



**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 IFCI from 07.05.2012)
- Sri S.K. Ganguli  
(Nominee of IFCI 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 Jyothsna Complex  
Bhagyanagar,  
Kurnool - 518 004 (A.P.)

**REGISTRAR & SHARE TRANSFER AGENT**

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

<b>CONTENTS</b>	
	<b>Page Nos.</b>
Notice	02
Directors' Report	13
Auditors' Report	27
Balance Sheet	31
Statement of Profit & Loss	32
Notes to Balance Sheet "1" to "16"	33
Notes to Profit & Loss "17" to "23"	43
Notes to Accounts "24"	46
Cash Flow Statement	55
Proxy Form & Attendance Slip	



## 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 here by 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.

#### ITEM NO. 5 & 6

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

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)**

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

Chief General Manager and  
Company Secretary

### 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 Karnakata 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 Rayalaseeme 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



# SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

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.

b)	Total Foreign Exchange used and earned	<b>(Rs. in lakhs)</b>
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 :



Sl. No.	Name of Director	Category	F.Y. 2012-13 attendance at		As on 15 <sup>th</sup> May, 2013		
			BM	Last AGM	No. of Directorship	Committee Positions	
						Member	Chairman
1.	Sri G. Krishna Murthy	Chairman	5	Yes	-	-	-
2.	Sri K. Karunakar Rao	E.D & CEO	5	Yes	-	-	-
3.	Sri N. Jesvanth Reddy	E.D (Technical)	5	Yes	-	-	-
4.	Sri M.P. Murti	Director (Independent)	3	No	3	1	3
5.	Sri S.K. Ganguli (upto 07.05.2012)	Director (IFCI Nominee)	1	No	5	1	4
6.	Smt. Venus Bhanot (from 07.05.2012)	Director (IFCI Nominee)	3	No	1	1	-
7.	Sri P. Sitaram	Director (IDBI Nominee)	3	No	1	1	-
8.	Sri P.N. Vedanarayanan	Director (Independent)	4	Yes	-	-	-
9.	Sri O.D. Reddy	Director (Independent)	5	Yes	1	3	-

During the financial year ended 31<sup>st</sup> March, 2013, Five Board Meetings were held on (1) 07.05.2012 (2) 23.07.2012 (3) 29.08.2012 (4) 29.10.2012 and (5) 21.01.2013 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 with regard to appointment, re-appointment, fixation of fees etc., of Statutory Auditors, Cost Auditors etc.,
3. Reviewing with management the annual Financial Statement before submitting to the Board with particular reference to Directors Responsibility statement, Changes in Accounting Policies, major accounting entries involving estimates, compliance with other Listing Agreement, disclosure of other related party transactions.
4. Qualifications in draft Audit Report.
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 07.05.12 with the following Directors as its members (1) Sri M.P. Murti, Chairman (2) Smt. Venus Bhanot, Member (3) Sri P. Sitaram, Member (4) Sri P.N. Vedanarayanan, Member and (5) Sri O.D. Reddy, Member.



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

Sl. No.	Name of the Director	Designation	No. of Meetings	
			Held	Attended
1.	Sri M.P. Murti	Chairman	4	2
2.	Sri S.K. Ganguli (upto 07.05.2012)	Member	4	1
3.	Smt. Venus Bhanot (from 07.05.2012)	Member	4	3
4.	Sri P. Sitaram	Member	4	3
5.	Sri P.N. Vedanarayanan	Member	4	4
6.	Sri O.D. Reddy	Member	4	3

During the financial year ended 31<sup>st</sup> March, 2013, Four Board Audit Committee Meetings were held on (1) 07.05.2012 (2) 23.07.2012 (3) 29.10.2012 and (4) 21.01.2013 respectively.

### 5. Remuneration Committee :

The Remuneration Committee was reconstituted by the Board in its Meeting held on 09.01.2005 with the following Directors as its members. The committee comprises of the following Directors as its members (1) Sri M.P.Murti, Chairman (2) Sri P.N.Vedanarayanan, Member and (3) Sri O.D.Reddy, Member.

The non-executive Directors will be paid sitting fee of Rs.5000/- per meeting of Board and Audit Committee and Rs.1500/- for other Sub-committees of the Board. The Executive Directors will not be paid any sitting fee for attending the Board/ Committee meetings. The details of total remuneration paid to Executive Directors for the year are furnished hereunder :

(Amount in Rs.)

S. No.	Name of the Director	Salary	Perquisites	Commission	Total
1.	Sri K. Karunakar Rao	10,80,000	7,16,506	N.A	17,96,503
2.	Sri N. Jesvanth Reddy	10,80,000	7,13,764	N.A	17,93,764

### 6. Shareholder(s) / Investor(s) Grievance Committee :

To review the actions taken by the company in relieving Investor's Grievances and its response to Stock Exchange, SEBI and other related Government correspondence Investors Grievance Committee/Shareholders Committee was constituted by the Board on 11.06.01 and the same was subsequently reconstituted latest on 27.01.03. The details of the committee meetings and composition are detailed hereunder:

S. No.	Name of the Director	Designation	No. of Meetings	
			Held	Attended
1.	Sri M.P. Murti	Chairman	4	4
2.	Sri G. Krishna Murthy	Member	4	4
3.	Sri O.D. Reddy	Member	4	4

During the financial year ended 31<sup>st</sup> March, 2013, Four Investors Grievance Committee Meetings were held on (1) 10.04.2012 (2) 09.07.2012 (3) 10.10.2012 and (4) 09.01.2013 respectively.

The Committee is vested with the requisite powers and authorities to specifically look into redressal of shareholder and investor grievances.

No. of Investor Queries/complaints received in the year 2012-13	Pending at the end of the year	No. of pending Share Transfers
11	NIL	NIL



Sri V. Radhakrishna Murthy, CGM & Company Secretary, being the Compliance Officer of the Company act as the secretary to all the above committees.

**7. General Body Meetings :**

The last three Annual General Meetings were held as follows :

Financial Year	Day & Date	Time	Venue
2009-10	Saturday & 07.08.2010	4.00 P.M	Regd.Office : Gondiparla, Kurnool
2010-11	Tuesday & 09.08.2011	3.15 P.M	Regd.Office : Gondiparla, Kurnool
2011-12	Friday & 28.09.2012	4.00 P.M	Regd. Office : Gondiparla, Kurnool

All resolutions moved at the last Annual General Meeting were passed unanimously by a show hands by the members attending the meeting. The last Annual General Meeting of the Company was held on 28.09.2012 and it was attended by Sri G. Krishna Murthy, Chairman and besides other Directors viz., Sri Sri P.N. Vedanarayanan, Sri O.D. Reddy, Sri K. Karunakar Rao and Sri N. Jesvanth Reddy.

The special business transacted and approved by the members at the previous 3 Annual General Meetings are as follows:

- (a) 2009-2010
  - 1. Ratification of Sri K.Karunakar Rao appointment as Executive Director (Finance & Commercial) and fixation of remuneration.
  - 2. Ratification of Sri N.Jeswanth Reddy appointment as Executive Director (Technical) and fixation of remuneration.
  - 3. Reappointment of Sri T.G.Venkatesh as Chairman and Managing Director and revision of remuneration.
- (b) 2010-2011  
— Nil —
- (c) 2011-2012
  - 1. Increase in Authorised Share Capital from Rs.87 Crores to Rs.100 Crores.
  - 2. Alteration of Capital Clause of Memorandum of Association.
  - 3. Alteration of Articles of Association.
  - 4. To execute Mortgage and / or charge in favour of Indian Bank (Lead Bank).
  - 5. To execute Mortgage and / or charge in favour of IDBI (Lead Financial Institution).
  - 6. Increase in Borrowing powers upto Rs.750 Crores.
  - 7. Preferential issue of convertible Share warrants to be converted into equity within 18 months.
- (d) Postal Ballot : No Postal Ballot was conducted during the year 2012-13.

**8. Disclosures :**

None of the transactions with any of the related parties were in conflict with the interests of the Company at large. The details of related party transactions are furnished under Point No. 24.11 of - Notes to Accounts of Balance Sheet and Statement of Profit & Loss to comply with Accounting Standard 18. The company has not received any notices from Stock Exchange or SEBI regarding non compliance of statutory provisions. The Company is complying with all mandatory requirements stipulated in Clause-49 and non-mandatory requirements are not yet adopted by the Company.

**9. Means of Communication :**

The Company publishes its quarterly, half yearly and annual results in the (1) Business Standard (English) (2) Andhra Prabha (Telugu) newspapers generally.



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

In addition to this the company is communicating its results to all the Stock Exchanges where the shares are listed. Further quarterly results, shareholding pattern and other related information is placed on the company's website. The company is also making presentations to the Financial Institutions with all the details relating its quarterly results. Further to confirm that the management discussion and analysis report is communicated to shareholders and all the concerned the report has been made part of and parcel of Annual Report. Further the Quarterly/Half yearly Results are generally posted in Company's Website [www.tgvgroup.com](http://www.tgvgroup.com).

### 10. General Shareholder Information :

- a) AGM Date, time and Venue** : 07.08.2013 at 3.15 P.M.  
at Regd. Office : Gondiparla, Kurnool - 518 004 (A.P).
- b) Tentative Financial Calendar** : The next financial year covers the period from 1st April, 2013 to 31st March, 2014
- Un-Audited Financial results for** : First Quarter - July / August, 2013  
Second Quarter - October / November, 2013  
Third quarter - January / February, 2014  
Fourth quarter - April / May, 2014
- c) Book Closure period** : 01.08.2013 to 07.08.2013 (Both days inclusive)
- d) Dividend payment date** : - Not Applicable -
- e) The Shares of the Company is listed on :**

Bombay Stock Exchange Limited, Dalal Street, Mumbai.

ISIN No : INE 284B01028, Scrip Code : 507753 for Equity Shares

ISIN No : INE 284B04014, Scrip Code : 700102 for C.R.P.S

### f) Market Price Data: The Monthly High And Low of Stock Quotations during the Financial Year 2012-13.

MONTH & YEAR	EQUITY SHARES		C.R.P.S	
	HIGH (Rs.)	LOW (Rs.)	HIGH (Rs.)	LOW (Rs.)
April, 2012	10.40	8.50	5.87	4.19
May, 2012	9.75	7.52	6.88	4.23
June, 2012	9.40	7.56	6.11	4.31
July, 2012	9.97	7.82	6.44	4.53
August, 2012	9.90	8.05	6.30	4.01
September, 2012	9.99	8.36	5.67	4.06
October, 2012	10.99	8.95	5.50	4.26
November, 2012	13.30	10.65	5.74	4.35
December, 2012	11.40	9.55	6.25	4.51
January, 2013	11.76	9.26	6.99	4.04
February, 2013	9.74	8.05	6.75	3.88
March, 2013	8.54	7.10	6.92	3.90



**g) Distribution of Shareholding pattern for Equity Shares and CRPS as on 31st March, 2013.**

Sl. No.	CATEGORY	EQUITY SHARES		CRPS (*)	
		SHARES	%	SHARES	%
1.	Promoter	31612936	44.50	8448145	44.74
2.	Mutual Funds and UTI	37787	0.05	37787	0.20
3.	Banks, Financial Institutions & Insurance Companies	19065483	26.83	2424694	12.84
4.	Corporate Bodies	3457855	4.87	1602793	8.49
5.	Indian Public	15631700	22.00	5837261	30.91
6.	NRIs / OCBs	1239803	1.75	531652	2.82
	<b>TOTAL</b>	<b>71045564</b>	<b>100.00</b>	<b>18882332</b>	<b>100.00</b>

(\*) CRPS .... Cumulative Redeemable Preference Shares

**h) Share Transfer Agents :**

M/s.Aarthi consultants Pvt. Ltd., Regd.Office : 1-2-285, Domalguda, Hyderabad – 500 029 is acting as Share Transfer Agent (STA) to the company. Shareholders who desire to transfer (Physical) or dematerialise their shares are requested to send their shares along with supporting documents to the above Share Transfer Agent (STA).

