



BOARD OF DIRECTORS

Sri T.G. Bharath

Chairman & Managing Director

Sri P.T. Reddy

Dr. A.H. Praveen

Sri D.V. Narendra Babu

Company Secretary

Smt. V. Surekha

Auditors

M/s. S.T. Mohite & Co.

Chartered Accountants

Hyderabad.

BANKERS

State Bank of Hyderabad

REGISTERED OFFICE & WORKS

Gondiparla, Kurnool - 518 004.

Andhra Pradesh - India

**REGISTRARS & SHARE
TRANSFER AGENT**

Aarhi Consultants Pvt. Ltd.

Regd. Office : 1-2-285,

Domalguda,

Hyderabad - 500 029.

Andhra Pradesh.

Tel No. : 040-27638111/4445,

Fax No. : 040-27632184

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NOTICE

NOTICE is hereby given that the 7th Annual General Meeting of the Members of SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED will be held at the Registered Office of the Company at Gondiparla, Kurnool-518 004 (A.P.) on Friday, 28th December, 2012 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2012, the Statement of Profit and Loss and Cash Flow Statement for the period ended on that date and the Reports of Directors' and Auditor's thereon.
2. To appoint a Director in place of Sri P T Reddy , who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sri D V Narendra Babu who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Statutory Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to the provisions of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act,1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in accordance with enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and in terms of the provisions of Guidelines for Preferential Issues contained in Chapter VII of the Securities and Exchange Board of India ICDR (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other applicable provisions of SEBI including any amendment(s) to or re-enactment thereof and subject to the approvals, consents, permissions and / or sanctions, as may be required from any appropriate authority, institution or body (hereinafter collectively referred to as the "the appropriate authorities") and subject to such terms, conditions, alterations, corrections, changes, variations and / or modifications, if any as may be prescribed by any one or more or all of them in granting such approvals, consents, permissions and / or sanctions (hereinafter referred to as "the requisite approvals") and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any committee duly constituted by the Board or any Committee which the Board may have constituted or hereafter constitute, to exercise one or more of its powers including the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to offer, issue and allot 7,35,830 convertible warrants of face value of Rs.10/- each at an issue price of Rs. 55.74 per convertible warrant (including premium of Rs. 45.74 per warrant) as computed in accordance with SEBI (ICDR) Regulations, 2009 to M/s Gowri Gopal Hospitals Pvt Ltd. , one of the promoters of the Company on preferential basis and convertible in equal number of equity shares within a period not exceeding 18 months from the date of allotment of convertible warrants ."

"RESOLVED FURTHER THAT each of the aforesaid convertible warrants be converted into one fully paid-up Equity Share at an issue price of Rs.55.74 (including premium) at the option of the holder at anytime within 18 months from the date of issue."



"RESOLVED FURTHER THAT the "Relevant Date" for above mentioned preferential issue as per SEBI (ICDR) Regulations, 2009 for the determination of applicable price for Equity Shares is 28th November, 2012 being the date 30 days prior to the date of passing of this resolution."

"RESOLVED FURTHER THAT the Equity Shares to be issued on conversion of convertible warrants and allotted in terms of this resolution shall rank pari passu in all respects with the then existing equity shares of the Company and be listed on stock exchanges where the equity shares of the Company are listed."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board (including its committee) be and is hereby authorised on behalf of the Company to take all actions and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient for the issue or allotment of aforesaid Securities and listing thereof with the Stock Exchanges as appropriate and to resolve and settle all questions and matters that may arise in the proposed issue, offer and allotment of the securities, utilization of the issue proceeds and to do all acts, deeds, matters and things in connection therewith and incidental thereto as the Board, in its absolute discretion, may deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard for the purpose of giving effect to this resolution in the interest of the company at any stage without requiring the Board to seek any further consent or approval of the Members."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or any other Director(s) or the Company Secretary or executive(s) / officer(s) of the Company to do all such acts, deeds, matters and things and also to execute such documents, writings etc., as may be necessary to give effect to the aforesaid resolution."

By Order of the Board

Sd/-

(V. Surekha)

Company Secretary

Place : Kurnool

Date : 28th November, 2012

NOTES :

1. A Member entitled to attend and vote at a 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 not less than 48 hours before the time fixed for the Meeting.
2. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. Members are requested to bring with them the Attendance slip sent with the Annual Report duly completed and signed and hand it over at the entrance.
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 5 days i.e. from 24.12.2012 to 28.12.2012 (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 advance.
2. Members are requested to quote Folio Number/Client ID No. in all correspondence.
3. Shareholders are requested to furnish their E-mail Ids to the Company.

EXPLANATORY STATEMENT

(Pursuant to Section 173 (2) of the Companies Act, 1956)

Item No 5.

In pursuance to the disclosure norms as contained under Regulation 73 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the following disclosures were made for the purpose of passing of the said Special Resolution by the shareholders at the ensuing Annual General Meeting.

OBJECTS OF THE PREFERENTIAL ISSUE :

- (i) The proceeds of this issue shall be utilized for augmenting working capital requirements of the Company.
- (ii) **Proposal of the Promoters to subscribe :**
The preferential issue of convertible warrants would be made to M/s Gowri Gopal Hospitals Pvt Ltd, one of the promoters of the Company which have given undertaking to subscribe to the preferential issue vide their undertaking letter dt. 26.11.2012 and to comply with other conditions stipulated in SEBI(ICDR) Regulations, 2009 including applicable lock-in on their pre-preferential holdings of equity shares and proposed preferential allotment of Equity shares upon conversion of warrants.
- (iii) **The Shareholding Pattern of the Company before and after the preferential issue is as under:**

Category	Pre-Issue		Post-Issue	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Promoters :				
Individuals	1038692	7.43	1038692	7.06
Corporate Bodies	6385288	45.67	7121118	48.39
Sub-total- Promoter group (a)	7423980	53.10	8159810	55.45
Non-Promoters :				
Mutual Funds / UTI	2225	0.02	2225	0.02
NRIs	1130168	8.08	1130168	7.68
Corporate Bodies	798054	5.71	798054	5.42
Financial Institutions	44417	0.32	44417	0.30
Public	4582015	32.77	4582015	31.13
Sub-total- Public (b)	6556879	46.90	6556879	44.55
Total (a+b)	13980859	100.00	14716689	100.00



(iv) Proposed time within which the preferential allotment shall be completed :

The allotment of convertible warrants would be completed within the time prescribed under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 i.e., within 15 days of the shareholders approval for the preferential issue or sanction of required approvals from the stock exchanges, SEBI and other related authorities. An amount , as may be decided by the Board of Directors, not being less than 25% of the issue price shall be payable on the date of allotment of convertible warrants. The warrants would be allotted on the following terms.

