
NOTICE

Notice is hereby given that the 30th Annual General Meeting of the Members of Southern Magnesium and Chemicals Limited will be held on Thursday, the 25th August, 2016 at 11.30 A.M at Hotel I. K. London Residency, 6-3-656, Kapadia Lane, Somajiguda, Hyderabad – 500 082 to transact the following Business

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2016, the Profit & Loss Account and Cash Flow Statement for the year ended on that date together with the Schedules and Notes attached thereto, along with the Reports of Auditors and Directors thereon.

2. To ratify appointment of statutory Auditors

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

“RESOLVED THAT, pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder as amended from time to time and for the time being in force, the appointment of M/s. K. S. Rao & Co., Chartered Accountants (Firm Registration No. 003109S) Hyderabad, as Statutory Auditors of the Company to hold office from conclusion of this Annual General Meeting till the conclusion of 31st Annual General Meeting be and is hereby ratified on a remuneration that may be mutually agreed.”

SPECIAL BUSINESS:

3. **To Re-appoint Mr. Ravi Prasad Nuthakki as the Managing Director and Chief Executive Officer (CEO) of the company.**

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

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and Schedule V along with other applicable provisions, if any, of the Companies Act, 2013, read with relevant rules made there under and pursuant to the recommendations received from nomination and remuneration committee consent of the members be and is hereby accorded to re-appoint Mr. Nuthakki Ravi Prasad (DIN: 00319537) as the Managing Director and Chief Executive Officer whose tenure is due to expire on 12.11.2016 for a further period of three years i.e. from 13.11.2016 to 12.11.2019.”

“RESOLVED FURTHER THAT Mr. Ravi Prasad Nuthakki, shall be entitled to remuneration of Rs. 60,000/- per month and he is eligible to following perquisites”

Perquisites:

- i) Housing I: The expenditure incurred by the company on hiring unfurnished accommodation for the Managing Director will be subject to a ceiling of sixty percent of the salary, over and above ten percent payable by the Managing Director.

Housing II: If accommodation in the company owned house is provided, ten percent of salary of the Managing Director shall be deducted by the company.

Housing III: If the company does not provide accommodation, the Managing Director shall be entitled to House rent allowance subject to the ceiling laid down in Housing I.

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of the Managing Director.

- ii) The Company shall pay as per the Company’s Policy, the Medical Expenses including such expenses as shall relate to the surgical, optical and dental treatment incurred by Mr. N. Ravi Prasad for himself and his family.
- iii) Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the Company.
- iv) Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- v) The Company shall pay the annual premium towards personal accident insurance as per the Rules of the Company.
- vi) Mr. N. Ravi Prasad and his family shall be covered under the Medical claim Insurance Schemes as per the rules of the Company.

- vii) Encashment of leave on full pay and allowances as per the rules of the company but not exceeding one month's leave for every twelve months of service.
- viii) Such other benefits in accordance with the schemes and rules applicable to the members of the company from time to time.

For the purpose of calculating the above ceilings, perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of such Rules, perquisites shall be evaluated at actual costs. The Company will pay tax on non monetary perquisites to the appointee as per the amended section 10CC of the Income Tax Act, 1961.

The following shall not be included for the purposes of computation for the Managing Director's remuneration or perquisites as aforesaid:

- i) The Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act.
- ii) Gratuity payable to the Managing Director at the rate of half month's salary for each completed year of service.
- iii) Encashment of leave at the end of tenure.
- iv) Chauffeur driven company maintained car for use on Company's business and telephones facility at the residence of Whole time Managing Director and reimbursement of expenses including entertainment expenses will not be considered as perquisites.

Minimum Remuneration : In the event of losses or inadequacy of profits during the above period, the Managing Director is entitled to a minimum salary and perquisites as provided in Schedule V and other applicable provisions to the Companies Act, 2013".

The Managing Director shall be entitled to the reimbursement of expenses actually and properly incurred by him for the business of the Company.

Mr. Nuthakki Ravi Prasad satisfies all the conditions mentioned in Part I of Schedule V to the Act and also satisfies conditions mentioned under section 196 (3) of the Companies Act, 2013. He is not disqualified from being appointed as Managing Director under section 164 of the Companies Act, 2013. The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions of section 166 of the Companies Act, 2013 with regard to duties of Directors.

The particulars set out above, may be treated as an abstract of the terms of contract for the remuneration and re-appointment of Mr. Nuthakki Ravi Prasad as Managing Director and CEO of the Company.

4. To Re-appoint Mr. Rajender Prasad Nuthakki as the Joint Managing Director and Chief Financial Officer (CFO) of the company.

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

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and Schedule V along with other applicable provisions, if any, of the Companies Act, 2013, read with relevant rules made there under and pursuant to the recommendations received from nomination and remuneration committee and consent of the members be and is hereby accorded to re-appoint Mr. Rajender Prasad Nuthakki (DIN: 00145659) as the Joint Managing Director and Chief Finance officer of the Company whose tenure is due to expire on 09.08.2016 for a period of three years i.e. from 10.08.2016 to 09.08.2019.