**i) Dematerialisation of Shares And Liquidity :**

As on 31<sup>st</sup> March, 2013 out of 71045564 Equity Shares 69305700 No. of Shares were dematerialised (97.55%). Out of 18882332 No. of 0.01% CRP Shares 16584401 (87.83%) CRPS were dematerialized. Since the company's shares are trading under compulsory De-mat mode shareholders are requested to take necessary steps to dematerialise their shares held in physical form.

**j) Outstanding GDR / ADRs / Warrants / Convertible Instruments :**

- Not Applicable -

**k) Code of Conduct :**

In pursuance to the Clause-49 of the listing agreement "Code of Conduct" applicable to (1) Directors (2) Senior Management has been approved by the Board and the same has been placed on the company's website. Copy of the code of conduct circulated to all the concerned and obtained their affirmation.

**DECLARATION BY CEO**

As provided in Clause-49 of the Listing Agreement with Stock Exchanges the Directors and Senior Management personnel have confirmed compliance with code of conduct for the period ended 31.03.2013.

On behalf of the Board of Directors

Sd/-

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

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

**l) Plant Location :**

Regd.Office : Gondiparla, Kurnool – 518 004 (A.P).  
Bellary Power Plant : Tagginabudihalli, Bellary, Karnataka.



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

### m) For all matters, address for Correspondance at any of the following addresses :

- (A) Registrar and Share Transfer Agent : Aarthi Consultants Private Limited  
Regd.Office : 1-2-285, Domalguda, Hyderabad – 500 029 (A.P)  
Tel.No. : 040 – 27638111, 27634445, 27642217, 66611921 Fax No. : 040 – 27632184  
E-mail : info@aarthiconsultants.com
- (B) Sree Rayalaseema Alkalies And Allied Chemicals Limited  
6-2-1012, II Floor, TGV Mansion,  
Opp.Institute of Engineers, Khairatabad, Hyderabad – 500 004 (A.P)  
Tel No. 040 – 23313842 / 843 Fax No. 040 - 23313875

### n) E-mail ID : sralkalies@tgvmail.net

On behalf of the Board of Directors

Sd/-

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

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

## ANNEXURE 'D' TO THE DIRECTORS' REPORT

### Auditor's Certificate on Corporate Governance :

(Under Clause 49 of the Listing Agreement the Auditor's Certificate is given for the Corporate Governance as annexure to the Directors' Report)

To  
The Members of

### M/s. SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

We have examined the compliance of conditions of Corporate Governance by Sree Rayalaseema Alkalies and Allied Chemicals Ltd., Kurnool for the year ended March 31, 2013 as stipulated in Clause-49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that generally no Investor Grievances are pending for a period exceeding 15 days against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Brahmayya & Co.,**  
Chartered Accountants  
Firm's Regn. No. 000514S

Sd/-

**B. DAIVADHEENAM REDDY**  
Partner

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

Membership No. 026450





**ANNEXURE 'E' TO THE DIRECTORS' REPORT**

**MANAGEMENT DISCUSSION AND ANALYSIS :**

The Company is having mainly three Business Divisions namely:-

- (1) Chemicals Division
- (2) Oils and Fats Division
- (3) Power Division

Division wise analysis of Industry Structure, Opportunity and Threats and Out Look are discussed hereunder for information of the members.

**1. CHEMICALS DIVISION :**

Under the Chemicals division mainly the products viz., Caustic Soda, Pottasium Hydroxide, Chlorine, Hydrochloric Acid etc. are manufactured. Chlorine is produced as a joint product along with Caustic Soda and Pottasium Hydroxide. Caustic Soda is used in industrial products like paper, pulp, aluminium, pvc, pharmaceuticals etc, chlorine is used in water treatment, pigments, pulp, paper, textiles etc. and Hydrochloric Acid is used in pesticides, cleaning purposes of metal etc.

Basically Chlor Alkali Industry is cyclical in nature. Caustic Soda is a basic chemical and is used in almost all manufacturing processes. The performance of alkalie industry is reflected in the performance of the industry in general and also country's GDP. The Chlor Alkalie industry being power intensive, any increase in power cost would affect its performance. The commercial disposal of chlorine is the main concern for any caustic unit. To overcome this the Company has obtained in-principle approval of the financial institutions to set up Chloromethane project. The company has achieved financial closure as a step towards implementation of the project. Works relating to the Chloromethanes Project are in full swing. Unseasonal rains and cyclones have affected salt availability in the market and as a result the cost of main raw material has gone up. So also the case with power front.

**2. OILS AND FATS DIVISION :**

Wide fluctuations in raw materials is the basic nature of this division. In view of the agricultural based raw materials procurement process will stress the liquidity of the Industry in general. However export oriented finished goods will ease this problem. Castor oil derivatives (comprising of Hydrogenated Castor Oil, 12 Hydroxy Stearic Acid and Recinolic Acid), Fatty Acids, Soap noodles, Glycerine and bathing / toilet soap forms part of this division. The raw materials namely Castor Oil, various industrial vegetable oils and crude glycerine are highly volatile in their prices. India is a leading country in exporting castor oil derivatives with abundant availability of raw material. Being a composite plant, many inputs like caustic soda, steam, Hydrogen are available internally and the same is main strength and an opportunity for the company. During the year the market for both fatty acids and castor oil is encouraging and it is hoped that the same will prevail in future. Frequent fluctuations in Castor Oil prices is the main concern for this division. The forecast of good monsoon in India the major producing country in world is also a good sign for better performance of this division in future.

**3. POWER DIVISION :**

The power plant at Bellary is being operated with furnace oil as feed stock and the company delivers its generation to KPTCL under a power purchase agreement. The increase in fuel costs is the main concern. Ever increasing demand for power is a favourable sign for better future of this division. Due to non-renewal of PPA by KPTCL, the company is exploring other alternatives to make use of power plant assets.



## **SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED**

### **GENERAL-SEGMENT-WISE PERFORMANCE TOGETHER WITH DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE :**

Segment-wise performance together with discussion on financial performance with respect to operational performance has been dealt with in the Directors' Report which should be treated as forming part of this Management Discussion and Analysis.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :**

The Company has established an appropriate system of internal control to ensure that there exists a proper control over all the transactions and that all its assets are properly safeguarded and not exposed to risk arising out of unauthorised use or disposal. The Internal Audit conducted at all divisions for all the key areas of business. The Internal Control System is supplemented by a programme of Internal Audits to ensure that the assets are properly accounted for and the business operations are conducted in adherence to laid down policies and procedures. The Internal Audit is oriented towards review of controls and operational improvements.

### **MATERIAL DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED :**

Relations with the employees remained cordial in general throughout the year. In order to optimise the contribution of the employees to the Company's business and operations, in-house training is given to the employees to induce contribution to productivity increase and development programmes for all levels of employees have been devised. Occupational Health Safety and Environmental Management are given utmost importance. As at 31<sup>st</sup> March, 2013 the employee strength (on permanent rolls) of the Company was 997.

### **CAUTIONARY STATEMENT :**

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations and such forward-looking statements involve risks and uncertainties. Actual results could differ materially from those expressed or implied Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the Countries in which the Company conducts business and other incidental factors. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new informations, future events, or otherwise. Readers are cautioned not to place undue reliance on these forward looking statements that speaks only as of their dates.

On behalf of the Board of Directors

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

Sd/-  
**K. KARUNAKAR RAO**  
Executive Director & CEO



**INDEPENDENT AUDITOR'S REPORT**

To  
The Members of  
**Sree Rayalaseema Alkalies And Allied Chemicals Limited**

**(1) Report on the Financial Statements**

We have audited the accompanying financial statements of **M/s.Sree Rayalaseema Alkalies and Allied Chemicals Ltd., Kurnool** ("the Company"), Which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013, the Statement of Profit and Loss and also Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**(2) Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**(3) Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**(4) Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- b) In the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

### (5) Emphasis of Matter

We draw attention to Note No. 24.3 to the financial statements relating to the recompensation payable to CDR Lenders ( FIs and Banks) being the Company opted to exist from CDR Scheme and the recompense amount of Rs.1366 lakhs was calculated by the Lenders and the matter is pending before the CDR Empowered Group and the same will be considered as stated in the said note. Our opinion is not qualified in respect of this matter.

### (6) Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by Section 227(3) of the Act, we report that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books.
- iii) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
- v) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

**For Brahmayya & Co.,**  
Chartered Accountants  
Firm's Regn. No. 000514S

Sd/-

**(B. DAIVADHEENAM REDDY)**  
Partner  
Membership No. 026450

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



ANNEXURE TO AUDITOR'S REPORT

Re: Sree Rayalaseema Alkalies and Allied Chemicals Ltd., Kurnool.

Referred to in Paragraph (6) of our report of even date;

- (i) In respect of fixed assets;
  - a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. As explained to us, all the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c. In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- (ii) In respect of inventories;
  - a. The inventories have been physically verified by the management at regular intervals during the year. In our opinion, the frequency of verification is reasonable.
  - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. The Company has maintained proper records of inventories. As explained to us, no material discrepancies were noticed on physical verification.
- (iii) a. The Company has taken interest free unsecured loans from five companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1484.00 lakhs and the year end balance of loans taken from such companies was Rs. 759.24 lakhs. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
  - b. In our opinion and according to the information and explanations given to us, the terms and conditions on which loans have been taken from the companies listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
  - c. In our opinion and according to the information and explanations given to us and as represented by the Company, the loans were taken from Promoters group as contribution towards Equity and no stipulation for repayment of principal and no interest payment on the loans. Therefore, no irregularity in repayment of principal and interest payment.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
- (v) In respect of transactions covered under Section 301 of the Companies Act, 1956;
  - a. According to the information and explanations given to us, we are of the opinion that the transactions made in pursuance of contracts or arrangements, that needed to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
  - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public specified under the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. No order has been passed by the Company Law Board.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has prescribed for the maintenance of Cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the products of the Company. We have broadly reviewed the books of account and records relating to materials, labour and other items of cost maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 and we are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) In respect of statutory dues;
  - a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees's State Insurance, Income-Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues have been generally regularly deposited with marginal delays with the appropriate authorities.
  - b. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31<sup>st</sup> March, 2013 for a period of more than six months from the date they became payable.
  - c. According to the information and explanations given to us, there are disputed statutory dues, which have not been deposited in respect of the following :

Sl. No.	Name of the Statute	Nature of dues	Amount in lakhs	Period	Forum where dispute is pending
1.	The Central Excise Act, 1944	CENVAT Credit disallowed on input services	85.62  177.84  9.75	April, 2005 to Feb, 2008  Mar, 2008 to March, 2011  April, 2011 to July, 2012	Central Excise and Service Tax Appellate Tribunal, Bangalore.  Additional Commissioner of Central Excise and Customs, Tirupati.  Asst Commissioner of Central Excise and Customs, Kurnool.
2.	The Central Excise Act, 1944	CENVAT Credit availed against manufacture of exempted goods disallowed.	95.41	2008-09	Central Excise and Service Tax Appellate Tribunal, Bangalore.
3.	A.P.VAT Act, 2005	Input tax credit on furnace oil & coal disallowed (Paid)	53.91 (53.91)	April, 2005 to Dec, 2005	High Court of Andhra Pradesh.
4.	AP VAT Act, 2005	Interest on delay payment of deferred sales tax.	132.11	2005-06	High Court of Andhra Pradesh.
5.	KERALA VAT Act, 2005	VAT on estimated turnover. (paid)	20.51 (5.12)  6.69	2008-09  2010-11	Sales tax Appellate Tribunal, Ernakulam.  Deputy Commissioner of Appeals, Palakkad