- a. The holder of warrants will have an option to apply for and be allotted 1 (one) equity share of the Company per warrant, any time after the date of allotment of warrants but on or before the expiry of 18 months from the date of allotment of warrants in one or more tranches.
- b. Upon receipt of the payment and upon exercising the option by the allottee within 18 months, the Board /Committee shall allot one Equity share per warrant by appropriating Rs.10/- towards equity share capital.
- c. If the entitlement against the warrants to apply for the equity shares is not exercised within the period specified, the entitlement of the warrant holder to apply for equity shares of the Company along with the rights attached thereto shall expire and any amount paid on such warrants shall stand forfeited.
- d. The warrant holder shall also be entitled to any future bonus/right issue(s) of equity shares or other securities convertible into equity shares by the Company, in the same proportion and manner as any other shareholders of the Company for the time being.
- e. The warrants by itself do not give to the holders thereof any rights of the shareholders of the Company.

(v) The identity of the proposed allottees and the percentage of post preferential issue capital , change in control consequent to the issue :

Identity of the proposed allottees :

On account of proposed preferential issue and allotment of 7,35,830 convertible warrants at Rs.55.74 per share (including premium of Rs. 45.74per share) of the company to the said Promoter as set out in the resolution, the shareholding of the acquirer would increase from 8,53,461 Equity Shares (including shares allotted under Scheme of Arrangement) to 15,89,291 Equity shares comprising 6.10% to 11.37% and that of the total Promoters' Group holding will increase from 74,23,980 to 81,59,810 Equity shares comprising of 53.10% to 55.45%.

Further identity of the proposed allottee are furnished hereunder.

- 1) M/s Gowri Gopal Hospitals Pvt. Ltd., incorporated under the Companies Act, 1956 having its Registered Office at C-4, Industrial Area, Sanath Nagar, Hyderabad - 500018 . The Company's main activity is in the field of Health Care.

The proposed preferential allotment of resultant equity shares upon conversion of convertible warrants to the proposed allottee would not result in change in control and management of the Company.

**(vi) Undertaking to Recompute the Issue Price :**

The Board of Directors of the Target Company had recommended the Preferential Issue of equity shares under section-81(1A) of the Companies Act, 1956 to seek the approval of the shareholders by means of a 'Special Resolution' at their ensuing Annual General Meeting for the proposed allotment of 7,35,830 convertible warrants of the target company at a price worked out as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. In the event where it is required to do so in terms of the SEBI (ICDR) Regulations, 2009, the company has undertaken that the issue price would be recomputed for the proposed preferential issue.

(vii) Undertaking to pay the amount due on recomputation of price :

An Undertaking was executed by the Promoter to the effect that if the amount payable on account of the re-computation of price of the preferential issue was not paid in time as stipulated in the SEBI (ICDR) Regulations, 2009 the equity shares and convertible warrants allotted to the said Promoter shall continue to be locked in till the time such amount was paid by the Promoter.

(viii) Certificate of Statutory Auditors :

The Certificate from M/s. S T Mohite & Co., Chartered Accountants, Statutory Auditors of the Company as to pricing of the issue and that this preferential issue of shares is being made in accordance with the requirements of SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 will be available for inspection at the Registered Office of the Company during 11 A.M to 1.00 P.M on all working days up to the date of Annual General Meeting and will be placed before the shareholders at the Annual General Meeting.

(ix) Pricing of Equity Shares :

The issue price of each convertible warrant of Rs.55.74 (including premium of Rs. 45.74) is determined as per the guidelines of preferential issue framed under SEBI (ICDR) Regulations, 2009.

(x) Lock-in period of shares :

In accordance with the SEBI (ICDR) Regulations, 2009, the new Equity Shares to be allotted upon conversion of warrants on preferential basis to one of the Promoters viz., M/s. Gowri Gopal Hospitals Pvt. Ltd., shall be subject to a lock in period of three years from the date of the allotment by the Board.

(xi) Interest of Directors:

Except Sri T. G. Bharath, Chairman & Managing Director, none of the Directors is interested or concerned in the resolution.

Your directors recommend the resolution for approval of the shareholders in pursuance to Section 81 (1A) of the Companies Act, 1956.

By Order of the Board

Place : Kurnool
Date : 28th November, 2012

Sd/-
(V. Surekha)
Company Secretary



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

Name of the Director	Sri P T Reddy	Sri D V Narendra Babu
Date of Birth	01-04-1938	09-01-1956
Date of Appointment	27-11-2006	30-06-2009
Expertise in specific functional areas	More than 40 years rich experience in chemical plants	More than 25 years experience in industrial and business fields as entrepreneur
Qualification	B.Tech.(Hon's),(Chemical Engg.)	B.A.
Shareholdings in the Company	NIL	NIL
Directorship in other Public Ltd Companies	NIL	NIL
Membership in Committees in other Public Ltd. Companies	NIL	NIL



DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting the Seventh Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2012.

Financial Results:

(Rs. in lakhs)

Particulars	2011 - 2012 (Merged)	2010 - 2011
Profit before Interest, Depreciation and Tax	4760.92	4160.79
Less : Interest	747.93	893.32
Depreciation	1198.00	1096.75
Loss on sale of assets / Loss due to floods	50.46	218.97
Preliminary Expenses written off	4.18	2.98
Prior period adjustments	8.39	9.27
Profit before Tax	2751.96	1939.50
Provision for Taxation & Deferred Tax	931.52	(136.65)
Profit after Tax	1820.44	2076.15
Add: Balance brought forward from previous year	6626.54	3138.08
Profit available for appropriation	—	5214.23
Interim Dividend and Dividend Tax	—	191.68
Transfer to Reserve Fund	—	51.85
Balance carried forward to next year	8446.98	4970.70

Operations:

During the year the Company achieved combined turnover of Rs.23736 lakhs against previous year turnover of the Company alone of Rs. 17432 lakhs. The project relating to expansion of Calcium Hypochlorite Plant commenced commercial production in second quarter of 2012.

