.2013. Further it is brought to your kind notice that the Board in its meeting held on 15.05.2013, upon the recommendation of Remuneration Committee Meeting dt. 02.05.2013, has given its approval to the company for payment of new remuneration payable as clearly mentioned in the resolution to Executive Directors (1) Sri K. Karunakar Rao, Executive Director & CEO (2) Sri N. Jesvanth Reddy, Executive Director (Technical) for a further period of three years to be effective from 11.05.2013.

Your directors commend these resolutions for your approval and ratification.

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

By Order of the Board  
Sd/-

**(V. RADHAKRISHNA MURTHY)**  
Chief General Manager and  
Company Secretary

Place: Kurnool  
Date : 15<sup>th</sup> May, 2013

#### ITEM NO. 5 & 6

Shareholders may be aware that earlier approval for payment of remuneration to Executive Director's approved

### Additional Information :

Details of Directors seeking appointment/reappointment at the forthcoming Annual General Meeting  
(Pursuant to Clause 49 of the Listing Agreement).

1.	Name of the Director	Sri K. Karunakar Rao	Sri N. Jesvanth Reddy	Sri K. Davidson
2.	Date of Birth	14.06.1950	11.06.1954	
3.	Date of Appointment	May 11, 2010	May 11, 2010	June 29, 2013
4.	Experience in Specific areas	More than 40 years in the field Finance & Accounts of listed and unlisted companies.	More than 35 years in paper and Chemical Industries.	
5.	Qualifications	B.Com., ACA	B.E. (Mech)	
6.	Shareholding in the Company	50 Equity Shares	Nil	Nil
7.	Directorships in other public Ltd., Companies	Nil	Nil	
8.	Membership in other public Ltd., Company committees	Nil	Nil	



## 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, 2013.

### Operations :

The turnover for the year under review is Rs.90941 lakhs as compared to Rs.85232 lakhs in the previous year. The increase in turnover is attributed to better performance of Caustic Soda, Caustic Potash divisions.

### Division / Segment Wise Operations :

The Caustic unit has produced 130773 MTs of Caustic Soda as against 123534 M.T for the previous year. As against net sales of Rs.32849 lacs for previous year, the current year sales comes to Rs.41465 lacs representing an increase of 26%.

The Potassium plant has produced 8947 MTs of Potassium Hydroxide as against 9537 MTs for the previous year. As against net sales of Rs.5456 lacs for previous year, the current sales comes to Rs.6540 lacs representing an increase of 20 % attributed to better realisations.

The Castor oil plant yielded 14864 MTs of oil processing as against 14355 MTs for the previous year. As against net sales of Rs. 16036 lacs for the previous year, the current year sales stood at Rs. 13951 lacs representing a decrease of 13%.

The Fatty acid plant has processed 23673 MTs for the current year as against 26059 MTs for the previous year. The net sales of this division has decreased from Rs.18282 lacs to Rs.16559 lacs representing a decrease of 9%.

The Power plant at Bellary has billed 585 lakhs KWH of electricity (including deemed generation) to Karnataka Power Transmission Corporation Limited (KPTCL) during the current year as against 1578 lacs KWH for the previous year.

As against sales to KPTCL (including deemed generation billing) of Rs.4577 lacs for the previous year, the current year sales comes to Rs.1646 lacs. The decrease is due to expiry of PPA with KPTCL on 31.08.2012 an hence no generation of power since then in the plant. In view of this previous year figures are not comparable.

### Outlook For The Current Year :

Segment-wise discussion is furnished in Management Discussion and Analysis annexed to this report in "ANNEXURE – E".