6.	KERALA VAT Act, 2005	Disallowance of input tax on sales returns.	4.41  2.68	August, 2009  2009-10	Sales tax Appellate Tribunal, Ernakulam.  Deputy Commissioner of Appeals, Palakkad
7.	KERALA VAT Act, 2005	Late submission of Form-F	9.95	2009-10	Deputy Commissioner of Appeals, Palakkad.
8.	The Central Sales Tax Act, 1956	Differential Tax for Non submission of C Forms (Paid)	16.44 (2.05)	2009-10	The Deputy Commissioner of Appeals, Kurnool.
9.	Indian Customs Act, 1962	Differential customs duty on raw material purchases (Paid)	1161.14 (125.00)	2000 to 2006	Commissioner of Customs, Chennai.
10.	Indian Customs Act, 1962	Finalisation of assessed Bill of Entries pertaining to KCL.	16.06	2006-07	Commissioner of Customs, (Appeals) Mumbai.
11.	Indian Customs Act, 1962	Penalty on classification of goods disputed	9.90	2008-09	High Court of Andhra Pradesh, Hyderabad.
12.	Indian Customs Act, 1962	Anti dumping duty on import of Barium Carbonate	32.69	2010-11	Deputy Commissioner of Customs, Chennai.
13.	Employees Provident Fund and Miscellaneous Provisions Act, 1952.	PF delay charges/ damages for belated payments	15.34	May, 2002 to Dec, 2007	Regional PF Commissioner, Cuddapah, for waiver.
14.	The Electricity Act, 2003.	Refund of Income tax on account of change in tax rates as per PPA.(paid)	500.00 (500.00)	2000-2005	The Supreme Court of India.
15.	The Electricity Act, 2003.	Fuel Surcharge Adjustment (FSA) charges.	871.93  695.34	2008-09  April, 2009 to June, 2010	Supreme Court of India  High Court of Andhra Pradesh, Hyderabad.

- (x) In our opinion, the company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, we are of the opinion, that the Company has not defaulted in repayment of dues to Financial Institutions, Banks or Debenture holders, except the interest and principal dues fallen due during the year, which were paid subsequent to due dates, but no amount was due at the year end.
- (xii) In our opinion and according to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

- (xvi) In our opinion, the term loans received during the year have been applied for the purposes for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) According to the information and explanations given to us, during the year, the company has made preferential allotment of convertible share warrants to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. In our opinion, the price at which the share warrants have been issued, which is determined in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and is not prejudicial to the interest of the company.
- (xix) According to the information and explanations given to us, the Company has created securities in respect of debentures issued.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For Brahmayya & Co.,**  
Chartered Accountants  
Firm's Regn. No. 000514S

Sd/-

**(B. DAIVADHEENAM REDDY)**  
Partner  
Membership No. 026450

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



# SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED



## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013

Rs. in Lakhs

	Note No.	As at 31.03.2013	As at 31.03.2012
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share Capital	1	8997.07	8641.84
(b) Reserves and Surplus	2	17246.97	13474.19
(c) Money received against share warrants from related parties		767.53	-
		27011.57	22116.03
<b>(2) Share application money pending allotment</b>			
		-	-
<b>(3) Non-current Liabilities</b>			
(a) Long-term borrowings	3	11018.68	13207.79
(b) Deferred tax liabilities (Net)	4	6863.39	7425.04
(c) Other Long term liabilities		-	-
(d) Long-term provisions		-	-
		17882.07	20632.83
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	5	16484.81	20737.66
(b) Trade payables	6	7471.13	7667.80
(c) Other current liabilities	7	8054.84	7655.47
(d) Short-term provisions	8	832.07	575.58
<b>TOTAL</b>		<b>77736.49</b>	<b>79385.37</b>
<b>II ASSETS</b>			
<b>(1) Non-current Assets</b>			
(a) Fixed Assets	9		
(i) Tangible Assets		45565.20	45983.26
(ii) Intangible Assets		-	-
(iii) Capital work-in-progress		6952.41	5261.48
(iv) Intangible assets under development		52517.61	51244.74
(b) Non-current investments	10	170.79	198.82
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances	11	4883.06	2570.64
(e) Other non-current assets		-	-
<b>(2) Current Assets</b>			
(a) Current investments		-	-
(b) Inventories	12	6075.00	7701.61
(c) Trade receivables	13	5970.26	6623.27
(d) Cash and Cash equivalents	14	3078.90	5955.69
(e) Short term loans and advances	15	2294.82	3106.90
(f) Other current assets	16	2746.05	1983.70
<b>TOTAL</b>		<b>77736.49</b>	<b>79385.37</b>
Significant Accounting Policies and Notes to Accounts	24		

Notes "1" to "16" and Note No. 24 Annexed form integral part of Balance Sheet  
As Per our Report of even date attached

For and on behalf of the Board

**For Brahmayya & Co.,**  
Chartered Accountants  
Firm's Regn. No. 000514S  
Sd/-

Sd/-  
**K. KARUNAKAR RAO**  
Executive Director & C.E.O

Sd/-  
**O.D. REDDY**  
Director

**B. DAIVADHEENAM REDDY**  
Partner  
Membership No. 026450

Sd/-  
**V. RADHAKRISHNA MURTHY**  
C.G.M & Company Secretary

Sd/-  
**M.V. KUMARA SWAMY**  
Vice President (Finance) &  
Chief Financial Officer

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

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



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013

		Note No.	Year Ended 31.03.2013	Rs. in Lakhs Year Ended 31.03.2012
<b>I</b>	Revenue from Operations (Gross)	17	92437.28	86839.94
	Less: Excise duty and Sales Tax		10779.01	8032.23
	Revenue from Operations (Net)		81658.27	78807.71
<b>II</b>	Other Income	18	457.53	458.84
<b>III</b>	Total Revenue (I+II)		82115.80	79266.55
<b>IV</b>	<b>Expenses:</b>			
	a. Cost of materials consumed	19	36456.32	41626.12
	b. Purchases of Stock-in-Trade			
	c. Changes in inventories of finished goods work-in-progress and stock in Trade	20	560.53	142.93
	d. Employee benefits expenses	21	3335.10	2764.19
	e. Finance costs	22	3844.50	3517.97
	f. Depreciation and amortization expense	9	4050.97	3662.55
	g. Power and Fuel charges		22068.40	17429.21
	h. Other expenses	23	7785.85	7360.39
	<b>Total Expenses</b>		78101.67	76503.36
<b>V</b>	Profit before exceptional and extraordinary items and tax (III-IV)		4014.13	2763.19
<b>VI</b>	Exceptional items		-	-
<b>VII</b>	Profit before extraordinary items and tax (V-VI)		4014.13	2763.19
<b>VIII</b>	Extraordinary Items		-	-
<b>IX</b>	Profit before tax (VII-VIII)		4014.13	2763.19
<b>X</b>	<b>Tax expense:</b>		-	-
	(1) Current tax		803.00	576.81
	(2) Deferred tax liability/(asset)		(561.65)	797.92
<b>XI</b>	Profit for the period from continuing operations (IX-X)		3772.78	1388.46
<b>XII</b>	Profit/(loss) from discontinuing operations		-	-
<b>XIII</b>	Tax expense of discontinuing operations		-	-
<b>XIV</b>	Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
<b>XV</b>	<b>Profit for the period (XI+XIV)</b>		3772.78	1388.46
<b>XVI</b>	Earnings per equity share: face value Rs.10/- each			
	(1) Basic		5.50	2.06
	(2) Diluted		5.44	2.03
	Significant Accounting Policies and Notes to Accounts	24		

Notes "17" to "24" Annexed form integral part of Statement of Profit and Loss

As Per our Report of even date attached

For and on behalf of the Board

**For Brahmayya & Co.,**

Chartered Accountants  
Firm's Regn. No. 000514S  
Sd/-

**B. DAIVADHEENAM REDDY**

Partner  
Membership No. 026450

Place: Kurnool (Camp)

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

Sd/-

**K. KARUNAKAR RAO**  
Executive Director & C.E.O

Sd/-

**V. RADHAKRISHNA MURTHY**  
C.G.M & Company Secretary

Place: Kurnool

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

Sd/-

**O.D. REDDY**  
Director

Sd/-

**M.V. KUMARA SWAMY**  
Vice President (Finance) &  
Chief Financial Officer

# SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED



## NOTES TO BALANCE SHEET

Rs. in Lakhs

	As at 31.03.2013	As at 31.03.2012
<b>NOTE No. 1 - SHARE CAPITAL</b>		
<b>1.1 EQUITY SHARE CAPITAL</b>		
<b>a) AUTHORISED</b>		
8,10,00,000 Equity shares of Rs.10/- each (Previous year 6,80,00,000 Equity Shares of Rs.10/- each)	8100.00	6800.00
<b>b) ISSUED</b>		
7,12,25,650 Equity shares of Rs.10/- each issued (Previous year 6,76,73,372 Equity Shares of Rs.10/- each)	7122.57	6767.34
<b>c) SUBSCRIBED AND FULLY PAID</b>		
7,10,45,564 Equity shares of Rs.10/- each fully paid ( Previous year 6,74,93,286 Equity shares of Rs.10/- each)	7104.56	6749.33
<b>d) SUBSCRIBED BUT NOT FULLY PAID</b>		
1,80,086 Equity shares of Rs.10/- each	-	-
<b>e) CALLS UNPAID</b>	-	-
<b>f) FORFEITED SHARES</b>		
Amount received on forfeiture of 1,80,086 equity shares originally issued in 1995-96	4.28	4.28
<b>TOTAL</b>	<b>7108.84</b>	<b>6753.61</b>
<b>1.2 PREFERENCE SHARE CAPITAL</b>		
<b>a) AUTHORISED</b>		
1,90,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each having Coupon rate of 0.01%	1900.00	1900.00
<b>b) ISSUED</b>		
1,88,82,332 Cumulative Redeemable Preference Shares of Rs.10/- each	1888.23	1888.23
<b>c) SUBSCRIBED AND FULLY PAID</b>		
1,88,82,332 Cumulative Redeemable Preference Shares of Rs.10/- each	1888.23	1888.23
<b>d) SUBSCRIBED BUT NOT FULLY PAID</b>	-	-
<b>TOTAL</b>	<b>1888.23</b>	<b>1888.23</b>
<b>TOTAL SHARE CAPITAL (1.1+1.2)</b>	<b>8997.07</b>	<b>8641.84</b>
<b>1.3 RECONCILIATION OF NUMBER OF SHARES OUTSTANDING</b>		
<b>a) EQUITY SHARES</b>	<b>No. of Shares</b>	<b>No. of Shares</b>
At the beginning of the year	67493286	67493286
Add: Issued during the year	3552278	-
Less: Bought back during the year	-	-
At the end of the year	<b>71045564</b>	<b>67493286</b>
<b>b) PREFERENCE SHARES</b>		
At the beginning of the year	18882332	18882332
Add: Issued during the year	-	-
Less: Redeemed during the year	-	-
At the end of the year	<b>18882332</b>	<b>18882332</b>



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

	As at 31.03.2013		As at 31.03.2012	
1.4 LIST OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES	%	No. of Shares	%	No. of Shares
<b>a) EQUITY SHARES</b>				
The Industrial Finance Corporation of India Ltd. (IFCI Ltd.)	17.09	12143528	20.24	13662402
IDBI Bank Ltd.	8.88	6305620	9.79	6609295
SRHHL Industries Ltd.*	15.83	11248398	16.67	11248398
TGV Projects & Investments Pvt. Ltd.	13.59	9658206	14.31	9658206
Sree Rayalaseema Hi-Strength Hypo Ltd.	5.15	3656858	-	-
<b>b) PREFERENCE SHARES</b>				
IDBI Bank Ltd.	9.57	1807959	9.57	1807959
Sree Rayalaseema Hi-Strength Hypo Ltd.	24.67	4658106	24.67	4658106
Parag Gases and Chemicals Pvt. Ltd.	7.00	1320855	7.00	1320855
SRHHL Industries Ltd.*	6.61	1248398	6.61	1248398

\*During the year SRHHL Industries Limited amalgamated with Sree Rayalaseema Hi-Strength Hypo Limited and the transfer of shares in demat form is under process for fulfilment of transfer conditions.