Scheme of Arrangement:

As per Order of Hon'ble High Court of Andhra Pradesh dated 31.08.2012 approving Scheme of Arrangement, Transferor Cos., Viz., SRHHL Industries Limited (Listed Company) and T G V Pharma Private Limited (Unlisted Company) are dissolved and amalgamated with the Company from the Appointed Date i.e., 01-04-2011. All the assets and liabilities of Transferor Companies got transferred to the Company from Appointed Date on 'pooling of interest' basis. In consideration of this, new shares of the Company are allotted in the ratio of 23:200 and 790:100 to the shareholders of Transferor Co., 1 and Transferor Co.,2 respectively .

The operations of Transferor Companies are considered as the operations of your Company with retrospective effect from 01.04.2011. Hence, the results for financial year 2011-12 includes that of transferor companies .



As per CI 9.0 of Scheme duly approved by Hon'ble High Court, the Authorized Share Capital of Transferor Companies are clubbed with the existing Authorized Share Capital of the Company and the same stands at Rs. 49.00 crores after amalgamation.

Allotment of Equity Shares:

On 31.03.2012 new shares to be allotted to the shareholders of Transferor companies is shown under Share Suspense account. The Board in its meeting held on 14th November, 2012 had allotted new equity shares of the Company to the shareholders of Transferor Cos., as on Record Date i.e., 02nd November, 2012 in accordance with approved Scheme of Arrangement and Valuation Report rendered by Chartered Accountants .

The details of Equity Shares allotted to the shareholders of Transferor Companies in physical / Dematerialized form are as follows:

	No. of Equity Shares
1. SRHHL Industries Limited (Transferor Co.,1) (23:200)	13,69,955
2. T G V Pharma Private Limited (Transferor Co., 2) (790:100)	11,16,073
Total	<u>24,86,028</u>

Dividend:

In view of the need for strengthening and stabilization of activities, your Directors have decided not to declare any dividend for the year 2011-12.

Risk Management:

All assets of the Company and other potential risks have been adequately insured.

Fixed Deposits:

The Company has not accepted any Fixed Deposits during the year and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet . Hence, provisions of section 58A of Companies Act, 1956 are not applicable to the Company for the year.

Preferential allotment of shares :

During the year there is an increase of Rs. 54,73,700 in paid up Equity Share capital of the Company. The Company had allotted 5,47,370 Equity shares to one of the promoters of the Company under preferential issue as per approvals by the members and Stock Exchanges. These shares were listed on Bombay Stock Exchange Ltd., on 17.01.2012 and National Stock Exchange of India Ltd .,on 21.12.2011.

Listing of Shares:

The Equity shares of your Company are listed at Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. The Company has paid the Annual Listing fees to each of these Stock Exchanges for the financial year 2012-13.

**Particulars of Employees:**

Except Mr T.G. Bharath, Chairman & Managing Director, no other employee of the Company is drawing remuneration as specified under Section 217(2A) of the Companies Act, 1956. Particulars of employees as required under this Section is given as (Annexure–A) to the Directors' Report.

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange earnings and outgo:

Information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are forming part of the Directors' Report for the year ended 31st March, 2012 is annexed to this Report (Annexure - B).

Directors' Responsibility Statement:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that the preparation of the accounts for the financial year ended 31st March, 2012, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 of the Company for the year under review;
- (iii) that the Directors have 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; and
- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2012 on a 'going concern' basis.

Corporate Governance:

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 regarding the compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement .

Management Discussion and Analysis Report :

Further to comply with Clause – 49 of listing agreement 'Management Discussion and Analysis has been given as (Annexure – D) to the Directors' Report .

Directors:

Sri P T Reddy and Sri D V Narendra Babu , Directors retires by rotation at the ensuing Annual General Meeting and being eligible for re-appointment offer themselves to be re-elected as Directors.



Cost Audit

The Cost Audit under Section 233B is carried out in respect of the product Sulphuric Acid by M/s. Kapardhi & Associates, (M 9488) - Cost Auditor of the Company. The Company has complied with Company Law Board's Order No. F.No/52/258/CAB-2000, dated 13.08.2007 and all the provisions of the Companies Act, 1956 for the year 2010-11. Cost Audit Report had been filed with Central Government vide SRN No. B27135656 on 14.12.2011.

Auditors:

M/s. S.T. Mohite & Co., Chartered Accountants, Hyderabad, the Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

Acknowledgements:

Your Directors thank the Company's Customers, Vendors, Investors, Business Associates, Bankers for their support to the Company .

The Directors also thank the Government Departments, Project and Technical Consultants for their continued support and to all the employees of the Company for their devoted and loyal services.

For and On behalf of the Board

Sd/-

T.G. BHARATH

Chairman & Managing Director

Place : Kurnool

Date : 28th November, 2012

ANNEXURE "A" TO DIRECTORS' REPORT:

Information as per the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (particulars of employees) Rules, 1975 are forming part of the Directors' Report for the period ended 31st March, 2012.

Name of the Employee	Age	Qualifications	Designation / Nature of Employment	Date of Commencement of Employment	Remuneration Received (Rs. Gross)	Experience	Last Employment held
Sri T G Bharath	36 Years	B.Com , MBA (UK)	Chairman & Managing Director	25-07-2006	1,52,32,555	12 years	-

**ANNEXURE “B” TO DIRECTORS’ REPORT:**

Additional information as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy:

1. Continuous replacement of motors with more energy efficient motors being done.
2. Power factor improvement done to bring it almost one.
3. Steam consumption reduced considerably by close monitoring various plants and utilizing condensate more effectively.
4. Overall power consumption brought down in Hypo and S.B.P Units.

