

DIRECTORS' REPORT

To
The Members,

Your Directors take pleasure in presenting the 35th Annual Report on the operations of your Company and the Audited Accounts for the financial year ended 31st March, 2019, together with the Auditors' Report thereon.

Financial Results:

Your Company's results for the year, and the comparative figures for the previous year, are given below in a summarized format:

(Rs. in Lakhs)

Particulars	2018-19	2017-18
Net Sales	57,083.46	63,312.01
Other Income	57.12	110.60
Total Revenue	57,140.58	63,422.61
Profit before interest and depreciation	2,770.30	4,677.32
Less: Interest	451.32	740.71
Depreciation	385.11	387.94
Profit before exceptional & extraordinary items and tax	1,933.87	3,548.67
Profit before Tax	1,933.87	3,548.67
Profit after Tax	1,251.04	2,304.72
Less: Other Comprehensive Income	40.59	19.25
Total Comprehensive Income	1,210.45	2,285.47
Add: Opening balance in Statement of Profit & Loss	9,862.44	7,757.61
Amount available for appropriation	11,072.89	10,043.09
Appropriations:		
Transfer to General Reserve	-	-
Interim Dividend on equity shares	60.03	150.10
Dividend Distribution Tax on Interim Dividend	12.34	30.56
Surplus/(Deficit) carried to Balance Sheet	11,000.52	9,862.44

Note: Previous year's figures are regrouped and presented wherever necessary.

Dividend:

Your Directors declared and paid interim dividend for the financial year 2018-19, as per the following details:

Dividend	Date of declaration	Amount per share	Paid in
Interim Dividend	10th November, 2018	Rs. 2/- (20%)	November / December, 2018

Your Directors have pleasure in recommending final dividend of Re 1/- per share for the financial year 2018-19.

Operations:

Operations of the Company's two divisions for the year under review were as follows:

Lead Division:

This year, the Lead division recorded sales of Rs 57,032 lakhs as against Rs 63,263 lakhs in the previous year, a decrease of 9.85%. An increase in raw material prices, coupled with a drop in international Lead prices, resulted in lower turnover as well as profit.

Windmills:

The entire energy generated at Ramagiri was sold to Andhra Pradesh Southern Power Distribution Company Ltd. The total revenue was Rs.51 lakhs against Rs.49 lakhs in the previous year.

Total:

The combined turnover of the Company, thus, was Rs 57,083 lakhs for the year under review, as against Rs 63,312 lakhs for the previous year.

Corporate Governance:

Your Company has complied with all provisions of Corporate Governance, as required under the SEBI (LODR) Regulations, 2015. A report on Corporate Governance, along with the certificate on its compliance from the Auditors, forms part of this report.

Quality Management System:

Your Company has upgraded to the requirements of the new ISO 9001:2015 Quality Management System standard during the year, and received the accreditation certificate from the German Multinational certification body "TUV-SUD South Asia Private Limited", after successful transition from the earlier accreditation body "IRQS"

Environmental Management System (EMS):

Your Company has implemented all the requirements for the "Environmental Management System" and got the accreditation certificate for the first time for the ISO 14001:2015 EMS standard from the German Multinational certification body "TUV-SUD South Asia Private Limited"

As part of implementation of the Environmental Management System, several improvement projects were initiated and completed.

Both the QMS and EMS systems have been integrated as "Integrated Management System"

Management Discussion and Analysis Report:

A detailed discussion on the industry structure, as well as on the financial and operational performance, is contained in

the 'Management Discussion and Analysis Report' enclosed hereto, which forms an integral part of this Report (Refer Annexure-A).

Information as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of Companies(Accounts) Rules, 2014:

A. Conservation of Energy:

There has been a reduction in the fuel consumption in both plants, as a result of the conservation measures undertaken.

B. Technology Absorption:

No new technology has been obtained during the year, and the existing technology in use has been fully absorbed.

C. Foreign Exchange earnings and outgo:

Total foreign exchange used and earned: (Rs. in Lakhs)

Particulars	2018-19	2017-18
a) Foreign Exchange earnings on exports	363.02	227.09
b) Foreign Exchange used on account of:		
i) Foreign Travel	3.36	4.41
ii) Professional Charges	0.75	8.97
iii) Subscription charges	1.53	4.07
iv) Others / Delegate Fees	4.95	4.16
v) CIF value of imports of raw material & others	12,554.90	16,297.43
vi) Dividend for 2018-19/2017-18	0.00	3.00

Directors:

Pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013, Smt. Vuyyuru Rajeswari will retire by rotation at the ensuing annual general meeting and, being eligible, offers herself for reappointment.

Sri Ramachandra Kadiri was co-opted as an additional director (independent director category) of the company with effect from **10th November, 2018**. An application to appoint him as a Director (independent director category) was received by the Company.

Sri S.V. Narasimha Rao, Sri Satish Malladi, Sri V. Ashok, Sri Sridar Swamy, and Sri Suketu Harish Shah, Independent Directors of the company will complete their five year terms on 29th September, 2019. The Nomination and Remuneration Committee recommends their re-appointment for a second term of five years with effect from 30th September, 2019. Further, Sri S.V. Narasimha Rao, and Sri Satish Malladi will attain the age of 75 years on 7th October, 2022, and 13th November, 2022, respectively. As per the provisions of Section

149(10) of the Companies Act, 2013, read with sub-regulation (1A) of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the re-appointments will be subject to the approval of the members by way of passing special resolutions.