### FINANCIAL RESULTS :

Particulars	YEAR ENDED	
	31.03.2013 (Rs.in lakhs)	31.03.2012 (Rs.in lakhs)
Profit before Finance Costs & depreciation	11909.60	9943.71
Less: Finance Cost	3844.50	3517.97
Profit before Depreciation	8065.10	6425.74
Less: Depreciation	4050.97	3662.55
Profit (Loss) before Exceptional items and Tax	4014.13	2763.19
Less: Exceptional items	-	-
Profit/Loss Before Tax	4014.13	2763.19
<b>Tax Expense:</b>		
Less: - Current Tax	803.00	576.81
- Deferred Tax	(561.65)	797.92
Profit for the period from continuing operations	3772.78	1388.46
Less : Profit from discounting operations	-	-
Profit for the period	3772.78	1388.46
Add: Balance Carried from Previous year	2614.65	2726.19
Profit available for Appropriation	6387.43	4114.65
Less: Transfer to General Reserve	1500.00	500.00
Less: Transfer to Debenture Redemption reserve	-	500.00
Less: Transfer to Capital Redemption reserve	1000.00	500.00
Surplus carried to Balance Sheet	3887.43	2614.65



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

Profit for the Current year at Rs.3772.78 Lakhs shows an increase of 171% compared to previous year Profit of Rs.1388.46 Lakhs. Improved and better performance in Caustic Soda division is the main reason for increased performance. The results would have been much more impressive but for the decreased performance of other divisions.

### Dividend :

In view of the need for strengthening the financial base of the company and the necessity of funds for the ongoing projects, your Directors have decided not to declare any dividend for the year 2012-13.

### Capital Expenditure :

During the year the Company has incurred an amount of Rs.5332 lakhs on Capital Expenditure which is mainly towards Chloromethanes Project and other normal expenditure. The funds required for the above is met from Promoters contribution / Term loans and internal accruals.

### Preferential allotment of Convertible Share Warrants to Promoters :

#### Listing of Equity shares issued to Promoters on conversion of First and Second Tranche Warrants.

35,52,278 Equity shares were issued at par on conversion of 35,52,278 warrants (allotted on preferential basis) in the ratio 1:1 to M/s.Sree Rayalaseema Hi-Strength Hypo Limited (one of the promoter). The company has submitted listing application and on completion of required formalities, BSE has given trading approval on 18.03.2013 subject to the condition that these shares are under Lock-in for 3 years from the date of allotment i.e., up to 10.12.2015. Further 37,39,240 Equity shares were issued to M/s.Sree Rayalaseema Hi-Strength Hypo Limited by the Board Allotment Committee in its meeting held on 27.04.2013 on conversion of 37,39,240 Second tranche warrants (Allotted on Preferential basis) in the ratio 1:1. The company is in the process of obtaining trading approval with respect to these shares, which will be under Lock-in for 3 years from the date of allotment.

### Bellary Power Plant :

The Power Purchase agreement entered with KPTCL has been expired on 31.08.2012 and the same was not renewed by KPTCL. The company is exploring other

alternatives to make use of the Assets of Bellary Power Plant.

### Safety and Environment Protection :

Your management is giving utmost importance to safety as well as development of green environs in the vicinity of Factory. All out effort is being made to ensure round the clock 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. A separate cell has been entrusted with the responsibility of ensuring safety with a team of officials working round the clock with the motto of continuous "SAFETY FOR 3M's i.e., MEN, MACHINE AND MATERIAL" apart from clean and green programmes undertaken both inside and outside the Factory. The Company is conducting mock drills and proper training to staff at regular intervals in the safety aspects.

### Listing Fees :

The Company has paid Listing Fee for the year 2013-14 to Bombay Stock Exchange vide its letter dated 26.04.2013.

### 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 31.3.2013.

### Directors :

Sri K. Karunakar Rao and Sri N. Jesvanth 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 :

The information as required under Sec. 217 (2A) of the



Companies Act, 1956 and the rules framed thereunder was not annexed as none of the employees were in receipt of the remuneration above the limits prescribed thereunder.

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

Particulars required to be disclosed under Section 217(1)(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 of 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 of 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.

## Management Discussion and Analysis 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 2013-14.

## Cost Audit :

Products manufactured by the Company are coming under Central Govt. order Letter Ref. Nos. (1) 52/26/CAB/2010 dt.24/01/2012 for Caustic Soda (Chemicals) (2) 52/26/CAB-2010 dt.02.05.2011 for Electricity Generation (3) 52/26/CAB-2010 dt.24.01.2012 for other Products not covered by the above order. As per this order Compliance Report (Form-A) has been filed in XBRL format with MCA portal vide SRN S20597654 dt.20.03.2013, with respect to the products covered by above two orders reference nos. 1 & 2. Cost Audit Report (Form-I) has been filed in XBRL format vide SRN S21037429 dt.11.05.2013 with MCA portal for Financial Year 2011-12.

