

32nd Annual Report 2013-14



**Sree Rayalaseema Alkalies
and Allied Chemicals Limited**



BOARD OF DIRECTORS

Sri T. G. Venkatesh
Chairman & Managing Director
(from 26.05.2014)

Sri G. Krishna Murthy

Sri M.P. Murti
(Upto 07.08.2013)

Sri K. Davidson
(Nominee of IDBI from 29.06.2013)

Smt. Shalini Soni
(Nominee of IFCI from 30.07.2014)

Smt. S.Usha
(Nominee of IFCI upto 30.07.2014)

Sri P.N. Vedanarayanan

Sri O.D. Reddy

Sri K. Karunakar Rao
Executive Director & CEO

Sri N. Jesvanth Reddy
Executive Director (Technical)

Sri C. Rajesh Khanna
Sr. General Manager (F&A) & CFO

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 Jyothsna Complex
Bhagyanagar,

Kurnool - 518 004 (A.P.)

REGISTRAR & SHARE TRANSFER AGENT

Aarthi Consultants Private Limited

Regd. Office: 1-2-285, Domalguda

Hyderabad - 500 029 (Telangana State)

Tel No. 040 - 27638111 / 4445

Fax No. 040 - 27632184

E-mail : info@aarthiconsultants.com

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NOTICE

NOTICE is hereby given that the **32nd Annual General Meeting of the Members of SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED (CIN: L24110AP1981PLC003077)** will be held at the Registered Office of the Company at the Factory Premises, Gondiparla, Kurnool - 518 004 (A.P.) on Thursday, 25th September, 2014 at 4.00 P.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2014 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 Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following as an **Ordinary Resolution**.

"RESOLVED THAT subject to the provisions of Section 139 and other applicable provisions of Companies Act, 2013 the retiring Auditors, M/s. Brahmayya & Co., Chartered Accountants (Regn. No. 000514S), Adoni, Kurnool Dist. be and are hereby appointed as Auditors of the company, to hold office from the conclusion of this Annual General Meeting til the conclusion of the next Annual General Meeting of the company on such 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 :

3. To adopt Articles of Association after effecting changes and modifications in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**.

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft changes and modifications contained in the Articles of Association submitted to this meeting and explained in the explanatory statement be and are hereby approved and adopted.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

4. To appoint Smt. V. Surekha (DIN No.06953161) as a Director subject to retire by rotation and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**.

"RESOLVED THAT Smt. V. Surekha (DIN No. 06953161) in respect of whom the company has received a notice in writing under Sec.160 of the Companies Act, 2013 from a Member proposing her candidature for the office of Director pursuant to Sec. 149 of the Act, be and is hereby approved as Director of the Company liable to retire by rotation."

5. To appoint Sri T.G.Venkatesh (DIN: 00108120) as a Director, subject to retire by rotation and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolutions as an **Ordinary Resolution**.

"RESOLVED THAT Sri T.G.Venkatesh (DIN: 00108120), in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director pursuant to Sec. 152 of the Act, be and is hereby appointed as Director of the Company, liable to retire by rotation."

6. To appoint Sri P.N.Vednarayanan (DIN: 00982697) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolutions as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri P.N. Vednarayanan (DIN: 00982697), who was earlier appointed as a Director and who is liable to retire by rotation in this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of



Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term upto the conclusion of the 37th Annual General Meeting of the Company in calendar Year 2019-2020."

7. To appoint Sri G. Krishna Murthy (DIN: 00134828) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolutions as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri G. Krishna Murthy (DIN:00134828), who was earlier appointed as a Director and who is liable to retire by rotation in this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term upto the conclusion of the 37th Annual General Meeting of the Company in calendar Year 2019-2020."

8. To appoint Sri O.D. Reddy (DIN: 00101729) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolutions as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri O.D. Reddy (DIN: 00101729), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold

office for 5 (Five) consecutive years for a term upto the conclusion of the 37th Annual General Meeting of the Company in calendar Year 2019-2020."

9. To consider and if thought fit, to pass, with or without modification(s), the following resolutions which is proposed as **Special Resolution**.