FORM A

Disclosure of particulars with respect to conservation of energy:

	UNIT	Current Year 2011-2012	Previous Year 2010-2011
A. Power and Fuel Consumption			
1. ELECTRICITY			
a. Purchased	(KWH)	197566645	18041538
Total Amount	(Rs.)	83310710	70829253
Rate per Unit	(Rs.)	4.22	3.93
b. Own Generation through Diesel Generator (Units)	(KWH)	21328	1520
Unit per Ltr. of Diesel Oil	(KWH)	0.24	0.18
Cost / Unit	(Rs.)	10.55	11.78
c. Own Generation through Wind Units	(KWH)	24826221	26783594
Cost / Unit	(Rs.)	2.56	4.38
B. Consumption per MT of production:			
PRODUCT NAME			
Hi-strength Hypochlorite (HSH)	(KWH)	647	588
Sulphuric Acid (SA)	(KWH)	55	44
Chlorosulphonic Acid (CSA)	(KWH)	61	55
Stable Bleaching Powder (SBP)	(KWH)	148	136
Monochloroacetic Acid (MCA)	(KWH)	509	524
H2 Gas	(Cum)	0.34	0.32
Sodium Hydride	(KWH)	368	—
Sodium Methoxide	(KWH)	338	—



B. Technology Absorption:

Efforts made in Technology Absorption as per Form B.

FORM B

Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company

- I. Inhouse system developed for treating effluent for proper specification before feeding to evaporation section.
- II. For utilizing more profitable way, successful lab trials conducted to recover Salt and Calcium Hypochlorite of proper concentration . Further pilot plant scale operation will be taken up in the near future.
- III. In MCA plant one of the raw material changed for reducing the consumption of Acetic Acid and elimination of sulphur.

2. Benefits derived as a result of R & D

MCA & DCA products moisture contents brought down to within the specified limits.

3. Future plans in R&D

Commercialization of Calcium Hypochlorite and salt recovery from mother liquor.

4. Expenditure on R & D

Charged under primary heads

5. Technology Absorption, Adoption and Innovation:

There is no import of technology absorption, adoption and innovation during the year.

C. Foreign Exchange Earnings and Outgo:

a) Activities relating to exports, initiatives taken to increase Exports, development of new export market for products and services and export plans:

The Company is continuously exploring the new markets for export of its products- Hi-strength Hypochlorite, Stable Bleaching Powder, Mono-Chloro Acetic Acid and Sulphuric Acid

b) Total Foreign Exchange used and earned

	(Rs. in lakhs)
i. Foreign Exchange earned	11218.18
ii. Foreign Exchange used	1748.52

For and On behalf of the Board

Place : Kurnool
Date : 28th November, 2012

Sd/-
T.G. BHARATH
Chairman & Managing Director



ANNEXURE “C” TO DIRECTORS’ REPORT

Report on Corporate Governance

1. Company’s Philosophy on Code of Governance

Corporate Governance in Sree Rayalaseema Hi-strength Hypo Limited is a systematic process by which Company is directed and controlled to enhance its wealth generating capacity. Sree Rayalaseema Hi-strength Hypo Limited (SRHHL) has been practicing the principles of good corporate governance. The Board of Directors supports the broad principles of corporate governance. In addition to the basic governance issues, the Board lays strong emphasis on attainment of high levels of transparency, accountability and integrity.

2. 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 four Directors and majority of Directors are independent Directors. Except Chairman & Managing Director, the other Directors are non-executive Directors. The details of Directors attending the meetings are further furnished hereunder:

S. No.	Name of the Director	Designation	No. of Board Meetings		Other Membership	
			Held	Attended	Board	Committee
1.	Mr. T.G. Bharath	Chairman & Managing Director	9	9	8	1
2.	Mr. P.T. Reddy	Independent Director	9	9	-	-
3.	Dr. A. H. Praveen	Independent Director	9	9	-	-
4.	Mr. D.V. Narendra Babu	Independent Director	9	9	-	-

During the financial year ended 31st March, 2012, Nine Board meetings were held on (1) 30.05.2011 (2) 25.07.2011 (3) 10.08.2011 (4) 27.08.2011 (5) 03.11.2011 (6) 07.12.2011 (7) 28.12.2011 (8) 03.02.2012 (9) 08.02.2012.

The last Annual General Meeting of the Company was held on 26.09.2011 and it was attended by Sri T.G. Bharath, Chairman & Managing Director, Sri P.T. Reddy, Chairman of Audit Committee.



3. Committees of the Board

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:

- (a) Oversight of the Company's financial reporting process to ensure that the financial statements is correct, sufficient and credible.
- (b) Recommendations to the Board with regard to appointment, re-appointment, fixation of fees etc, of Statutory Auditors.
- (c) Reviewing with Management the Annual Financial Statement before submitting to the Board with particulars 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.
- (d) Qualifications in draft Audit Report
- (e) Reviewing with management quarterly financial statements
- (f) The adequacy of Internal Audit functions
- (g) Discussion with Statutory Auditors before the audit commences
- (h) Reviewing the findings of any investigations by the Internal Auditors etc.

The Audit Committee comprises of Sri P.T. Reddy as Chairman, Sri D.V. Narendra Babu and Dr. A. H. Praveen, all non-executive Directors as members. The role, terms of reference and authority and powers of the Audit Committee are in conformity with the requirements of Companies Act, 1956 and Listing Agreement.

The Committee held Four meetings during the year 2011-12 on (1) 30.05.2011, (2) 10.08.2011. (3) 03.11.2011, (4) 08.02.2012 and all the members attended the meetings.

Remuneration Committee

The Remuneration Committee comprises of Sri P.T. Reddy as Chairman, Sri D.V. Narendra Babu and Dr. A.H. Praveen, all non-executive Directors as members. The Committee interalia, deals with all elements of remuneration of Chairman & Managing Director's service contracts, notice period, severance of payments etc.