"RESOLVED FURTHER THAT Mr. Rajender Prasad Nuthakki, shall be entitled to remuneration of Rs.60000/- per month and he is eligible to following perquisites".

Perquisites:

- i) Housing I: The expenditure incurred by the company on hiring unfurnished accommodation for the Joint Managing Director will be subject to a ceiling of sixty percent of the salary, over and above ten percent payable by the Joint Managing Director.
- ii) Housing II: If accommodation in the company owned house is provided, ten percent of salary of the Joint Managing Director shall be deducted by the company.
- iii) Housing III: If the company does not provide accommodation, the Joint Managing Director shall be entitled to House rent allowance subject to the ceiling laid down in Housing I.

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of the salary of the Joint Managing Director.

- i) The Company shall pay as per the Company's Policy, the Medical Expenses including such expenses as shall relate to the surgical, optical and dental treatment incurred by Mr. Rajender Prasad Nuthakki for himself and his family.
- ii) Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the Company.
- iii) Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- iv) The Company shall pay the annual premium towards personal accident insurance as per the Rules of the Company.
- v) Mr. Rajender Prasad Nuthakki and family shall be covered under the Medical claim Insurance Schemes as per the rules of the Company.
- vi) Encashment of leave on full pay and allowances as per the rules of the company but not exceeding one month's leave for every twelve months of service.
- vii) Such other benefits in accordance with the schemes and rules applicable to the members of the company from time to time.

For the purpose of calculating the above ceilings, perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of such Rules, perquisites shall be evaluated at actual costs. The Company will pay tax on non monetary perquisites to the appointee as per the amended section 10CC of the Income Tax Act, 1961.

The following shall not be included for the purposes of computation for the Whole time Joint Managing Director's remuneration or perquisites as aforesaid:

- i) The Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act.
- ii) Gratuity payable to the Whole time Joint Managing Director at the rate of half month's salary for each completed year of service.
- iii) Encashment of leave at the end of tenure.
- iv) Chauffeur driven company maintained car for use on Company's business and telephones facility at the residence of Whole time Joint Managing Director and reimbursement of expenses including entertainment expenses will not be considered as perquisites.

Minimum Remuneration : In the event of losses or inadequacy of profits during the above period, the Joint Managing Director is entitled to a minimum salary and perquisites as provided in Schedule V and other applicable provisions to the Companies Act 2013".

The Joint Managing Director shall be entitled to the reimbursement of expenses actually and properly incurred by him for the business of the Company.

Mr. Rajender Prasad Nuthakki satisfies all the conditions mentioned in Part I of Schedule V to the Act and also satisfies conditions mentioned under section 196 (3) of the Companies Act, 2013. He is not disqualified from being appointed as Joint Managing Director under section 164 of the Companies Act, 2013. The whole time Joint Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions of section 166 of the Companies Act, 2013 with regard to duties of Directors.

The particulars set out above, may be treated as an abstract of the terms of contract for the remuneration and re-appointment of Mr. Rajender Prasad Nuthakki as Whole time Joint Managing Director of the Company.

For and on Behalf of the Board of Director
Southern Magnesium and Chemicals Limited

(N. Ravi Prasad)
Managing Director & CEO
(DIN: 00319537)

Place : Hyderabad
Date : 27.07.2016

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote on a poll instead of himself / herself and the proxy need not be a member of the company. Proxies, in order to be effective must be received by the company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will be closed from 18th August 2016 to 25th August 2016 (both days inclusive).
3. Members are requested to produce the Attendance Slip duly signed as per the Specimen Signature recorded with the Company/Depository Participant for admission to the meeting hall.
4. Members are requested to notify immediately any change in their address to the Share Transfer Agents and in case their shares are held in dematerialized form, this information should be passed on to their respective Depository Participants.
5. A Member desirous of receiving any information on the accounts or operations of the company is requested to forward his/her queries to the company at least 7 working days prior to the meeting, so that the required information can be made available at the meeting.
6. Members holding shares in physical form are requested to notify immediately any change in their address along with address proof, i.e., Electric /Telephone Bill, Driving License or a copy of passport and Bank particulars to the company or its Registrar & Share Transfer Agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the company/RTA without delay.
7. Members, who hold shares in de-materialized form, are requested to bring their Client ID and DP IDs for easier identification of attendance at the meeting.
8. It shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTAs for registration of transfer of shares for securities market transactions and off market/private transaction involving transfer of shares in physical form of listed companies.
9. **Voting through electronic means**

Pursuant to the provision of Section 108 and other applicable provision, if any, of the companies Act, 2013 read with Rule 20 of the companies (Management and Administration) Rules, 2014 as amended and Regulation 44(1) of SEBI (LODR) 2015, the Member are provided with the facility to cast their Votes on resolution through e-voting services provided by Central Depository Services (India) Limited (CDSL)

The e- voting period commence on 22nd August, 2016 (9.00 A.M. IST) and ends on 24th August, 2016 (5.00 P.M. IST). During this period, Members of the company, holding shares **either in physical form or in dematerialized form, as on August 18th 2016 (cut off date), may cast their votes electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, he shall not be allowed to change it subsequently.**

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 22nd August, 2016 (9.00 a.m) and ends on 24th August 2016 (5.00 p.m). During this period shareholders' of the Company, holding shares either in physical form or in Dematerialized form, as on the cut-off date (record date) of 18th August 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.