1.5 The Company has no Subsidiaries/ Associates and has no Holding Company.

1.6 Out of Equity shares issued, subscribed and fully paid up 2,86,10,955 No. of Equity Shares of Rs.10/- each allotted on preferential allotment to Financial Institutions IDBI/IFCI by conversion of 15% Rupee/F.C loans and Debentures on 08.03.2005. 1,45,80,000 No. of equity shares of Rs.10/- each allotted on 08.03.2005 and 54,20,000 on 25.04.2006 to promoters group on preferential allotment by conversion of 2,00,00,000 fully paid share warrants issued on 08.03.2005. And during the year, 35,52,278 No. of Equity Shares of Rs.10/- each allotted on 10.12.2012 to promoters group on preferential allotment by conversion out of 1,12,27,560 share warrants allotted on 19.11.2012.

1.7 Cumulative Redeemable Preference shares issued, subscribed and fully paid up 1,88,82,332 of Rs.10/- each having a coupon rate of 0.01% from April, 2002 were allotted on sub-division and consolidation of 50% holding of equity shares and are redeemable after 15 year in 4 quarterly instalments commencing from 01.04.2018.

1.8 Redeemable Optionally Fully Convertible Debentures of 5% Series "B" 2,05,177 of Rs.100/- each issued to IFCI Ltd as per restructuring package are redeemable in 96 monthly instalments from April, 2008. In case of default in redemption of debentures, option can be exercised by IFCI Ltd to the extent of outstanding balance as on 31.03.2013 of Rs.76.93 lakhs (as on 31.03.2012 Rs.102.58 lakhs) and no fixed date of conversion.



Rs. in Lakhs

	As at 31.03.2013		As at 31.03.2012	
<b>NOTE No. 2 - RESERVES AND SURPLUS</b>				
(a) Capital Reserve - opening balance		2.00		2.00
(b) Capital Redemption Reserve - opening balance	500.00		-	
Add: Transfer from Surplus in Statement of Profit & Loss	1000.00	1500.00	500.00	500.00
(c) Securities Premium Reserve - opening balance		2288.51		2288.51
(d) Debentures Redemption Reserve - opening balance	4500.00		4000.00	
Add: Transfer from Surplus in Statement of Profit & Loss	-	4500.00	500.00	4500.00
(e) Revaluation Reserve		-		-
(f) Share Options Outstanding Account		-		-
<b>Other Reserves</b>				
(g) Central Subsidy - opening balance		111.67		111.67
(h) Investment Allowance Reserve - opening balance (Created and utilised as per the provisions of Income Tax Act,1961 and the specified period over and it is a free reserve)	-		520.00	
Less: Transfer to General Reserve	-	-	520.00	-
(i) General Reserve-opening balance	3457.36		2437.36	
Add: Transfer from Investment Allowance Reserve	-		520.00	
Add: Transfer from Surplus in Statement of Profit & Loss	1500.00	4957.36	500.00	3457.36
		13359.54		10859.54
(j) Surplus - Balance in Statement of Profit and Loss - opening balance	2614.65		2726.19	
Add: Profit for the Year from Statement of Profit and Loss	3772.78		1388.46	
	6387.43		4114.65	
Less: Appropriations				
Transfer to General Reserve	1500.00		500.00	
Transfer to Debenture Redemption Reserve	-		500.00	
Transfer to Capital Redemption Reserve	1000.00	3887.43	500.00	2614.65
<b>TOTAL</b>		<b>17246.97</b>		<b>13474.19</b>



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

Rs in lakhs

	As at 31.03.2013	As at 31.03.2012
<b>NOTE No. 3 - LONG TERM BORROWINGS</b>		
<b>SECURED</b>		
<b>3.1 Debentures</b>		
a) 8,50,000 - 11% Redeemable Non-convertible Debentures of Rs.100/- each issued to IDBI (As per Restructuring of Debts payable in 96 Monthly instalments from April, 2008)	212.50	318.75
b) 2,05,177 - Series "B" 5% interest, Redeemable Optionally Fully Convertible Debentures of Rs.100/- each issued to I.F.C.I. Ltd. (as per restructuring package redeemable in 96 Monthly Instalments from April, 2008)	51.29	76.93
c) 3,10,761 - Series "A" 5% interest, Redeemable Non-Convertible Debentures of Rs.100/- each issued to I.F.C.I. Ltd. (as per restructuring package redeemable in 96 Monthly Instalments from April, 2008)	77.64	116.46
d) 30,32,011 - Series "C" 5% interest, Redeemable Non-convertible Debentures of Rs.100/- each issued to I.F.C.I. Ltd. (liability to the extent of crystalised dues) as per restructuring package Redeemable in 96 Monthly Instalments from April, 2008)	757.99	1136.99
	1099.42	1649.13
<b>3.2 Term Loans</b>		
a) From Institutions		
i) IDBI & IFCI Term Loans (Repayable in 96 Monthly Instalments from April, 2008)	4033.47	5981.48
ii) IDBI & IFCI Deferred Loans (Repayable in 120 Monthly instalments from April, 2006 as per Restructuring package)	956.85	1434.33
b) From Banks (Repayable in 72 monthly instalments from October, 2012 as per Loan Agreement)		
	3337.33	2389.88
	8327.65	9805.69
	9427.07	11454.82
<b>UNSECURED:</b>		
<b>3.4 Deferred Payment liabilities (Sales Tax deferrment/ loan sanctioned as per State Incentive Schemes (Repayable from the year 2018-19 to 2023-24 )</b>		
	832.37	832.97
<b>3.5 Loans and advances from related parties (contribution from promoters group as per approved project scheme and convertible into Equity)</b>		
	759.24	920.00
	1591.61	1752.97
<b>TOTAL</b>	<b>11018.68</b>	<b>13207.79</b>



- 3.6 There were no Long Term Deposits, Deferred Payments liabilities and Finance Lease obligations.
- 3.7 There is no continuing default as on 31.03.2013 (31.03.2012) in repayment of loans and interest payments on Debentures, Term Loans and Letter of Credit and sales tax deferment as per instalments granted by the Department.
- 3.8 Redeemable Optionally Fully Convertible Debentures of 5% Series "B" 2,05,177 of Rs.100/- each issued to IFCI Ltd. as per restructuring package are redeemable in 96 monthly instalments from April, 2008. In case of default in redemption of debentures, option can be exercised by IFCI Ltd. to the extent of outstanding balance as on 31.3.13 of Rs.76.93 lakhs (as on 31.3.12 Rs.102.58 lakhs) and no fixed date of conversion.

**3.9 SECURITY:**

**A) DEBENTURES:**

- 1) The above Debentures issued to IDBI are secured by first charge of all the Company's immovable properties both present and future ranking paripassu with the mortgages and charges created / to be created with other loans and further secured by first charge by way of mortgage of Company's properties (save and except book debts and assets exclusively charged / to be charged in favour of IDBI) including movable machinery, machinery spares, tools and accessories present and future subject to prior charge created and /or to be created in favour of Company's Bankers on the Company's stock of raw materials as well as to Banks on semi-finished and finished goods, consumable stores and such other movables as may be agreed to by the Trustees for securing the borrowings for working capital requirements in the ordinary course of business and further secured by pledge of 8,04,000 Nos. of APGPCL Equity shares of Rs.10/- each and guaranteed by the Ex-Managing Director, Sri T.G.Venkatesh.
- 2) The above series "A" debentures issued to IFCI are secured in favour of their Trustees by way of first charge on all immovable properties situated at Bellary both present and future and further secured by way of first charge on company's movable (save and except book-debts), including movable machinery, machinery spares, tools and accessories; present and future, subject to prior charge created and/or to be created in favour of company's bankers on the stock of raw materials, semi finished foods, consumable stores and such other movable, as may be agreed to by the trustees, for securing the borrowings for working capital requirements in the ordinary course of business and further guaranteed by Ex-Managing Director, Sri T.G.Venkatesh.
- 3) The above series "B&C" debentures issued to IFCI are secured in favour of their Trustees by way of first charge on all immovable both present and future and further secured by way of first charge on company's movable (save and except book-debts), including movable machinery, machinery spares, tools and accessories; present and future, subject to prior charges created and / or to be created in favour of company's bankers on the stock of raw materials, semi finished goods, consumable stores and such other movable, as may be agreed to by the trustees, for securing the borrowings for working capital requirements in the ordinary course of business and further guaranteed by Ex-Managing Director, Sri T.G.Venkatesh.

**B) TERM LOANS**

- 1) The above Term Loans and Deferred loans from Institutions [except the Term Loan amount of Rs.2448 lakhs from M/s. IFCI Ltd., secured by first exclusive charge on the building, plant and machinery acquired under project schemes of Fatty Acid, Potassium Hydroxide / and power plant at Bellary are secured by first charge on all the immovable properties both present and future and further secured by first charge by way of hypothecation of all movables (save and except book debts and inventories including movable machineries, spares, tools, accessories both at present and future, subject to prior charges created/ to be created in favour of the company's bankers as specified movables for working capital requirements) and further Guaranteed by the Ex-Managing Director, Sri T.G.Venkatesh. IFCI's Additional Margin money for working capital loan outstanding of Rs.318.75 Lakhs is further secured by pledge of 5,36,000 Nos. of APGPCL Equity shares of Rs.10/- each and corporate guarantee provided by Sree Rayalaseema Hi-strength Hypo Ltd.
- 2) The above Term loans from Banks are secured by first pari passu charge on fixed assets of chloromethanes Project, and 2<sup>nd</sup> pari-passu charge on other existing fixed assets, 2<sup>nd</sup> pari passu charge on the current assets and personal guarantee by Ex-Managing Director, Sri T.G.Venkatesh.

**C) Specific Letter of Credit**

The above Letter of credit is secured by specific charge on import of capital goods out of this LC and Lien on fixed deposits of build-up margin every month.



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

	As at 31.03.2013	Rs. in Lakhs As at 31.03.2012
<b>NOTE No. 4 - DEFERRED TAX LIABILITY (NET)</b>		
a) Deferred tax liability as on 31.03.2013 / 31.03.2012 in respect of timing difference arising on account of difference between straight line and written down Value methods and rates of depreciation	6886.11	7728.10
b) Less: Deferred tax asset as on 31.03.2013 / 31.03.2012 in respect of unabsorbed depreciation/losses and expenses allowable U/s 43B of IT Act.	22.72	303.06
c) Net Deferred tax liability as on 31.03.2013	6863.39	7425.04
d) Less: Opening Deferred tax liability as on 01.04.2012 / 01.04.2011	7425.04	6627.12
Net Deferred tax liability/(asset) for the year	<u>(561.65)</u>	<u>797.92</u>
<b>NOTE No. 5 - SHORT TERM BORROWINGS</b>		
<b>SECURED</b>		
5.1 From Banks		
a) Working capital Demand Loans	554.40	552.00
b) Cash Credits	1808.59	1138.79
c) Bill Discounting	580.58	384.77
d) Letters of Credit issued by Banks to Creditors (Payable to Banks on due dates of Letters of Credit)	11847.98	16821.29
e) Loan on fixed deposits (Secured against fixed deposits)	621.92	-
	<u>15413.47</u>	18896.85
5.2 From Others		
a) Sale/Purchase Bills Discounted with Can Bank Factors Ltd. (Payable on due dates of Bills/factors)	1071.34	1653.66
5.3 Purchase Bills discounted by SIDBI Ltd. (paid on due dates of bills)	-	187.15
<b>TOTAL</b>	<u>16484.81</u>	<u>20737.66</u>

5.4 There were no loans repayable on demand and short term Deposits/loans and advances from related parties.

5.5 There is no default as on 31.3.2013 (31.03.2012) in repayment of loans and interest payments on Working capital Loans, Letters of Credit issued and Bills discounted by Banks and others.