"RESOLVED THAT in supersession to the resolution passed at the 30th Annual General Meeting of the Company held on 28.09.2012 and pursuant to Sec 180 (1) (C) of the Companies Act, 2013, the Board of Directors be and are hereby authorized to borrow money from time to time for the purpose of the business of the Company on such terms and conditions as the Board of Directors consider fit, any sum or sums of money which together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves (i.e. reserves not set apart for any specific purpose) provided that the total amount which may be so borrowed by the Board of Directors and outstanding at any one time shall not exceed Rs. 750 Crores."

10. To consider and if thought fit, to pass, with or without modification(s), the following resolutions as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to Sec. 196, 197, 198 and other applicable provisions of the Companies Act, 2013, Schedule V of the Companies Act, 2013, and subject to any other statutory provisions and after consideration of the recommendation of the Remuneration Committee in its meeting held on 17.05.2014, and the recommendation of Board in its meeting held on 26.05.14, the approval of the Company be and is hereby accorded to ratify the appointment of Sri T.G. Venkatesh as Chairman and Managing Director of the Company for a period of five years with the remuneration as per the following details.

REMUNERATION

Term of appointment : 5 Years

Overall remuneration : 5% of net Profits as per second Proviso to Section 197 of the Companies Act, 2013 to be paid by way of monthly remuneration and also commission on net profits.



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The monthly remuneration is proposed to be paid as under:

- Monthly Remuneration: Rs.5,00,000/- per month (salary) as per Schedule-V of the Companies Act, 2013.
- Provident Fund, pension and superannuation put together not to exceed taxable limit.
- Gratuity payable at a rate not exceeding half month salary for each completed year of service.
- Other perquisites.

HRA/Rent free accommodation, Earned Leave encashment, gas, electricity, water, furnishings, medical reimbursement and LTC for self and family, personal accident insurance, club fee etc., and any other benefits in accordance with Rules of the Company. The perquisites shall be as evaluated as per IT Rules.

Use of Company car, landline phone at residence and Cell phone for official purposes.

- Such remuneration by way of commission calculated with reference to the net profit of the Company in a financial year as may be determined by the Board of Directors of the Company at the end of the each financial year, subject to ceilings stipulated in sections 196, 197 and 198 read with Schedule-V of the Companies Act, 2013.

RESOLVED FURTHER THAT in case of inadequacy of profits conditions mentioned in Schedule-V of Companies Act, 2013 will be applicable including any amendments thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expediate to give effect to the above resolution."

- To approve the appointment and remuneration payable to the Cost Auditors for the financial year ending March 31, 2015 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolutions as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the appointment of M/s. Aruna Prasad & Co. (Regn. No. 100883) as Cost Auditors of the Company by the Board of Directors of the Company

in its meeting held on 26.05.2014 on a remuneration of Rs.1,25,000/- + Service Tax and reimbursement of out of pocket expenses, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be ratified.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

- To consider and if thought fit, to pass, with or without modification(s), the following resolutions as a **Special Resolution**.

"RESOLVED THAT in continuation to the Resolution passed under Section 293 (1) (a) of the Companies Act, 1956 at the Annual General Meeting of members of the Company held on 28.09.2012 and other earlier resolutions in the AGMs/EGMs of the Company and pursuant to the provisions of Section 180 (1) (a) and other applicable provisions if any, of the Companies Act, 2013, and rules made there under and as may be amended from time to time, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for undertakings and/or charging the whole or any part of the undertaking or undertakings of the Company or any assets of the Company both present and future or the whole or substantially the whole of the undertaking or undertakings together with power to takeover the management of business and concern of the Company in certain events for securing any loans and / or advances already obtained or that may be obtained from any Financial Institutions (IDBI and IFCI), Banks (IB, UBI, SIB, FBL and CNBF), Debenture Trustees or any Bodies Corporate, person or persons, entity or entities and to secure any debentures that are issued or may be issued and all interest, commitment charges, costs, charges and all other moneys payable by the Company to the concerned Lenders.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all necessary acts and steps as may be necessary and expedient to give effect to this resolution."