- (iii) Click on Shareholders
- (iv) Now Enter your User ID
 - a) For CDSL: 16 digits beneficiary ID,
 - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders).
	<ul style="list-style-type: none"> ◆ Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. ◆ In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 (which is printed on address label) in the PAN field.
DOB	Enter the Date of Birth as recorded in your Demat account or in the company records for the said Demat account or folio in dd/mm/yyyy format.
Dividend Bank	Enter the Dividend Bank Details as recorded in your Demat account or in the company records for the said Demat account or folio.
Details	Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member ID / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- viii) After entering these details appropriately, click on “SUBMIT” tab.
- ix) Members holding shares in physical form will then directly reach the Company selection Screen. However, members holding shares in Demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other company on which they are eligible to vote,
 Provided that company opts for e-voting through CDSL platform, It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e- voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A Confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
 - ◆ Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
 - ◆ a scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - ◆ after receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - ◆ the list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - ◆ A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the System for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**ITEM NO 3:****Re-appointment of Mr. Ravi Prasad Nuthakki as Managing Director and Chief Executive Officer of the company:**

Mr. Ravi Prasad Nuthakki has been appointed as the Managing Director of the company in the board of directors meeting held on 13.11.2013 for a period of 3 years i.e. from 13.11.2013 to 12.11.2016. Thereafter he was appointed as the Chief Executive Officer of the company for the remaining unexpired term in the board of directors meeting held on 13.08.2014 and was approved by the members at Annual general meeting held on 30.09.2014.

Since the office of Mr. Ravi Prasad Nuthakki would come to an end on 12.11.2016, he is proposed to be re-appointed as the Managing Director and Chief Executive Officer of the company for a further period of 3 years.

As per the provisions of section 197, 198, 203 read with schedule V, such appointment requires the approval of members in the General Meeting.

Hence the Board re-commends passing of the above resolution as set out in the Notice above.

No other person other than Mr. Ravi Prasad Nuthakki (Appointee) and N.Rajender Prasad Nuthakki (being relative of proposed Appointee) is interested in the aforesaid resolution.

ITEM NO 4:

Re-appointment of Mr. Rajender Prasad Nuthakki as Joint Managing Director and Chief Financial Officer of the company:

Mr. Rajender Prasad Nuthakki has been appointed as the Joint managing director of the company in the board of directors meeting held on 10.08.2011 for a period of 5 years i.e. from 10.08.2011 to 09.08.2016. Then after he was appointed as the Chief financial officer of the company for the remaining unexpired term in the board of directors meeting held on 13.08.2014 and was approved by the members at Annual general meeting held on 30.09.2014.

Since the office of Mr. Rajender Prasad Nuthakki would come to an end on 09.08.2016, he is proposed to be reappointed as the Joint Managing Director and Chief financial Officer of the company.

As per the provisions of section 197, 198, 203 read with schedule V, such appointment requires the approval of members in the General Meeting.

Hence the Board re-commends passing of the above resolution as set out in the Notice above.

No other person other than Mr. Rajender Prasad Nuthakki (Appointee) and Mr. Ravi Prasad Nuthakki (being relative of proposed Appointee) is interested in the aforesaid resolution.

DIRECTORS PROFILE

Details of the Directors seeking reappointment at the forth coming Annual General Meeting

Name of the Director	Ravi Prasad Nuthakki	Rajender Prasad Nuthakki
Date of Birth	11.08.1961	28.12.1964
Date of First Appointment	17.08.1988	20.12.1991
Expertise in specific functional areas	Ravi Prasad Nuthakki holds degree in B.E., M.B.A. and Post Graduation in M.S. with over 28 years of Experience. He is one of the promoter Director of the Company and has been its Managing Director since 1988.	Rajender Prasad Nuthakki holds degree in aChemical Engineering and Post Graduation in M.S. with over 25 years of Experience. He is one of the promoter Director of the Company and has been its Joint Managing Director since 1988.
Qualification	B.E., M.B.A., and M.S.,	Chemical Engineering and M.S.
Shareholding in the company as on 31.03.2016 (No. of equity shares of Rs. 10/- each	3,88,148	2,48,498
List of other public limited companies in which directorship held	Southern Electrodes Ltd	Southern Electrodes Ltd
Chairman/Member of the Committees of the Board across all public companies of which he is a Director as on 31.03.2016	Member - NIL	Member – Nomination and remuneration committee And Audit Committee and Stake Holder Relationship Committee of Southern Magnesium and Chemicals Limited