## 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 was reconstituted on 07.05.2012 with the following members Smt.Venus Bhanot, Sri P.Sitaram, Sri P.N. Vedanarayanan and Sri O.D. Reddy 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 : Kurnool  
Date : 15<sup>th</sup> May, 2013

**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. Works relating to replacement of CTMM meshes for Anodes of DD 350 elements completed to reduce energy consumption.
2. Similarly 69 Nos., having voltage > 3.5 V of BM 2.72 Anodes and Cathodes refurbished to reduce voltage.
3. Replaced 275 Nos., membranes in DD 350 elements and 95 Nos., membranes in BM 2.72 elements to improve the efficiency and to reduce energy consumption.

### FORM – A

Disclosure of Particulars with respect to conservation of energy	Current Year 31.03.2013	Previous Year 31.03.2012
<b>A. Power and Fuel Consumption :</b>		
1. Electricity :		
a) i) Electricity from APCPDCL		
Units (KWH)	211127714	259165160
Total Amount (Rs. In lakhs)	10953.14	9606.84
Rate/Unit (Rs.)	5.19	3.71
ii) Electricity from APGPCL		
Units (KWH)	16122363	19632447
Total Amount (Rs. In lakhs)	506.64	559.78
Rate/Unit (Rs.)	3.14	2.85
b) Own Generation :		
i) Through Wind farm		
Units(KWH)	2601341	2834513
Cost/Unit (Rs.)	3.57	3.50
ii) Through Co-Gen plant		
Units(KWH)	126927895	82167700
Cost/Unit (Rs.)	5.08	5.07
2. Coal :		
Quantity (MT)	242782	196254
Total amount (Rs. In lakhs)	8264.40	6305.26
Average Rate (Rs./MT)	3404	3213
3. Husk :		
Quantity (MT)	28813	30689
Total amount (Rs. In lakhs)	812.58	702.59
Average Rate (Rs./MT)	2820	2289
4. Fuel Oil :		
Qty (KL) (consist of HSD & FO)	694	512
Total Amount (Rs. In lakhs)	320.72	216.60
Average Rate (Rs./MT)	46223	42267
<b>B. Consumption per MT of Caustic Soda Lye Production :</b>		
No. of Units (KWH) (AC Power)	2443	2434





## 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 :

- Experiments were conducted in coordination with reputed R.O. membrane manufacturers to develop fouling resistant membranes to take care of highly fouled river water during summer. Results are encouraging and membranes will be installed shortly.
- In order to remove traces of oil from O&F div., Conventional Chemical treatment is modified by installing DAF, and by using special coagulant and flocculant. The new equipment is capable of reducing traces of glycerine from the effluent and reduce BOD load considerably.

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

- Due to installation of fouling resistant R.O. membranes, frequent usage of cleaning chemicals is reduced. By installing DAF, usage of conventional chemicals like sulphuric acid / lime will be stopped.

##### 3. Future Plans :

- a) Installation of continuous electro deionization in place of D.M.Plant to avoid usage of Hcl and caustic for regeneration of D.M.Plant.
- b) Installation of candle filters for brine secondary filtration in place of conventional pressure leaf filters.
- c) Installation of Sulphate removal system in place of precipitation of sulphates by Barium Carbonate.

##### 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.

	(Rs. in lakhs)
b) Total Foreign Exchange used and earned	
i) Foreign Exchange used	6297.52
ii) Foreign Exchange earned	9499.25



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

### 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.
- (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 : Kurnool

Date : 15<sup>th</sup> May, 2013

### 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 2012-13. The Corporate Governance compliance details are furnished hereunder:

##### 1. Company's Philosophy :

The company is firmly committed to fulfill the objective of efficient Corporate Governance. The company has complied with almost all the provisions of Corporate Governance before its enactment in the Listing Agreement by BSE on the order of SEBI. This shows the commitment of the management of the company for fair and efficient Corporate Governance. 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 activities and harmonious 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 Nine 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 :