### 5.6 SECURITY

#### a) Short Term Loans from Banks

The above Working Capital Demand Loans, Cash Credits and Bills discounted by Banks are secured by 1<sup>st</sup> pari passu charge by way of hypothecation of inventories and receivable of the company and further secured by 2<sup>nd</sup> pari passu charge on land, building and Plant and machinery and guaranteed by the Ex-Managing Director, Sri T.G.Venkatesh.

#### b) Letters of Credit from Banks:

The above Letter of credit facility availed from Banks were secured by 1<sup>st</sup> pari passu by way of hypothecation of inventories and receivable of the company and further secured by 2<sup>nd</sup> pari passu charge on land, building and Plant and machinery and guaranteed by the Ex-Managing Director, Sri T.G.Venkatesh

#### c) Bills discounted with Can Bank Factors Ltd

The above Sale Bill discounting facility from Can Bank Factors Ltd is secured by second charge on respective fixed assets of the company ranking pari passu with charges already created/ to be created by the Company and further guaranteed by the Ex-Managing Director. Sri T.G.Venkatesh and purchase bill discounting facility sanctioned by Can Bank Factors Ltd. are secured by 2<sup>nd</sup> pari passu charge on fixed assets of the company.





Rs. in Lakhs

	As at 31.03.2013	As at 31.03.2012
<b>NOTE No. 6 - TRADE PAYABLES</b>		
<b>UNSECURED CREDITORS</b>		
6.1 for Capital goods	506.80	559.44
6.2 for Supplies of raw materials/stores and spares etc.	6078.02	6290.33
6.3 for Services	886.31	818.03
<b>TOTAL</b>	<b>7471.13</b>	<b>7667.80</b>
DUES TO MICRO, SMALL & MEDIUM ENTERPRISES AS REQUIRED UNDER THE MICRO, SMALL & MEDIUM ENTERPRISES AND DEVELOPMENT ACT, 2006 (Refer Notes to Accounts No. 24.9)		
<b>NOTE No. 7 - OTHER CURRENT LIABILITIES</b>		
7.1 Current maturities of long term debt (payable within 12 months after the reporting date)		
<b>SECURED</b>		
a) Debenture Loans from IDBI & IFCI	549.71	549.71
b) Term Loans from IDBI & IFCI	2016.73	1993.82
c) Deferred Term Loans from IDBI & IFCI	478.43	478.11
d) Term Loans from Banks	1200.00	600.00
e) Interest accrued but not due on term loans	54.71	62.93
<b>UNSECURED</b>	<b>4299.58</b>	<b>3684.57</b>
7.2 Deferred Payment Sales Tax (payable within 12 months after the reporting date)	389.83	871.53
<b>7.3 OTHERS</b>		
a) Trade Deposits from Dealers/customers payable on demand	413.19	395.00
b) Statutory Dues towards Excise duty, Service tax, VAT, TDS etc	864.49	579.17
c) Employees Salaries, Bonus, PF / ESI recoveries and contributions to Superannuation Fund	339.46	334.76
d) Advances from customers	627.06	782.71
e) Dues to Banks (Cheques issued in current accounts)	199.30	59.80
f) Power charges and other expenses payable	921.93	947.93
	<b>3365.43</b>	<b>3099.37</b>
	<b>8054.84</b>	<b>7655.47</b>
7.4 There were no current maturities of Finance Lease Obligations, Interest accrued and due on borrowings, unpaid Dividends, unpaid matured Debentures or Deposits and interest accrued thereon, Income received in advance and Application money received for allotment of securities and due for refund.		
<b>NOTE No. 8 - SHORT TERM PROVISIONS</b>		
8.1 Provision for employee benefits		
a) Un-availed Leave encashment	16.97	10.58
8.2 Others		
a) Provision for Income Tax	815.10	565.00
	<b>832.07</b>	<b>575.58</b>



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

### NOTE No. 9 - FIXED ASSETS

S. No.	Description	ORIGINAL COST				DEPRECIATION AND AMORTISATION				BOOK VALUE	
		As at 01/04/2012	Additions	Deductions	As at 31/03/2013	Uplo 31/03/2012	For the Year	Deduct-ions	As at 31/03/2013	As at 31/03/2012	As at 31/03/2012
<b>TANGIBLE ASSETS</b>											
1	a) Free hold Land and Development	645.78	22.17	7.32	660.63*	-	-	-	-	660.63	645.78
	b) Lease hold Land	8.92	6.37	-	15.29	-	-	-	-	15.29	8.92
2	Buildings	6860.76	489.45	-	7350.21	1390.17	210.07	-	1600.24	5749.97	5470.59
3	Plant & Machinery	53229.00	3092.84	-	56321.84	23753.89	2633.38	-	26387.27	29934.57	29475.11
4	Power Plant & Machinery	12625.97	-	-	12625.97	7113.68	666.65	-	7780.33	4845.64	5512.29
5	Electricals & D.G.Sets	10029.56	-	-	10029.56	5487.69	478.35	-	5966.04	4063.52	4541.87
6	Furniture & Fittings	92.20	0.58	-	92.78	68.57	4.32	-	72.89	19.89	23.63
7	Office and Telephone Equipment	309.48	13.91	-	323.39	172.85	20.01	-	192.86	130.53	136.63
8	Computers	304.60	15.52	-	320.12	269.14	15.76	-	284.90	35.22	35.46
9	Lab, Workshop & Other Equipment	253.80	-	-	253.80	161.46	12.85	-	174.31	79.49	92.34
10	Vehicles	304.82	-	1.38	303.44	264.18	9.58	0.77	272.99	30.45	40.64
	<b>Total</b>	<b>84664.89</b>	<b>3640.84</b>	<b>8.70</b>	<b>88297.03</b>	<b>38681.63</b>	<b>4050.97</b>	<b>0.77</b>	<b>42731.83</b>	<b>45565.20</b>	<b>45983.26</b>
<b>Capital Works-in-Progress</b>											
	a) Civil Works	882.01	1028.57	489.45	1421.13	-	-	-	-	1421.13	882.01
	b) Plant & Machinery	4379.47	4244.65	3092.84	5531.28	-	-	-	-	5531.28	4379.47
	<b>Total</b>	<b>5261.48</b>	<b>5273.22</b>	<b>3582.29</b>	<b>6952.41</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6952.41</b>	<b>5261.48</b>
	<b>GRAND TOTAL</b>	<b>89926.37</b>	<b>8914.06</b>	<b>3590.99</b>	<b>95249.44</b>	<b>38681.63</b>	<b>4050.97</b>	<b>0.77</b>	<b>42731.83</b>	<b>52517.61</b>	<b>51244.74</b>
	PREVIOUS YEAR	83271.76	18241.13	11566.52	89926.37	35019.08	3662.55	-	38681.63	51244.74	48252.68

\*Includes land value of Rs.90.62 Lakhs (Previous year Rs.90.62 Lakhs) registered in the name of Ex-Chairman and Managing Director and Company's employee due to restriction on registration in Company's name. During the year Land donated to R & B Department/Z.P.P for diversion of road adjacent to factory, charged off to donations of Rs.7.32 Lakhs.



Rs. in Lakhs

	As at 31.03.2013	As at 31.03.2012
<b>NOTE No. 10 - NON CURRENT INVESTMENTS</b>		
<b>10.1 NON-TRADE INVESTMENTS</b>		
a) In Government Securities:		
National Saving Certificates (unquoted and valued at cost)	1.50	1.51
b) In Equity Shares (Quoted and valued at cost)		
i) SRHHL Industries Ltd.*	-	31.67
(316666 Equity Shares of Rs.10/- each)		
ii) Sree Rayalaseema Hi-Strength Hypo Ltd.	24.48	20.83
(244749 Equity Shares of Rs.10/- each)		
(previous year 208333 equity shares)		
iii) Indian Bank	0.76	0.76
(839 Equity Shares of Rs.10/- each at Rs.91/- each)	25.24	53.26
<b>10.2 TRADE INVESTMENTS</b>		
a) In Equity Shares (unquoted and valued at cost) Andhra Pradesh Gas Power Corporation Ltd., (536000 Equity Shares of Rs.10/- each and 804000 Equity Shares of Rs.10/- each at Rs.12.50 & Bonus Shares 53600, which are pledged with Financial Institutions)	144.05	144.05
<b>TOTAL</b>	<b>170.79</b>	<b>198.82</b>
<b>10.3 Aggregate Amount of</b>		
a) Quoted Investments	25.24	53.26
b) Market Value of Quoted Investments	79.75	129.24
c) Unquoted Investments	145.55	145.56
d) Provision for diminution in value of investments	NIL	NIL

\* During the year SRHHL Industries Ltd. amalgamated with Sree Rayalaseema Hi-Strength Hypo Ltd., and the company received 36,416 equity shares of Rs.10/- each as against 3,16,666 shares of amalgamated company, there by the diminution in value of shares Rs. 28.02 lakhs charged off.

10.4 There were no investments in Subsidiaries, Associates, Joint Ventures and controlled special purpose Entities and in Preference Shares, Bonds, Debentures, Mutual Funds and in Partnership Firms.



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

Rs. in Lakhs

	As at 31.03.2013	As at 31.03.2012
<b>NOTE No. 11 - LONG TERM LOANS AND ADVANCES</b>		
<b>11.1 Unsecured and considered good</b>		
(a) Capital Advances	1500.96	605.11
(b) Security Deposits with Power Distribution Corporation Ltd	1815.68	1296.83
(c) Loans and advances to related parties (Rent and Cylinder Deposit)	474.85	79.81
(d) Other loans and advances (Includes amounts paid under protest and claims receivable)	1091.57	588.89
	<b>4883.06</b>	<b>2570.64</b>
<b>NOTE No. 12 - INVENTORIES</b>		
12.1 Raw Materials	2013.45	1892.02
12.2 Work-in-progress	444.52	521.52
12.3 Finished Goods	635.76	1116.57
12.4 Stores and spares, Chemicals, fuel and packing materials	2558.96	2843.28
12.5 Scrap and other disposals	8.06	10.78
12.6 Goods in transit		
a) Raw Materials	409.30	1300.82
b) Stores and spares	4.95	16.62
<b>TOTAL</b>	<b>6075.00</b>	<b>7701.61</b>
<b>METHOD OF VALUATION OF STOCKS:</b>		
Refer Accounting Policies under Note No. 24.1-B		
<b>NOTE No. 13 - TRADE RECEIVABLES</b>		
13.1 Trade Receivables outstanding for a period exceeding six months from the date due for payment		
a) Unsecured and considered good	238.95	240.59
b) Considered Doubtful/Bad	37.23	
Less : Bad debts written off	37.23	
Less : Provision for doubtful debts	-	10.30
Bad debts Written off from provision	-	10.30
	<b>238.95</b>	<b>240.59</b>
13.2 Other Trade Receivables		
a) Unsecured and considered good	5731.31	6382.68
<b>TOTAL</b>	<b>5970.26</b>	<b>6623.27</b>
<b>NOTE No. 14 - CASH AND CASH EQUIVALENTS</b>		
14.1 Cash on hand	17.38	13.95
14.2 Balances with banks in current accounts	223.85	656.12
14.3 Cheques/Drafts in hand	374.74	-
14.4 Balance with Banks in Margin Money/Fixed Deposits for LC/BG	1745.93	4865.07
14.5 Deposit accounts with more than 12 Months Maturity	717.00	420.55
	<b>3078.90</b>	<b>5955.69</b>