By Order of the Board

Sd/-

Place: Hyderabad
Date : 30th July, 2014

(V. RADHAKRISHNA MURTHY)
C.G.M & 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 102 (1) of the Companies Act, 2013 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. 91 of the Companies Act, 2013 and Clause-16 of the Listing Agreement, the Register of Members and Share Transfer Books of the Company will remain closed for 6 (six) days i.e., from 20.09.2014 to 25.09.2014 (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.
6. E-Voting :

The Company is pleased to provide E-Voting facility through Central Depository Services (India) Limited (CDSL) as an alternative, for all members of the Company to enable them to cast their votes electronically on the resolutions mentioned in the notice of 32nd Annual General Meeting of the Company dated 30th July, 2014. The Company has appointed Mr. M. Nirmal Kumar Reddy, B.Com., F.C.A., I.S.A., I.R.M., Practicing Chartered Accountant as the Scrutinizer for conducting the e-voting process in a fair and transparent manner. E-voting is optional. The E-voting rights of the shareholders/beneficial owners shall be reckoned on the equity shares held by them as on Friday, August 22, 2014.

The instructions for members for voting electronically are as under:

- (A) In case of members receiving e-mail:
- (i) Log on to the e-voting website www.evotingindia.com

- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED" from the drop down menu and click on "SUBMIT".
- (iv) Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- (v) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below.
- (vi) For Members holding shares in Demat Form and Physical Form.

PAN* Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).

* Physical share holders who have not updated their PAN with the Company are requested to use the first two letters of their name in Capital Letter followed by 8 digits folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of '0' before the folio number. Eg. If your name is Ramesh Kumar with folio number 1234 then enter RA00001234 in the PAN field.

* Demat Share holders who have not updated their PAN with their Depository Participant are requested to use the first two letters of their name in Capital Letter followed by 8 digit CDSL Client ID. For Eg. CDSL Account holder name is Rahul Mishra and Demat A/c No. is 12058700 00001234 then default value of PAN is 'RA00001234'. NSDL Account holder name is Rahul Mishra and DP ID is IN300000 and client ID 12345678 then default value of PAN is 'RA12345678'.

DOB# Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

Dividend Bank Details# Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.



Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on August 22, 2014 in the Dividend Bank details field.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on <SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED> on which you choose to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

- (B) In case of members receiving the physical copy: Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (C) The voting period starts from 9.00 A.M on Friday, September 19, 2014 and ends at 6.00 P.M on Sunday, September 21, 2014. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on Friday, August 22, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (D) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

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



EXPLANATORY STATEMENT

(Pursuant to Section 102(1) of the Companies Act, 2013)

ITEM NO. 3

The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs (MCA) had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction / confirmation of the National Company Law Tribunal (Tribunal) such as variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66), comprises, arrangements and amalgamations (Chapter XV), prevention oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and Certain other provisions including, inter alia, relating to investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). However, substantive sections of the Act which deal with the general working of companies stand notified.

With the coming into force of the Act several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to give effect to certain changes and modifications in the existing AOA as mentioned here under.

1. After Article No.16B, a new Article with No. 16C shall be added to comply with the provisions of Companies Act, 2013 with respect of e-voting
16C. The Company is providing e-voting facility to all the shareholders who have registered their email id either with the Depository Participant (DP) or with the Company or with the Registrar (RTA) of the company. E-voting facility is also provided to other shareholders also as a matter of convenience.
2. In Article No.72, the word "by way of special Resolution" shall be included after the word General Meeting appearing in fifth line.
3. In Article No.77, the word "thirty" shall be included in place of "five" appearing in the first line.
4. In Article No. 81A shall be added which is reproduced hereunder.
81A. A Member may exercise his/her vote at a meeting by electronic means in accordance with Sec. 108 and shall vote only once.
5. In Article 98, the word "12 (Twelve)" appearing in second line shall be deleted and in its place "15 (Fifteen)" shall be included. Further, in the same line after the word nominated the word "Independent" shall be included.

6. Article No.106B shall be included after Article No.106A which is reproduced as under:

106B: The shareholders of the company shall appoint Independent Director subject to the provisions that a Member of the company has proposed his candidature in pursuant to Section 160 of the Companies Act, 2013. In case, the Independent Director is appointed by the Board, the same has to be ratified by the shareholders of the company at the Annual General meeting subject to the provisions of Section 160 of the Companies Act, 2013.

7. In Article 120, the word "not whilst holding that office" after the word shall appearing in fourth line, be deleted.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at item No. 3 of the Notice.