The Company has taken a certificate from V. Mohan Rao, Practicing Company Secretary, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed all continuing as Directors of Companies by the Board/Ministry of Corporate Affairs or any such Statutory Authority.

Statutory Auditors:

M/s. Gokhale & Co., Chartered Accountants, Hyderabad, were appointed as Statutory Auditors of the Company for a period of five years from the conclusion of 32nd Annual General Meeting till the conclusion of the 37th Annual General Meeting of the company.

Number of meetings of the Board:

Details of the same are disclosed in the Corporate Governance Report.

Declaration of Independence:

All the Independent Directors have affirmed their compliance with the criteria for Independence as provided in Section 149(6) of the Companies Act, 2013.

Risk Management Policy:

The Board has adopted, and is implementing, a suitable Risk Management Policy for the company which identifies therein different elements of risk which may threaten the existence of the company.

Deposits:

No deposits under Chapter V of the Companies Act, 2013 were accepted or renewed during the year.

Composition of Audit Committee and Vigil Mechanism/ Whistle Blower Policy:

Details of the same are disclosed in the Corporate Governance Report.

Information as required under Section 134(3)(e), Section 178(3) of the Companies Act, 2013 and Rule 8(4) of the Companies (Accounts) Rules, 2014:

Refer Annexure B

Disclosures pursuant to Section 197(12) and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Refer Annexure C

Annual Report on Corporate Social Responsibility (CSR) activities in accordance with Rule 8 of Companies (CSR Policy) Rules, 2014:

Refer Annexure D

Extract of Annual Return (Form MGT-9) [Pursuant to Section 92(3) and Section 134(3) (a) of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014]:

Refer Annexure E

Evaluation:

The Board evaluated the effectiveness of its functioning, and that of the Committees and of individual Directors. The Board sought the feedback of Directors on various parameters such as:

- Degree of fulfillment of key responsibilities.
- Clarity on the functional requirements of the Directors on the Board as well as on the Committees.
- Co-operation between the Directors.
- Quality and dynamics of the relationship between Management and Independent Directors.

The Chairman met each of the Directors individually, and obtained the feedback.

The Directors then discussed these inputs, and also reviewed the performance of the Directors, and the Committees as well as the Board as a whole.

There was consensus that the performances of the Directors, the Committees and the Board were entirely satisfactory. There was also satisfaction regarding the co-operation and co-ordination among the Directors.

The Directors resolved to continue to guide the Company in the path of growth, with a social conscience.

Employees:

Top ten employees (excluding Executive Directors in terms of remuneration drawn as prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Name	Y. Kaliprasad	Bikram Keshari Prusty	M. Vamsi Mohan	V. Satya Prasad	B. Seshagiri Rao
Designation	Chief Operating Officer	Company Secretary	GM-Purchase	GM-Projects	GM-Finance
Remuneration (Rs. in Lakhs)	25.17	15.61	14.31	12.69	12.05
Nature of Employment	Permanent	Permanent	Permanent	Permanent	Permanent
Qualification	B.Tech.	FCS, M.Com, LLb.	B.Com.	BE/MBA	B.Com.
Experience	32 Years	13 Years	30 Years	29 Years	35 Years
Date of Joining	26.10.2017	01.09.2008	15.03.1989	16.04.2012	12.06.1987
Age	54	45	57	61	58
Last Employment	De Dietrich Process Systems India Pvt. Ltd	Ocean Park Multitech Ltd., Company Secretary	--	Jaya LPG Limited	Jyothsana Chits
Shareholding in the Company (Nos.)	400	10	9	5	7
Whether a relative of a Director	No	No	No	No	No

Name	K.H.K. Srinivas	T. Hemanth Kumar	S. Mahesh Babu	R. Devender Rao	Y. Srinivasa Rao
Designation	Plant Manager	Senior Manager	Manager-Production	Plant Manager	Manager- Quality
Remuneration (Rs. in Lakhs)	11.65	10.70	9.38	9.32	7.46
Nature of Employment	Permanent	Permanent	Permanent	Permanent	Permanent
Qualification	B.Sc.	M.Com.	D.Met.Engg.	B.Tech.	B.Sc.
Experience	27 Years	35 Years	25 Years	25 Years	18 Years
Date of Joining	22.08.1994	18.03.1987	19.08.1998	15.09.2008	01.11.2000
Age	50	56	47	47	40
Last Employment	Sri Ram Computers	Nava Bharat Ferro Alloys Ltd	Agravamshi Aluminium Ltd	Nava Bharat Ferro Alloys Ltd	NA
Shareholding in the Company (Nos.)	1	5	2	1	1
Whether a relative of a Director	No	No	No	No	No

No employee was in receipt of remuneration more than the limit prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Directors' Responsibility Statement:

Your Directors, in terms of Section 134(5) of the Companies Act, 2013, state that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent 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 and loss of the company for that period;
- (c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The Directors had prepared the annual accounts on a going concern basis; and
- (e) The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Policy on Sexual Harassment:

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the Financial Year 2018–19, there were no cases reported under the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Industrial Relations:

The industrial relations in the Company continue to be very cordial and stable. Your Directors would like to place on record their appreciation of the dedication and commitment of all employees of your Company..

Acknowledgement:

Your Directors thank the customers, vendors, investors, as well as HDFC Bank and Kotak Mahindra Bank for their continued support during the year.

For and on behalf of the Board

Place : Hyderabad
Date : 14-08-2019

Sd/-
V. Ramesh
Chairman and Managing Director
DIN: 00296642