Rs. in Lakhs

	As at 31.03.2013	As at 31.03.2012
<b>NOTE No. 15 - SHORT TERM LOANS AND ADVANCES UNSECURED AND CONSIDERED GOOD</b>		
15.1 Loans and advances to related parties	135.60	134.51
15.2 Others		
a) Advance to Suppliers	648.10	1355.06
b) Advance to Employees	92.00	96.55
c) Advance to Contractors & Transporters	29.36	80.67
d) Prepaid Insurance and other Expenses	203.30	293.21
e) Tender/Security/Telephone Deposits	174.32	138.17
f) Advance Excise Duties/CENVAT/VAT/Service tax	477.12	521.62
g) Advance Income tax and TDS	449.20	387.82
h) Other Advances	85.82	99.29
	<u>2159.22</u>	<u>2972.39</u>
	<u>2294.82</u>	<u>3106.90</u>
<b>NOTE No. 16 - OTHER CURRENT ASSETS</b>		
16.1 Sales tax, Power and Export Incentives and claims receivable	2746.05	1983.70
	<u>2746.06</u>	<u>1983.70</u>

**NOTES TO STATEMENT OF PROFIT AND LOSS**

Rs. in Lakhs

	Year Ended 31.03.2013	Year Ended 31.03.2012
<b>NOTE No. 17 - REVENUE FROM OPERATIONS</b>		
17.1 Sale of Manufactured Products (Refer Note No. 24.16 for details of Productwise sales)	90940.65	85232.07
17.2 Other Operating revenues		
a) Process charges	230.51	85.28
b) Export Incentives	378.97	632.49
c) Sales Tax and Power Incentives	887.15	890.10
	<u>1496.63</u>	<u>1607.87</u>
<b>TOTAL</b>	<u>92437.28</u>	<u>86839.94</u>
<b>NOTE No. 18 - OTHER INCOME</b>		
18.1 Interest on Bank and other deposits and customers	411.62	330.10
18.2 Dividend Income	0.06	3.19
18.3 Rent Receipts	12.24	11.68
18.4 Creditors written back and bad debts collections	29.38	108.53
18.5 Profit on sale of Fixed Assets	0.59	-
18.6 Other Receipts	3.64	5.34
<b>TOTAL</b>	<u>457.53</u>	<u>458.84</u>



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

Rs. in Lakhs

	Year Ended 31.03.2013	Year Ended 31.03.2012
<b>NOTE No. 19 - COST OF MATERIALS CONSUMED</b>		
19.1 Consumption of raw materials (Refer Notes to Account No. 24.17)	33901.69	39296.34
19.2 Consumption of chemicals	1811.94	1680.68
19.3 Consumption of packing materials	742.69	649.10
<b>TOTAL</b>	<b>36456.32</b>	<b>41626.12</b>
<b>NOTE No. 20 - CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK IN TRADE</b>		
<b>20.1 OPENING STOCKS</b>		
a) Finished Goods	1116.57	1241.26
b) Stock-in-process	521.52	542.94
c) Scrap & Disposables	10.78	7.60
<b>TOTAL</b>	<b>1648.87</b>	<b>1791.80</b>
<b>20.2 CLOSING STOCKS</b>		
a) Finished goods	635.76	1116.57
b) Stock-in-process	444.52	521.52
c) Scrap & Disposables	8.06	10.78
<b>TOTAL</b>	<b>1088.34</b>	<b>1648.87</b>
<b>NET DECREASE / (INCREASE) IN STOCKS (NET TOTAL)</b>	<b>560.53</b>	<b>142.93</b>
<b>NOTE No. 21 - EMPLOYEE BENEFITS EXPENSES</b>		
21.1 Salaries, Wages, Bonus and Allowances	2841.21	2227.91
21.2 Contribution to ESI & Provident Fund	124.35	120.62
21.3 Contribution to Gratuity & Superannuation Schemes	68.13	160.99
21.4 Staff Welfare expenses	301.41	254.67
<b>TOTAL</b>	<b>3335.10</b>	<b>2764.19</b>
<b>NOTE No. 22 - FINANCE COSTS</b>		
<b>22.1 Interest expenses</b>		
a) On Term Loans and Debentures	981.50	1211.42
b) On Working Capital Cash Credits	243.06	219.66
c) On Purchase/Sale Bills Discounting	1792.58	1451.89
d) Interest on Trade Deposits	50.32	48.46
e) On Others	633.45	425.27
	<b>3700.91</b>	<b>3356.70</b>
<b>22.2 Other borrowing costs</b>		
a) Loan processing charges	58.65	64.09
22.3 Net gain/loss on foreign currency loans	84.94	97.18
	<b>3844.50</b>	<b>3517.97</b>



Rs. in Lakhs

	Year Ended 31.03.2013	Year Ended 31.03.2012
<b>NOTE No. 23 - OTHER EXPENSES</b>		
Consumption of stores and spares	1637.63	843.93
Rent including Lease Rents	373.32	371.28
Insurance	128.99	132.84
Repairs & Maintenance		
a) Buildings	127.49	109.34
b) Plant & Machinery	692.65	823.99
c) Others	238.96	187.01
Rates & Taxes	14.96	11.90
Excise duty on captive consumption/Stocks	(41.16)	6.86
Processing Charges	9.93	-
Travelling and conveyance	315.34	312.04
Printing and stationery	29.24	30.45
Postage Telegrams and Telephones	42.93	49.36
Directors sitting fee	2.65	2.23
Directors Travelling	4.97	4.55
Remuneration to Auditors		
Audit - Fee	6.00	2.60
Tax Audit Fee	1.25	1.25
Audit - Expenses	0.13	0.08
Cost Audit Fee	1.25	0.45
Cost Audit expenses	0.07	0.06
Freight Inward & Material handling charges	604.06	499.87
Freight outward & Ocean freight	1119.25	904.37
Discounts and Commission on sales	743.77	595.65
Other Selling expenses	264.89	274.52
Advertisement	3.81	3.14
Fee and Expenses	57.35	45.25
Bank Charges	625.55	637.74
Service Charges	187.47	199.72
Legal Expenses	61.15	21.94
Research and Development /Lab Expenses	45.13	38.15
Water Charges	21.88	14.00
Bad Debts written off	37.23	-
Net Loss on Exchange fluctuations	33.40	351.26
Other Expenses	271.20	301.74
Difference on settlement of Insurance Claim	-	500.26
Loss on sale of damaged stock of capital goods	56.49	-
Diminution in value of investments	28.02	-
Corporate Social Responsibility expenses and donations	92.50	70.08
Expenses/(Income) relating to Earlier Years (Net)	(53.90)	12.48
	<b>7785.85</b>	<b>7360.39</b>



# SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

## NOTE No. 24 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### 24.1 Significant Accounting Policies:

#### A. Basis of Preparation and Presentation of Financial Statements:

The financial statements are prepared under the Historical Cost Convention as a going concern in accordance with generally accepted Accounting principles in India and the provisions of Companies Act, 1956. The Company follows the mercantile method of accounting.

#### B. Inventories:

Inventories of Finished goods are valued at lower of cost or net realisable value. Inventories of Raw materials, Stock-in-Process and Stores & Spares are valued at cost. Scrap and disposables are valued at realisable value. Cost of Inventories consist of purchase price including duties and taxes ( other than CENVAT credit and input tax credit recoverable under respective VAT Acts of different States, cost of conversion and other costs incurred in bringing them to current location and condition. Value of finished goods comprises central excise duty, which is considered as cost in accordance with Accounting Standard (AS-2).

#### C. Depreciation:

Depreciation on Fixed Assets has been provided on Straight line method in respect of Plant & Machinery and Buildings and in respect of other assets on written down value method as per the rates prescribed in Schedule XIV to the Companies Act, 1956.

#### D. Revenue Recognition:

- i) Sales revenue is recognised on supply of goods. Turnover includes Sales Tax, Excise Duty and Education Cess in respect of goods sold. Income and Expenditure are recognised on accrual basis except for transactions below Rs.10,000/- per transaction, accounted in the year of payment / receipt.
- ii) Export incentives such as Duty Draw Back and Duty Entitlement Pass Book (DEPB) license are taken into account on the basis of eligible export FOB value.
- iii) Dividends on investments are recognised when the right to receive is established.
- iv) Interest on delay payments to creditors / by debtors accounted on the basis of debit notes / Credit notes raised / received from the parties.
- v) Insurance claims are accounted on the basis of claims lodged.
- vi) Interest/Hire Charges on Hire Purchase Loans has been taken into account on due and payable basis.

#### E. Research and Development Expenditure:

Research and Development expenditure incurred on salaries of personnel engaged and cost of materials and services consumed are charged to Profit and Loss account of the year under relevant heads of account.

#### F. Fixed Assets and Capital Work-in-Progress:

Fixed Assets are stated at cost (net of CENVAT credit and including related financial costs till commencement of commercial production) less accumulated depreciation. Capital work-in-progress includes advances paid for capital items / works. Indirect & pre-operative expenses related or attributable to the capital works and trial run expenses incurred up to commencement of commercial production are added to the cost of fixed assets. Advances paid towards the acquisition of Fixed Assets outstanding at the Balance Sheet Date are disclosed as "Capital Advances" under long term loans and advances as per revised Schedule VI to the companies Act, 1956.

#### G. Foreign Currency Transactions:

Transactions in Foreign Currencies are recorded during the year at the exchange rates prevailing on the date of transactions and realized exchange loss/gain are charged to Profit and Loss Account. At the year-end, all the





assets and liabilities out standing in foreign currency are restated at the Balance Sheet date and the exchange gain or loss is suitably dealt with in Statement of Profit and Loss.

**H. Retirement Benefits to Employees:**

**i) Gratuity:**

The Company has created a Trust and has taken a Group Gratuity Life Assurance Policy with Life Insurance Corporation of India for future payments of Gratuity to employees. The premium paid thereon on actuarial valuation is charged to the Profit and Loss account.

**ii) Leave Encashment:**

Liability on account of Leave Encashment is provided on accrual basis as per the rules of the company.

**I. Investments:**

Long Term Investments are stated at Cost of acquisition and if there is permanent diminution in the value of any investments, the same is considered for valuation of investments. Current Investments are valued at lower of cost or fair value.

**J. Borrowing Costs:**

Interest and other costs incurred in connection with the borrowing of funds that are directly attributable to the acquisition, construction or erection of a qualifying asset, are capitalised as cost of such asset and the other borrowing costs are expensed in the year in which incurred.

**K. Segment Reporting:**

For Segment Reporting, the business segments have been identified based on production process of individual products and its related products, such as (i) Chemicals (ii) Oils and Fats and (iii) Generation of Power under PPA.

**L. Leases:**

Lease payments in respect of operating leases, are recognised as an expense on due and payable basis as per the lease agreements and the future lease payments under non-cancelable operating leases for each period are disclosed in notes to accounts.

**M. Accounting for Taxes on Income:**

Current and deferred tax liability, if any, for the year is recognised for the estimated tax payable on the taxable income and timing differences, subject to consideration of prudence in respect of deferred tax asset and the same is treated as tax expense in determination of net profit for the year.

**N. CENVAT / In-Put Tax Credit:**

CENVAT Credit and Input Tax Credit recoverable under VAT Acts of different States on Capital goods, Raw materials, Stores and fuels is accounted for by reducing from its purchase cost.

**O. Impairment of Assets:**

The company determines any indication of impairment in carrying value of assets and the impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount.

**P. Provisions and Contingent Liabilities:**

Contingent liabilities are not recognized in Accounts but are disclosed in the notes to accounts. Contingent assets are neither recognized nor disclosed in financial statements. Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation and it is probable that there will be out flow of resources.