The Board commends the Special Resolution set out at item No.3 of the Notice for approval by the shareholders.

ITEM NO. 4

Pursuant to Section 149 of the Companies Act, 2013 and amended Clause 49 of Listing Agreement a Listed Company shall have atleast one Woman Director. The Company has received requisite deposit from a Member of the Company proposing the candidature of Smt. V. Surekha as Director (whose term is subject to retire by rotation) in Compliance of Section 160 of the Companies Act, 2013.

Brief Resume of the candidate (Smt. V. Surekha) appeared elsewhere in the notice providing the details of Date of Birth, Experience, Educational Qualification, Number of Shares held in the Company, Directorship position held in other Companies appeared for information of the Member.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way concerned or interested, financially or otherwise in this resolution.

The Board commends the above resolution for approval by the shareholders.

ITEM NO. 5

In compliance of Section 160 of the Companies Act, 2013, the company has received requisite deposit from a Member of the company proposing the candidature of Sri T.G. Venkatesh as Director (whose term is subject to retirement by rotation). The appointment of Sri T.G. Venkatesh as Rotational Director is in compliance of the provisions of Section 149, 152 and Clause 49 of the Listing Agreement and proposed amended Articles of Association of the Company vide Item No.3 of Notice of AGM



None of the other Directors / Key Managerial personnel of the company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

ITEM NO(S). 6 AND 7

Sri P.N. Vedanarayanan was appointed as Independent Rotational Director on the Board of the company on 01.04.1994 and Sri G. Krishna Murthy was appointed as Independent Rotational Director on the Board of the Company on 30.11.1996. Since then they are on the Board of the company without any break and the same is in compliance of the provisions of Companies Act, 1956.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia facilitating the condition for the appointment of Independent Directors by a Listed Company.

It is proposed to appoint Sri P.N. Vedanarayanan and Sri G. Krishna Murthy as Independent Directors to comply with the provisions of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement to hold office for consecutive five years (for a term) upto the conclusion of 37th Annual General Meeting to be held in the year 2019-2020 (Calendar Year).

Sri P.N. Vedanarayanan and Sri G. Krishna Murthy are not dis-qualified from being appointed as Directors in terms of Sections 164 of the Act and have given their consent to act as Directors.

The company has received notices in writing from members alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Sri P.N. Vedanarayanan and Sri G. Krishna Murthy and that they meet with the criteria of independence as prescribed both under sub-section of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Sri P.N. Vedanarayanan and Sri G. Krishna Murthy fulfil the condition for appointment as Independent Directors as specified in the Act and the Listing Agreement with BSE where the company' shares are listed. Sri P.N. Vedanarayanan and Sri G. Krishna Murthy are independent of the management.

Brief resume of Sri P.N. Vedanarayanan and Sri G. Krishna Murthy, nature of expertise in specific functional areas and names of companies in which they hold Directorships and Memberships / Chairmanships of Board Committees, shareholding and relationships between Directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided as an attachment to the Notice of AGM which forms part of the Annual Report. The statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange (BSE).

Sri P.N. Vedanarayanan and Sri G. Krishna Murthy are interested in the resolution set out respectively at item Nos. 5 and 6 of the Notice of AGM with regard to their respective appointments.

The Board commends the Ordinary Resolutions set out at Item Nos. 6 and 7 of the Notice for approval by the Members.

ITEM NO. 8

Sri O.D. Reddy was appointed as Independent Director on the Board of the company on 31.12.1996. Since then he is on the Board of the company continuously providing valuable suggestions and advises during the Board meetings.

The company has received notice in writing from a Member of the company alongwith requisite deposit proposing the candidature of Sri O.D. Reddy to the office of Independent Director for being elected in the Annual General Meeting. To comply with Clause 49 of the Listing Agreement with BSE and relevant provisions of Section 149 and 160 of the Act, the proposal to appoint Sri O.D. Reddy as Independent Director is placed under Agenda Item No.8 of the Notice of AGM for your approval.

In the opinion of the Board, Sri O.D. Reddy fulfil the condition for appointment as Independent Director for a term of five years i.e. upto the year 2019-20 (Calendar Year) as specified in the Act and Listing Agreement with BSE, Sri O.D. Reddy is independence of the management.