The Non-Executive Directors will be paid sitting fee of Rs.2,500 /- per each meeting of Board and Rs. 1500/- per each Audit Committee Meetings . The CMD will not be paid any sitting fee for attending the Board / Committee meetings. The details of total remuneration paid to Sri T.G. Bharath, CMD for the year is furnished hereunder:

Salary	Perquisites	Commission	Total (Rs.)
15,00,000	4,81,433	1,32,51,122	1,52,32,555



Shareholder(s) / Investor(s) Grievance Committee

To review the actions taken by the Company in relieving Investors' Grievances and its response to Stock Exchanges, SEBI and other related Government correspondence, Investors' Grievance Committee / Shareholders' Committee was constituted by the Board on 25.07.2006. The Committee comprises of Sri T.G. Bharath as Chairman, Sri P.T. Reddy and Dr. A.H. Praveen as Members. The Company 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 2011-12	Pending at the end of the year	No.of pending Share Transfers
114	NIL	NIL

4. General Body Meetings :

The last three Annual General Meetings of the Company were held on (1) 25.09.2009 (11 A.M.) ; (2) 24.09.2010 (11 A.M.) and (3) 26.09.2011 (11 A.M.) at Regd. Office, Gondiparla, Kurnool-518004 (A.P.). The Special Business transacted and approved by the Members at the previous Annual General Meetings are as follows:

2008-09

1. To increase the payment of commission to Sri T.G. Bharath, CMD of the Company from 1% to 4% of the net profits.
2. To increase the borrowing powers of the Board of Directors from Rs.200 Crores to Rs.500 Crores
3. Appointment of Dr. A.H. Praveen u/s 257 of the Companies Act, 1956.
4. Appointment of Sri D.V. Narendra Babu u/s 257 of the Companies act, 1956.
5. Issue of 2,66,500 equity shares under preferential allotment to one of the Promoters.

2009-10

1. Issue of 5,17,500 Equity shares under preferential allotment to one of the promoters. (Allotted 4,96,298 Equity shares of Rs.10/- each).

2010-11

1. Re-appointment of Chairman & Managing Director Sri T G Bharath for further period of 5 years.
2. Issue of 5,47,370 Equity shares under preferential allotment to one of the promoters.
3. To increase authorized share capital from Rs. 12 crores to Rs. 14 crores.
4. Alteration of capital clause of Memorandum of Association.
5. Alteration of Articles of Association.

5. Disclosures :

None of the transactions with any of the related parties were in conflict with the interest of the Company at large. The details of related party transactions are



furnished under note no. 29.9 of Notes to Accounts and to comply with Accounting Standard 18. The Company has not received any notices from Stock Exchanges or SEBI regarding non-compliance of statutory provisions. The Company is complying with all mandatory requirements as per Clause 49 of the Listing Agreement and non-mandatory requirements are not yet adopted by the Company .

6. Means of Communications :

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

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. Further to confirm that the management discussion and analysis report communicated to shareholders and all the concerned has been made part and parcel of Annual Report. Further the quarterly / half yearly results are generally posted in Company's website www.tgvgroup.com

7. General Shareholder Information

(a) Annual General Meeting:

Date	: 28 th December, 2012
Time	: 11:00 A.M.
Venue	: Sree Rayalaseema Hi-Strength Hypo Limited Regd. Office : Gondiparla Kurnool – 518 004 (A.P.)

(b) Tentative Financial Calendar : The next financial year covers the period from 1st April, 2012 to 31st March, 2013.

Un-audited Financial Results for :

First Quarter	- July/August, 2012
Second Quarter	- October/November, 2012
Third Quarter	- January/February, 2013
Fourth Quarter	- April/May, 2013

(c) Book Closure period : 24.12.2012 to 28.12.2012 (inclusive of both days)

(d) Dividend Date : Not Applicable

(e) Listing on Stock Exchanges: The shares of the Company are listed on Bombay Stock Exchange & National Stock Exchange of India Ltd.

The ISIN (DEMAT) on the NSDL and the CDSL is INE 917H01012

(f) Stock Code : The Stock codes on Exchanges are on

Bombay Stock Exchange Ltd. - 532842

The National Stock Exchange of India Ltd. - SRHHYPOLTD

**(g) Market price data for Financial year 2011-12:**

Month & Year	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2011	52.90	45.00	53.00	43.15
May, 2011	48.75	40.05	48.75	38.80
June, 2011	46.70	40.05	46.85	38.50
July 2011	45.40	40.10	48.90	38.00
August, 2011	44.85	36.15	44.65	35.70
September, 2011	41.90	38.15	44.65	38.00
October, 2011	45.00	37.55	44.95	34.55
November, 2011	49.40	37.15	49.70	36.00
December, 2011	40.75	31.10	41.20	31.00
January, 2012	39.80	31.00	42.70	30.10
February, 2012	62.25	38.00	63.00	37.05
March, 2012	59.75	53.15	63.00	52.10

(h) Share Transfer Agents:

The Company has appointed M/s.Aarthi Consultants Pvt Ltd. as Share Transfer Agent for Dematerialisation, Rematerialisation, Share Transfers and other related matters.

(i) Distribution of Shareholding as on 31st March, 2012 (before merger) :

Sl. No.	Category	Shares	Amount	%
1.	Promoters	5785233	57852330	50.33
2.	Mutual Funds	1895	18950	0.02
3.	Banks / FIIS	37810	378100	0.33
4.	Corporate Bodies	742563	7425630	6.46
5.	Indian Public	3954367	39543670	34.40
6.	NRI / OCBS	972963	9729630	8.46
	Total	11494831	114948310	100

(j) Dematerialisation of shares and liquidity:

As on 31st March, 2012, 76.70 % of shares were held in Dematerialised form and rest in physical form.

(k) Outstanding GDR / ADRs / Warrants / Convertible Instruments – Not applicable**(l) Code of Conduct**

A code of Conduct is duly approved by the Board on 29.08.2006 and communicated to all Directors and Senior Management of the Company and affirmed by them as to its compliance on an annual basis. Code of conduct is posted on website of the Company.



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 31.03.2012.

Sd/-

Place : Kurnool

T G Bharath

Date : 28th November, 2012

Chairman & Managing Director

(m) Plant Locations:

- Stable Bleaching Powder Plant (3 Nos) two located at Gondiparla, Kurnool District, Andhra Pradesh and other is at Manjawadi, Laxmapuram, Dharmapuri District, Tamilnadu.
- Sulphuric Acid, Chloro Sulphonic Acid, Monochloro Acetic Acid, Plastic Moulded Drums and Calcium Hypochlorite (Hi-Strength Hypo), plants are located at Gondiparla, Kurnool District, Andhra Pradesh.
- Bottling of Hydrogen Gas plant situated at Gondiparla, Kurnool District, Andhra Pradesh.
- Wind Mill Power units situated in Tamilnadu State and Andhra Pradesh.
- Sodium Methoxide and Sodium Hydride Plant at Gondiparla, Kurnool.
- Hatchery and Steric Acid unit at Kakinada, WTG Unit at Ambattur, Tamilnadu.