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

### NOTES TO ACCOUNTS:

#### 24.2 Contingent Liabilities not provided in respect of :

(Rs. in Lakhs)

Particulars	Current Year 2012-2013	Previous Year 2011-2012
a) Cheques / Bills Discounted with Banks.	513.67	168.54
b) Unexpired Letter of Credits/Bank guarantees (net of margin money paid).	786.63	665.03
c) Estimated amount of Contracts remaining to be executed on Capital Account. (Net of advances).	4603.15	4760.67
d) Arrears of dividend on cumulative redeemable preference shares of Rs.1888.23 lakhs at a coupon rate of 0.01 % issued and allotted as per Debt Restructuring package and scheme of arrangement sanctioned by High Court of A.P. for the period from 01.04.2002 to 31.03.2013. (Payable after 15 years) i.e., from 01.04.2018.	2.08	1.89
e) Claims against the company not acknowledged as debts, being disputed and pending in appeals/ Assessments in respect of :		
i) Central excise matters regarding Cenvat credit availed on input consumables and on service tax payments on input services like freight, telephone, and courier etc.,	368.62	358.87
ii) 1] Customs matters regarding dispute on classification of goods pending before High Court.	9.90	9.90
2] Imposition of Anti Dumping Duty on in puts during December 2010 pending before ADC, Customs.	32.69	32.69
3] Disputed duty levied on import of material during the year 2006-07 pending in appeal before the Commissioner Appeals.	16.06	16.06
iii) Sales tax matters regarding Input tax credit availed on fuels used for steam generation disallowed by the Department and levied penalty and interest; Case is pending before Hon' ble High Court of A.P. (Paid under Protest ).	53.91 (53.91)	53.91 (53.91)
iv) Claims of Vat regarding dispute of Turnover, input tax credit on sales returns and stock transfer value treated as sale on account of non acceptance of form F are pending in appeal before Appellate Asst. Commissioner (CT) Palakkad and Sales Tax Tribunal, Ernakulam (Paid under protest).	44.24 (5.13)	37.56 (5.13)
v) Sales tax matters regarding liability of interest on delay in payment of deferred sales tax liability for the years 2005-06 and 2006-07. Stay petition filed and stay granted by Hon'ble High Court of A.P.	132.11	-
vi) Liability of differential tax for non submission of C forms for the year 2009-10 Case is pending before Appellate Deputy Commissioner ( Paid under protest)	16.43 (2.05)	-
vii) Levy of delay charges on late payment of Provident Fund by Regional Provident Fund Commissioner.	15.34	15.34
viii) 1) Wheeling Charges levied by APCPDCL pending in Supreme Court.	24.21	24.21
2) Wheeling charges levied on APGAS power supplies covered by Bank guarantee Rs.69.30 Lakhs.	Nil	Nil
ix) The Fuel Surcharge Adjustment (FSA) charges for the year 2008-09, 2009-10 and for the 1st quarter of 2010-11 payable to APCPDCL was contested by the Industrial units including the company before Hon'ble High Court of A.P. and obtained favourable order for 2008-09 and the matter was referred to Supreme Court and the same is pending. Hon'ble High Court granted stay for the year 2009-10 and first quarter of 2010-11.	1567.27	Nil
f) Differential duty on procurement of raw material as per show cause notices issued by the Customs Authorities is contested and for which no provision is considered as there will be no liability on the company as per legal opinion obtained (paid under Protest).	1161.14 (125.00)	1161.14 (125.00)
g) Demand raised by Power Distribution Companies (DISCOMS) for the differential tax on account of change in Income Tax rates / tax holiday as per terms of PPA was contested by the Company before the Electricity Regulatory Commission and the liability has been reduced to Rs. 500 lakhs. The DISCOMS have recovered the same from monthly bills. The company contested before the Supreme Court for refund of the recovered amount and it is pending. (Recovered amount is shown under loans and advances).	500.00 (500.00)	1609.00 -



24.3 During the year, the company has opted to exit from CDR Scheme and the CDR Lenders (FIs and Banks) have agreed and the company has to pay the recompense amount as per the terms and conditions. The CDR lenders have calculated the ROR amounting to Rs. 1366 lakhs. The matter was referred to CDR Empowered Group for necessary directions and the recompense amount will be considered in the accounts on receiving the decision of CDR – EG.

**24.4 BELLARY PLANT OPERATIONS:**

The Power Purchase Agreement with Karnataka Electricity Board (Power Distribution Companies) was expired on 31.08.2012 and hence there was no generation of power from September, 2012. The company is intending to continue the operations of the plant and exploring the possibility of alternative avenues.

24.5 Legal cases filed by the company for recovery of dues/advances and pending in courts for disposal:

	<b>2012-2013 (Rs. in lakhs)</b>	2011-2012 (Rs. in lakhs)
a) Against Debtors	<b>75.94</b>	145.81
b) Against suppliers/transporters	<b>18.03</b>	8.03

24.6 a) Exchange differences on Foreign Currency Term Loans from financial institutions in respect of installments paid during the year amounting to Rs.27.08 lakhs (previous year loss Rs.27.94 lakhs) and exchange difference on outstanding loans as on 31.3.2013 valued at applicable Foreign Currency Exchange Rates on 31<sup>st</sup> March, 2013 and exchange difference amounting to Rs.67.35 lakhs debited to statement of profit and loss as per AS-11 (previous year Rs.205.10 lakhs).

b) The Exchange difference in respect of imports and exports during the year amounting to Rs.23.91 lakhs charged to Statement of Profit and Loss. (Previous Year Rs.215.40 lakhs).

24.7 Lease Payments: The total future minimum lease payments under non-cancelable operating leases are as under:

	<b>2012-2013 (Rs. in lakhs)</b>	2011-2012 (Rs. in lakhs)
(i) Not later than one year	<b>14.40</b>	Nil
(ii) Later than one year and not later than five years	<b>52.48</b>	Nil
(iii) Later than five years	<b>Nil</b>	Nil

**24.8 Employee Benefits:**

**A) Defined Contribution Plans**

The Company makes Provident Fund and superannuation Fund contributions which are defined contribution plans, for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized Rs.80,47,727/- (Previous year Rs.77,96,169/-) for Provident Fund contributions and Rs.23,98,472/- (Previous year Rs.23,26,265/-) for Superannuation Fund contributions in the Statement of Profit and Loss. The contribution payable to these plans by the Company is at rates specified in the rules of the schemes.

**B) Defined Benefit Plan**

The Company's obligation towards the Gratuity Fund is a defined benefit plan and is funded with Life Insurance Corporation of India. The disclosures in respect of actuarial valuation of gratuity as required under Accounting Standard 15 are given below.





24.10 SEGMENT REPORTING

(Rs. in Lakhs)

Sl. No.	Particulars	For the year 2012-2013	For the year 2011-2012
01	Segment Revenue		
	A. Chemicals	49965	40281
	B. Oils & Fats	31226	35137
	C. Power Plant	1646	4577
	<b>TOTAL</b>	<b>82837</b>	<b>79995</b>
	Less: Inter Segment Revenue	1132	1059
	Net Sales/Income from Operations	<b>81705</b>	<b>78936</b>
02	Segment Results Profit/(Loss) before Tax and interest:		
	A. Chemicals	7743	5033
	B. Oils & Fats	292	995
	C. Power Plant	(588)	(77)
	<b>TOTAL</b>	<b>7447</b>	<b>5951</b>
	Less:i) a) Interest Expense	3845	3518
	b) Interest Income	(412)	(330)
	(ii) Other un-allocable expenditure (Net of un-allocable income)	-	-
	Total Profit before Tax	<b>4014</b>	<b>2763</b>
03	Capital Employed (Segment Assets - Liabilities) (Based on Estimates in terms of available data )		
	A. Chemicals	44603	41687
	B. Oils & Fats	976	1309
	C. Power Plant	6769	7617
	D. Others	1375	1236
	<b>TOTAL</b>	<b>53723</b>	<b>51849</b>



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

### 24.11 Related Parties Disclosures:

1. The names of transacting related party and description of relationship are given below:

A. Particulars of Associate Companies:

S.No.	Name of the transacting related party	Nature of Relationship
1.	Sree Rayalaseema Hi-Strength Hypo Limited	Associate
2.	TGV Projects and Investments Private Limited	Associate
3.	Brilliant Bio Pharma Limited	Associate
4.	Sree Maruthi Marine Industries Limited	Associate
5.	Sree Maurthi Agro Tech Limited	Associate
6.	Gowri Gopal Hospitals Private Limited	Associate
7.	Sree Rayalaseema Galaxy Projects Private Limited	Associate
8.	Roopa Industries Limited	Associate
9.	S.K.Salts Private Limited	Associate
10.	JSM International Limited	Associate
11.	TGV Securities Private Limited	Associate
12.	M.V. Salts & Chemicals Private Limited	Associate

Note: Associate companies by virtue of shareholding by key management personnel and relatives.

B. Key Management Personnel: Executive Directors K. Karunakar Rao (Director - Finance & Commercial) and N. Jeswanth Reddy (Director -Technical) and Directors of the company.

2. Disclosures of transactions between the company and related parties and outstanding balances as on 31<sup>st</sup> March 2013:

(Rs. in Lakhs)

Sl. No.	Nature of Transaction	For the year ended 31.03.13	For the year ended 31.03.12	Balance outstanding as on 31.03.13	Balance outstanding as on 31.03.12
<b>A. Associate Companies</b>					
1	Sales / Receivables	7898.18	6220.99	186.53(Dr)	320.16(Dr)
2	Purchases / Payables	695.92	831.69	135.60(Dr)	134.51(Dr) 33.29(Cr)
3	Purchase of Capital Goods	-	47.04	-	-
4	Office / Lease Rentals Paid	260.66	254.53	-	-
5	Office / Lease Rents received	7.85	7.71	-	-
6	Rent /cylinder deposit paid	-	-	474.85(Dr)	79.80(Dr)
7	Services availed	97.38	73.48	-	-
8	Corporate Guarantees provided by Associate Company	Nil	Nil	318.75	425.00
9	Share Warrants Issued	767.53	Nil	-	-
10	Equity Shares allotted	355.23	Nil	-	-
11	Unsecured loans	-	-	759.24(Cr)	920.00(Cr)
12	Investment in Equity Shares	-	-	24.47(Dr)	52.50(Dr)
<b>B. Key Management personnel</b>					
1	Remuneration	35.90	29.76	-	-
2	Sitting fee to Directors	2.65	2.23	-	-
<b>C. Relatives to Key Management Personnel</b>					
		-	-	-	-

Note : Cr indicates Credit balance & Dr indicates Debit balance



24.12 Balances of Sundry Creditors and Debtors are shown as appearing in the books of account of the company and the company has sent confirmation letters to the parties and the confirmations are awaited.

**24.13 Earnings per Share:**

Basic and diluted earnings per share calculated in compliance with the provisions of Accounting standard (AS-20) for the year ending 31.03.13 comes to Rs.5.50 p.a (Previous year Rs.2.06 p.a.) and Rs 5.44 p.a (previous year Rs.2.03 p.a.) respectively.

The denominator for Basic EPS is 685,73,568 (previous year 6,74,93,286) equity shares and the numerator is net profit after tax as per statement of Profit and Loss and after adjusting preference dividend for the year and tax thereon, amounting to Rs.37,72,56,038 (previous year Rs.13,88,23,770).

The denominator for diluted EPS is increased by potential equity deemed to be issued for OFCD i.e (6,85,73,568+8,86,855) = 6,94,60,423 (previous year 6,86,36,581) and the numerator for this calculation is the net profit after tax as per Statement of Profit and Loss and after adjusting preference dividend and the interest at 5% on OFCDs and the tax liability thereon, amounting to Rs.37,75,55,595 (previous year Rs.13,92,09,946).