Brief resume of Sri O.D. Reddy in specific functional areas and names of the companies in withold Directorships and Memberships / Chairmanships of Board committees, shareholding and relationship between Directors inter-se stipulated under Clause 49 of the Listing Agreement, are provided as an attachment to the Notice of AGM which forms part of Annual Report.

None of the other Directors / Key Managerial personnel in the company / their relatives are, in any way, concerned or interested, financial or otherwise, in the Resolution.

Your Directors commend the Resolution for your approval.

ITEM NO. 9

As per the provisions of Section 180 of the Companies Act, 2013 Borrowing powers of the Board shall be passed by the Members by way of a Special Resolution only. This is as against the requirement of Ordinary Resolution under Section 293 of the Companies Act, 1956.

The Members of the company have given their approval in the AGM held on 28.09.2012 to the Board for Borrowing powers of Rs.750 Crores by way of Ordinary Resolution to comply with the then provisions of the Companies Act, 1956. The present Resolution is placed in the Notice for your approval by way of a Special Resolution to comply



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with the provisions of Section 180 of the Companies Act, 2013 to enable the company to avail the Borrowing powers as and when required.

None of the other Directors / Key Managerial personnel of the company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

Your Directors commends the Resolution for your approval.

ITEM NO. 10

Sri T.G. Venkatesh is the Founder Promoter of the company and hence he is associated with the company right from incorporation except a break from 01.12.2010 to 24.05.2014 during which time he has assumed the responsibility as Minister for Minor Irrigation in the unified State of Andhra Pradesh.

After completion of his tenure with Andhra Pradesh Government as Minister, the company has approached Sri T.G. Venkatesh to associate with the company for the purpose of steering the company to achieve desired goals.

After considering the recommendation of Remuneration Committee in its meeting held on 17.05.2014, the Board in its meeting held on 26.05.2014, has appointed Sri T.G. Venkatesh as Chairman and Managing Director of the company subject to ratification by the Members of the company in the AGM. Accordingly, the present Resolution is placed under item No.10 of Notice of AGM for your approval and to ratify the action taken by the Board.

Brief Resume of Sri T.G. Venkatesh and other details are furnished hereunder to comply with the relevant provisions of Listing Agreement and Schedule-V of the Companies Act, 2013 as an annexure here under.

Annexure referred to the Explanatory note:

Statement containing the information as required under relevant provisions of Schedule-V in respect of Sri T.G. Venkatesh, the Appointee.

1. General information :

Nature of Industry: Manufacture of Organic, Inorganic Chemicals, Castor Oil Derivatives and power generation.

2. Year of commencement of Commercial production :

The company was incorporated on 24.06.1981. Certificate of Commencement of Business was given on 08.07.1981.

3. Financial performance :

(Rs. In lacs)

Particulars	Year ended				
	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10
Total Revenue	77303	82115	79266	71075	62015
Profit before interest, depreciation and Tax	8365	11908	9943	9507	9652
Profit before Tax	1392	4014	2763	2718	2961
Profit after Tax	477	3773	1388	1365	1401

The effective capital of the company based on the latest audited accounts of the company for the year ended 31st March, 2014 was Rs. 36006 lakhs.

4. Foreign investment or collaboration, if any. The company has no foreign collaboration so far.

5. Information about the appointee:

a. Background details:

Sri T.G. Venkatesh, aged about 64 years, is a Commerce Graduate besides his Articleship with M/s. Brahmaiah & Co., Chartered Accountants, Adoni having versatile experience in the fields of industrial, entrepreneurial, political and administrative experience of over 40 years.

b. Past remuneration:

Sri T.G. Venkatesh as Chairman and Managing Director was drawing Rs. 5,00,000/- per month as salary rent free accommodation and other perquisites within the limits of 5% net profits of company as per Section 198 of the Companies Act, 1956.

c. Recognition or Awards:

Under his leadership the Company has received National Award for Environmental Protection and Pollution Control during the year 1991-93.

Sri T.G. Venkatesh, Chairman and Managing Director has been awarded Rajiv Ratna - Excellent Chief Executive Award for the year 1991. Under his able leadership, the Company has been awarded ISO 9002, ISO 14001 certificates for implementation of Environment Management Firm and ISO 9002 Certificate for maintenance of Business in addition to quality standards.