(n) For all matters, address for correspondence at any of the following addresses

(A) Registrar and Share Transfer Agent
M/s. Aarathi Consultants Pvt. Ltd.
Door No. 1-2-285, Domalguda
Hyderabad - 500 029.

(B) Sree Rayalaseema Hi-Strength Hypo Limited
No.6-2-1012, IInd Floor, TGV Mansion,
Above ICICI Bank, Khairatabad
Hyderabad - 500 004. (A.P.)
Tel Nos. 040-23313843 Fax No.: 040-23313875

(o) E-mail ID : srhypo@tgvmail.net

For and on behalf of the Board

Sd/-

Place : Kurnool

T G Bharath

Date : 28th November, 2012

Chairman & Managing Director



Auditors' Certificate regarding Compliance of Conditions of Corporate Governance

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

To

The Members

Sree Rayalaseema Hi-Strength Hypo Limited

We have examined the compliance of the conditions of Corporate Governance by Sree Rayalaseema Hi-strength Hypo Limited for the year ended 31st March, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchnages.

The compliance of the condition of Corporate Governance is the responsibility of the management. Our examination was limited to review of the procedures and implementation thereof, adopted by the company for ensuring the compliance with the condition of 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 explanation given to us and representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as on 31st March, 2012, there were no investor grievances remaining unattended / pending for a period exceeding one month against company as per the records maintained by the Company and the same were resolved afterwards.

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 S.T. Mohite & Co.,
Chartered Accountants
Regn. No. 011410S

Sd/-

M.T. Sreenivasa Rao
Proprietor
Membership No. 15635

Place : Kurnool

Date : 28th November, 2012

**ANNEXURE “D” TO DIRECTOR’S REPORT:****Management Discussion & Analysis Report :****A) Industry Structure and Developments :**

The Company products can be broadly classified under Inorganic chemicals. Another activity is generation of power through wind electricity generators.

B) Opportunities and Threats :

- (1) There is growing demand for Calcium Hypochlorite in the international market
- (2) Most of the raw materials are easily available locally thus savings in the transportation costs
- (3) The raw material prices are uncertain in the market. Any steep upward price rise would affect the profitability of the unit.
- (4) The import of lime for the manufacture of Hi-strength Hypochlorite and Sodium Metal for Sodium Hydride may affect the profitability of the Company due to exchange fluctuations.
- (5) The generation of power through wind mainly depends on high wind velocity which is seasonal in nature.

C) Segment-wise or Product-wise Performance :

The Company surpassed its previous year performance in case of Hi-strength Hypochlorite (HSH), Mono Chloro Acetic Acid (MCA), Oleum and bottling of Hydrogen Gas. However, there was a slight decline in the production of Stable Bleaching Powder (SBP), Chloro Sulphonic Acid (CSA), Sulphuric Acid and Power generation through wind.

D) Outlook :

The Company is exploring possibilities of exporting more quantities of existing products Stable Bleaching Powder (SBP), Mono Chloro Acetic Acid (MCA) , Hydro chloric acid (HCL) and Sulphuric Acid.

E) Risks and Concerns :

- (i) Raw material prices are market driven and any upward revision will affect the profitability of the Company.
- (ii) Fluctuations in foreign exchange currencies in relation to exports, Imports and FCTL.
- (iii) The investments in shares are market driven which are exposed to related risks.

**F) Internal Control Systems and their Adequacy :**

The Company has a good system of internal controls in all spheres of its activities. All the staff of the Internal Audit Department are well trained in internal control procedures and well versed with computerized environment. Further, in key areas like stores, finalization of purchase orders and fixation of material prices are under pre-audit supported by Advisory Committees. The Management regularly reviews the findings of the internal auditors and effective steps to implement the suggestions/observations of the Auditors are taken and monitored regularly. In the opinion of the Board, an effective internal control system adequate to the size of the Company are in place.

G) Discussion on financial performance with respect to operational performance :

For the year 2011-12 (Merged), net profit before Tax is Rs. 2751.96 lakhs against Rs. 1939.50 lakhs (stand alone) during the previous year. The Company provided (-) Rs. 165.40 lakhs towards deferred tax and (+) Rs. 1096.92 lakhs towards current tax. Due to this, the net profit after Tax is Rs. 1820.44 lakhs.

H) Material developments in Human Resources / Industrial Relations front, including number of people employed :

During the year, the Company maintained harmonious and cordial industrial relations. The Company regularly conducting seminars and workshops to improve the safety and maintenance of the factory and for also timely dispatches of quality products. The Company is deputing employees for attending seminars for updating their skills and knowledge. The Company had around 450 employees on its rolls.

For and on behalf of the Board

Place : Kurnool

Date : 28th November, 2012

Sd/-

T G Bharath

Chairman & Managing Director

**AUDITORS' REPORT**

To
The Members of
Sree Rayalaseema Hi-Strength Hypo Limited

1 Report on the Financial Statements:

We have audited the attached Balance Sheet of Sree Rayalaseema Hi-Strength Hypo Limited, as at 31st March 2012, and the Statement of Profit and Loss for the year ended on that date annexed thereto.

2 Management Responsibility for the Financial Statements:

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

3 Auditors' Responsibility:

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion

4 The Companies (Audit Report) Order, 2003 (CARO):

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of subsection (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said order to the extent applicable.

5 Opinion:

Further to our comments in Annexure referred in paragraph 3 above, 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 purpose of our audit
- ii) In our opinion, proper books of account, as required by law have been kept by the Company so far as appears from our examination of these books.



- iii) The Balance Sheet and Statement of Profit and Loss dealt with by this report are in agreement with the books of account
- iv) In our opinion, the Balance Sheet and Statement of Profit and Loss dealt with by this report comply with the Accounting Standards referred in Section 211 (3C) of the Companies Act, 1956 to the extent applicable.
- v) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts with the notes and accounting policies thereon give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India.
 - a) In the case of Balance Sheet, of the state of the affairs of the Company as at 31st March, 2012;
 - b) In the case of Statement of Profit and Loss, of the Profit for the year ended on that date; and
 - c) In the case of cashflow statement, of the cashflows for the year ended on that date.