24.14 Figures have been rounded off to the nearest decimal of lakhs as required under revised Schedule-VI.

24.15 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**24.16 Revenue from Operations or Sale of Goods:**

(Rs. in Lakhs)

Sl. No.	Description of Products	For the Year Ended 31.03.2013	For the Year Ended 31.03.2012
<b>A</b>	<b>Manufactured Goods</b>		
1	Caustic Soda Lye / Flakes	41483.32	29399.85
2	Liquid Chlorine	2503.94	3663.86
3	Hydrochloric Acid	1564.35	2089.46
4	Hydrogen Gas	1144.04	1124.15
5	Bleach Liquor	1197.21	867.73
6	Caustic Potash Lye/Flakes	7255.73	5640.90
7	Hydrogenated Castor Oil	2869.41	3467.20
8	12 Hydroxy Stearic Acid	10522.58	12028.49
9	Refined Glycerine	2114.60	2003.36
10	Stearic Acid	5861.20	5306.55
11	Soap Noodles	9991.94	12260.60
12	Power Generation under PPA	1645.97	4576.82
13	Toilet Soaps	717.54	675.55
14	Others less than 1% of Total Turnover	2068.82	2127.55
	<b>TOTAL</b>	<b>90940.65</b>	<b>85232.07</b>
<b>B</b>	<b>Traded Goods</b>	<b>Nil</b>	<b>Nil</b>



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

### 24.17 Cost of Raw Materials Consumed:

(Rs. in Lakhs)

Sl. No.	Description of Material	For the Year Ended 31.03.2013	For the Year Ended 31.03.2012
1	Salt	4903.60	4797.47
2	Castor oil	10786.13	13169.12
3	Acid oils & other Oils	12388.01	14031.63
4	F O/ Hsd/Lubricants for Power Generation	1398.72	3692.78
5	Potassium Chloride and Carbonate	4312.57	3541.95
6	Raw Materials-Soaps	38.62	38.29
7	Hydrochloric Acid normal Grade	74.05	25.10
	<b>TOTAL</b>	<b>33901.70</b>	<b>39296.34</b>
8	Purchase of Traded Goods	Nil	Nil

### 24.18 Value of Imports (Calculated on C.I.F basis):

(Rs. in Lakhs)

	Current Year 31.03.2013	Previous Year 31.03.2012
i) Raw Materials	5217.42	7723.48
ii) Coal	326.73	1702.01
iii) Chemicals & Spares & Stores	495.42	716.48
iv) Capital Goods / Services	839.15	1052.16

### 24.19 Raw material consumed

	Current Year 2012-13			Previous year 2011-12		
	Qty. MT/KL	Rs. in lakhs	%	Qty. MT/KL	Rs. in lakhs	%
i) Salt						
- Imported	-	-	-	-	-	-
- Indigenous	215909	4903.60	100	204631	4797.47	100
ii) Potassium chloride						
- Imported	13087	4312.57	100	12238	3209.65	90.62
- Indigenous	-	-	-	1503	332.30	9.38
iii) Castor Oil						
- Imported	-	-	-	-	-	-
- Indigenous	14864	10786.13	100	14355	13169.12	100
iv) Lauric acid						
- Imported	999	711.63	100	741	684.28	100
- Indigenous	-	-	-	-	-	-





v)	Palm Fatty Acid Distilled						
-	Imported	502	280.55	4.02	997	419.02	4.93
-	Indigenous	15529	6683.93	95.98	18453	8087.23	95.07
vi)	Palm kernal Oil / Distilled Fatty Acid						
-	Imported	1410	791.05	100	2146	1592.31	96.57
-	Indigenous	-	-	-	86	56.49	3.43
vii)	Crude Glycerine						
-	Imported	3146	783.88	97.03	2746	701.59	88.74
-	Indigenous	97	24.03	2.97	443	89.06	11.26
viii)	RBD Palm Stearin						
-	Imported	-	-	-	-	-	-
-	Indigenous	6147	2725.13	100	4145	1878.43	100
ix)	Furnace Oil, Diesel & Lubricant for Power Project						
-	Imported	-	-	-	-	-	-
-	Indigenous	56228	1398.72	100	89543	3692.78	100
x)	Refined Glycerine						
-	Imported	703	350.67	100	1005	373.10	100
-	Indigenous	-	-	-	-	-	-
xi)	Other Raw Materials						
-	Imported	-	-	-	-	-	-
-	Indigenous	-	149.81	100	-	213.51	100
<b>TOTAL</b>							
-	Imported		7230.35	21.32		6979.95	17.76
-	Indigenous		26671.35	78.68		32316.39	82.24
			33901.70	100.00		39296.34	100.00

24.20 Value of Chemicals, Packing and Stores consumed (other than used for repairs)

		Current Year 2012-13		Previous Year 2011-12	
		Rs. in lakhs	%	Rs. in lakhs	%
a)	Imported	765.90	18.27	162.77	5.13
b)	Indigenous	3426.35	81.73	3010.94	94.87
<b>TOTAL</b>		4192.25	100.00	3173.71	100.00



## SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

### 24.21 Earnings in Foreign Exchange

(Rs. in lakhs)

	Current year 2012-13	Previous year 2011-12
i) FOB value of exports	9127.05	12084.62
ii) Others	Nil	Nil

### 24.22 Expenditure in Foreign Exchange

(Rs. In lakhs)

	Current year 2012-13	Previous year 2011-12
ii) Travelling	22.03	12.94
iii) Fees and charges	3.67	1.83
iv) Commission Paid	24.65	33.70
v) Raw Materials and Chemicals	2338.71	2603.83
vi) Stores & Spares	167.82	128.79
vii) Capital Goods	3740.64	399.54

Signature to Notes "1" to "24" form integral part of Balance Sheet and Statement of Profit and Loss

As Per our Report of even date attached

**For Brahmayya & Co.,**  
Chartered Accountants  
Firm's Regn. No. 000514S  
Sd/-

**B. DAIVADHEENAM REDDY**  
Partner  
Membership No. 026450

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

Sd/-  
**K. KARUNAKAR RAO**  
Executive Director & C.E.O

Sd/-  
**V. RADHAKRISHNA MURTHY**  
C.G.M & Company Secretary

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

Sd/-  
**O.D. REDDY**  
Director

Sd/-  
**M.V. KUMARA SWAMY**  
Vice President (Finance) &  
Chief Financial Officer

# SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED



## CASH FLOW STATEMENT AS PER CLAUSE 32 OF LISTING AGREEMENT

	2012-13			2011-12		
	+	-	Rs. in lakhs	+	-	Rs. in lakhs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>						
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS			4014.13			2763.19
ADJUSTMENT FOR:						
DEPRECIATION	4050.97	-	4050.97	3662.55	-	3662.55
FOREIGN EXCHANGE	-	-	-	-	-	-
LOSS / PROFIT ON SALE OF FIXED ASSETS	35.36	0.59	34.77	-	-	-
INTEREST PAID / RECEIVED	3844.50	411.62	3432.88	3517.97	330.10	3187.87
<b>TOTAL</b>	<b>7930.83</b>	<b>412.21</b>	<b>7518.62</b>	<b>7180.52</b>	<b>330.10</b>	<b>6850.42</b>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			11532.75			9613.61
ADJUSTMENTS FOR:						
TRADE AND OTHER RECEIVABLES	-	1609.67	(1609.67)	211.40	-	211.40
INVENTORIES	1626.60	-	1626.60	-	1449.62	(1449.62)
TRADE PAYABLES	-	5381.26	(5381.26)	5873.63	-	5873.63
	<b>1626.60</b>	<b>6990.93</b>	<b>(5364.33)</b>	<b>6085.03</b>	<b>1449.62</b>	<b>4635.41</b>
CASH GENERATED FROM OPERATIONS			6168.42			14249.02
INTEREST RECEIVED / PAID	411.62	3844.50	(3432.88)	330.10	3517.97	(3187.87)
DIRECT TAXES PAID	-	-	-	-	576.81	(576.81)
CASH FLOW BEFORE EXTRAORDINARY ITEMS			2735.54			10484.34
EXTRAORDINARY ITEMS (DECREASE IN RESERVES)	-	-	-	-	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES			2735.54			10484.34
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>						
SALE / PURCHASE OF FIXED ASSETS	1.20	5331.77	(5330.57)	-	6654.61	(6654.61)
PURCHASE ON INVESTMENTS	-	-	-	-	0.01	(0.01)
SALE OF INVESTMENTS / REDUCTION	-	-	-	-	-	-
INTEREST RECEIVED	-	-	-	-	-	-
DIVIDEND RECEIVED	-	-	-	-	-	-
NET CASHFLOW FROM INVESTING ACTIVITIES	1.20	5331.77	(5330.57)	-	6654.62	(6654.62)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>						
PROCEEDS FROM ISSUE OF SHARE CAPITAL / WARRANTS	1122.76	-	1122.76	-	-	-
EXCHANGE FLUCTUATION ON F.C. LOANS	94.43	-	94.43	233.03	-	233.03
REPAYMENT OF FINANCE/LEASE LIABILITIES	2080.00	3578.95	(1498.95)	2560.05	2998.31	(438.26)
NET CASH FLOW FROM FINANCING ACTIVITIES	3297.19	3578.95	(281.76)	2793.08	2998.31	(205.23)
NET INCREASE IN CASH AND CASH EQUIVALENTS			(2876.79)			3624.49
CASH AND CASH EQUIVALENTS AS AT 01.04.12 (OPENING BALANCE)			5955.69			2331.20
CASH AND CASH EQUIVALENTS AS AT 31.03.13 (CLOSING BALANCE)			3078.90			5955.69

### CERTIFICATE

The above Cash Flow Statement has been prepared on the basis of Audited Accounts approved by the Board of Directors and is in agreement with the Statement of Profit and Loss and Balance Sheet as at 31.03.2013.

for **Brahmayya & Co.,**  
Chartered Accountants  
Firm's Regn. No. 000514S

for and on behalf of the Board

Sd/-  
**B. DAIVADHEENAM REDDY**  
Partner  
Membership No. 026450

Sd/-  
**K. KARUNAKAR RAO**  
Executive Director & CEO

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



# Sree Rayalaseema Alkalies and Allied Chemicals Ltd.,

Corporate Office : 40-304, 2nd Floor, Krishna Jyothsna Complex,  
Bhagyanagar, KURNOOL - 518 004. Andhra Pradesh, India.  
☎ : 08518 - 289603, 221933, Fax : 08518 - 226973, 222745, 276631  
E-mail : sraaccsd@tgvmail.net



## FORM A

### Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the Company	Sree Rayalaseema Alkalies and Allied Chemicals Limited
2.	Annual Financial statements for the year ended	31 <sup>st</sup> March, 2013
3.	Type of Audit observation	Un-qualified (or) <b>Matter of Emphasis:</b> We draw attention to Note No.24.3 to the financial statements relating to the recompensation payable to CDR Lenders (FIs and Banks) being the Company opted to exist from CDR Scheme and the recompense amount of Rs.1366 lakhs was calculated by the Lenders and the matter is pending before the CDR Empowered Group and the same will be considered as stated in the said note. Our opinion is not qualified in respect of this matter.
4.	Frequency of observation	Whether appeared first time...../ repetitive ...../ since how long period.....
5.	To be signed by	<p>Sri K. Karunakar.Rao Chief Executive Officer</p> <p>Sri M.V. Kumara Swamy Chief Financial Officer</p> <p>Sri B. Daivadheenam Reddy Brahmayya &amp; Co., Auditor of the Company</p> <p>Sri M.P. Murthi Audit Committee Chairman</p> <p><i>(Handwritten signatures and stamps)</i></p> <p>For Brahmayya &amp; Co Chartered Accountants B. <i>(Handwritten)</i> PARTNER</p> <p><i>(Handwritten signature)</i></p>