6. Reporting requirements relating to Sec.274(1)(g) of the Companies Act, 1956:

On the basis of the written representations received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956

for S.T. Mohite & Co.,
Chartered Accountants
(Regn No 011410S)

Sd/-

Place : Kurnool
Date : 19th October, 2012

M.T. Sreenivasa Rao
Proprietor/ Membership No.15635



Annexure to Auditors' Report
(referred to in Paragraph 4 of our Report of even date)

Sl. No.	Ref.to CARO	Report by Auditors of the Company
1	<p>4 (i)</p> <p>4 (i) (a)</p> <p>4 (i) (b)</p> <p>4 (i) (c)</p>	<p>Fixed Assets</p> <p>The company is generally maintaining proper records to show full particulars including quantitative details and situation of all fixed assets.</p> <p>We are informed that the company has formulated a programme of physical verification of all the fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the business of the company and nature of its assets. Accordingly, the physical verification of the fixed assets has been carried out by the management during the year and no material discrepancies were noticed on such verification.</p> <p>In our opinion and according to the information and explanations given to us, the company has disposed off some of fixed assets which is not substantial to affect going concern concept.</p>
2	<p>4(ii)</p> <p>4(ii)(a)</p> <p>4(ii)(b)</p> <p>4(ii)(c)</p>	<p>Inventories</p> <p>As explained to us, the Finished Goods and Stocks-in-process in the company's custody have been physically verified by the management at the end of the financial year and in respect of raw materials, stores and spares there is a perpetual inventory system and physical verification programme to cover all items atleast once during the financial year. In our opinion, the frequency of the physical verification is reasonable</p> <p>In our opinion and according to the information and explanations given to us, the procedures of physical verification of the inventory followed by the management were generally reasonable and adequate in relation to the size of the company and the nature of its business.</p> <p>In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and book records are not material having regard to the size of the operations of the company and have been properly dealt in the books of accounts</p>
3	<p>4(iii)</p> <p>4(iii)(a) to (d)</p> <p>4(iii)(e) to (g)</p>	<p>Loans to / from parties covered by Sec.301 of the Co.Act,1956</p> <p>In our opinion and according to the information and explanations given to us, the company has paid interest-free advance for subscription for shares to a company and Rent Deposit to another company, both of whom are covered in the Register maintained U/s 301. The maximum amount involved during the year is Rs.1154.34 lakhs and the same is outstanding at the end of the year.</p> <p>The terms for receipt and steps to be taken for recovery of principal and interest are not applicable</p> <p>In our opinion and according to the information and explanations given to us, the Company has not taken any loans, secured or</p>



Sl. No.	Ref.to CARO	Report by Auditors of the Company
4	4(iv)	<p>unsecured from any company, firms or other parties covered in the register maintained u/s 301 of the Co. Act Hence furnishing details required by 4(iii)(e) to (g) are not applicable.</p> <p>Adequacy of Internal control procedures 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. According to the explanation given to us, there are no failures to correct major weaknesses in internal controls.</p>
5	4(v) 4(v)(a)	<p>Register under Sec.301 of the Co.Act,1956 To the best of our knowledge and belief and according to the information and explanations given to us, the transactions made in pursuance to such contracts to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956 have been entered.</p>
	4(v)(b)	<p>According to the information and explanations given to us, the transaction made in pursuance to such contracts or arrangements entered in the Register maintained under Sec.301 of the Co.Act,1956 and exceeding the value of Rs.5 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.</p>
6	4(vi)	<p>Acceptance of Public Deposits As per the records examined by us and according to the information given to us, the company has not accepted any deposits from the public. Hence, compliance under Sec.58A and 58AA of the Companies Act,1956 is not applicable to the Company</p>
7	4(vii)	<p>Internal Audit System In our opinion, the Company has an internal audit system for the period under the audit commensurating with the size, nature and project status of the Company.</p>
8	4(viii)	<p>Maintenance of cost records We have broadly examined the accounts and records maintained by the company pursuant to the Rules prescribed by the Central Govt. for the maintenance of cost records u/s section 209(1)(d) of the Companies Act, 1956, in respect of one of its chemical products and power generation. We are of the opinion that prima facie the prescribed records maintained. However, we have not made detailed examination.</p>
9	4(ix) 4(ix)(a)	<p>Statutory Dues According to the information and explanations given to us, in respect of statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Service Tax, Wealth Tax, Custom Duty, Excise Duty, Cess, and other material statutory dues, the Company has been generally regular in depositing undisputed statutory dues, with appropriate authorities during the period. There are no outstanding statutory dues as at the last day of the financial year concern for a period of more than six months from the date they become applicable.</p>



Sl. No.	Ref.to CARO	Report by Auditors of the Company				
	4(ix)(b)	According to the information and explanations given to us and the records examined by us, the particulars of Service Tax, Sales Tax, Excise Duty, Customs Duty, Income Tax as on 31-3-2012 which have not been deposited on account of a dispute pending are as under:				
Sl. No.	Name of the Statute	Nature of dues	Total Amount Rs.	Period to which the amt.relates	Forum where dispute is pending	
1.	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit for some input services	8,96,117	2007-08	Appeal filed with Service Tax Dept. pending before CESTAT	
2.	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit for some input services	3,64,324	2008-09	Appeal filed with Service Tax Dept. pending before Comm. Appeals, Guntur.	
3.	Central Excise Act, 1944	Disallowance of CENVAT Credit	32,19,175	2006-09	Appeal pending before Additional Comm., Tirupati.	
4.	Central Excise Act, 1944	Disallowance of CENVAT Credit	20,66,352	2009-10	Appeal pending before Additional Comm., Tirupati.	
5.	Central Excise Act, 1944	Disallowance of CENVAT Credit on input services	30,58,889	2010-11	Appeal pending before Additional Comm., Tirupati.	
6.	Service Tax 1944	Non payment of service tax on lease rentals	12,08,860	2010-11	Appeal pending before Comm. Appeals, Guntur.	
7.	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit on customs duty	32,52,002	2010-11	Appeal pending before Comm. Appeals, Tirupati.	
8.	Service Tax 1944	Non payment of service tax on brokerage received	3,46,503	2006-07	Appeal pending before CESTAT	
9.	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit on input services	27,64,347	2010-11	Appeal pending before Comm. of Central Excise Tirupati.	
10.	The Income Tax Act, 1961	Disallowance of amount as expenditure under section 14A	3,04,719	2008-09	Appeal pending before CIT(appeals) Hyderabad.	
11.	The Electricity Act, 2005	Demand for additional Fuel surcharge	3,10,13,000	2008-09 to 2011-12	Appeal filed in A.P. High Court	



Sl. No.	Ref.to CARO	Report by Auditors of the Company
10	4(x)	<p>Erosion of Networth & Cash losses incurred</p> <p>There are no accumulated losses at the end of the year and the company has not incurred cash losses in the financial year ended on that date or in the immediately preceding financial year.</p>
11	4(xi)	<p>Defaults in repayment to FIs/Banks/Debenture holders</p> <p>Based on our examination of records and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to any loans and hence default in repayment of dues to financial Institutions or banks or debenture holders as at the balance sheet date.</p>
12	4(xii)	<p>Maintenance of records for loans granted against securities</p> <p>According to the information furnished to us and verified by us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence clause 4(xi) of the Order is not applicable to the Company.</p>
13	4(xiii)	<p>Special Statute - Nidhi/Mutual Benefit Fund/Chit Fund Companies</p> <p>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 order are not applicable to the company.</p>
14	4(xiv)	<p>Records for Investments by the company dealing or trading in securities</p> <p>Based on our audit procedures and according to the information and explanation given by the management, the Company is not dealing in or trading in shares, debentures and other securities. Hence, the provisions of this para are applicable to the Company.</p>
15	4(xv)	<p>Guarantees given for loans by others</p> <p>According to the information and explanation given by the management, the company has given guarantee aggregating to Rs. 1052 lakhs (outstanding as on 31.03.2012 is Rs. 477 lakhs) for loans taken by two associate Companies from bank or financial institutions. The terms of such guarantees are not prejudicial to the Company.</p>
16	4(xvi)	<p>End use of funds for Term loans</p> <p>In our opinion and according to the information and explanations given to us on an overall basis the term loans have been applied for the purpose for which they have been obtained.</p>
17	4(xvii)	<p>Usage of short term funds for long-term investments</p> <p>According to the information and explanations given to us and overall examination of Balance sheet of the company, we report that no funds raised on short term basis have been used for long term investments.</p>



Sl. No.	Ref.to CARO	Report by Auditors of the Company
18	4(xviii)	<p>Preferential allotments to parties covered by Sec.301 of the Companies., Act 1956</p> <p>The Company has made a preferential allotment of shares to a Company covered in the Register maintained under section 301 of the Act. The preferential allotment was made in strict compliance of SEBI(ICDR) Regulations,2009 and terms of preferential allotment are not prejudicial to the company's interest</p>
19	4(xix)	<p>Securities or charges for Debentures issued</p> <p>The Company has not created any securities or charge in respect of debentures as the company has not issued any debentures during the year.</p>
20	4(xx)	<p>End use of monies raised by public issues</p> <p>The Company has not raised any money by way of public issue during the year. But during the year under review, the company made a preferential allotment and disclosed the utilisation of the proceeds on such issue in the Balance Sheet.</p>
21	4(xxi)	<p>Frauds on or by the Company</p> <p>During the course of our examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given, we have neither come across any instances material fraud on or by the company, noticed or reported during the year.</p>

for S.T. Mohite & Co.,
Chartered Accountants
(Regn No 011410S)

Sd/-

Place : Kurnool

Date : 19th October, 2012

M.T. Sreenivasa Rao
Proprietor/ Membership No.15635



BALANCE SHEET AS AT 31 st MARCH 2012

	Note	As At 31-03-2012 Rs.	As At 31-03-2011 Rs.
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	1	13,98,08,590	10,94,74,610
(b) Reserves and Surplus	2	1,14,42,24,060	65,47,93,841
(c) Money received against share warrants		-	-
		1,28,40,32,650	76,42,68,451
(2) Share application money pending allotment			
		-	-
(3) Non-current liabilities			
(a) Long-term borrowings	3	59,65,44,660	40,88,10,737
(b) Deferred tax liabilities (Net)	4	22,77,10,547	24,02,80,306
(c) Other Long term liabilities	5	41,24,284	33,46,225
(d) Long-term provisions	6	49,33,292	47,50,253
		83,33,12,783	65,71,87,521
(4) Current liabilities			
(a) Short-term borrowings	3	20,86,86,493	23,50,69,652
(b) Trade payables	7	21,34,50,283	11,93,91,584
(c) Other current liabilities	8	39,85,36,294	29,75,06,350
(d) Short-term provisions	9	16,98,66,395	7,53,80,037
		99,05,39,465	72,73,47,623
TOTAL		3,10,78,84,898	2,14,88,03,595
II ASSETS			
(1) Non-current Assets:			
(a) Fixed Assets			
(i) Tangible Assets	10	1,27,41,90,861	1,18,89,35,490
(ii) Intangible Assets		-	20,000
(iii) Capital work-in-progress		33,10,51,915	4,64,07,662
(iv) Intangible assets under development		-	-
		1,60,52,42,776	1,23,53,63,152
(b) Non-current investments	11	22,47,34,969	4,56,03,962
(c) Deferred tax assets(net)		-	-
(d) Long-term loans and advances	12	27,83,00,896	14,52,28,753
(e) Other non-current assets		-	-
(2) Current Assets:			
(a) Current investments	13	1,98,719	-
(b) Inventories	14	21,02,07,187	16,10,17,743
(c) Trade receivables	15	29,11,24,434	23,89,84,999
(d) Cash and Cash equivalents	16	5,24,30,417	4,85,82,171
(e) Short term loans and advances	17	42,22,13,405	22,59,51,447
(f) Other current assets	18	2,34,32,095	4,80,71,368
		99,96,06,257	72,26,07,728
TOTAL		3,10,78,84,898	2,14,88,03,595
Contingent liabilities	19	-	-
Significant Accounting Policies and Notes to Accounts	29	-	-

Notes 1 to 19 and Note 29 annexed form integral part of Balance Sheet

As per our report of even date attached.

For S.T.Mohite & Co.,

Chartered Accountants (Regn.No.011410S)

**Sd/-
M.T.Sreenivasa Rao**

Proprietor/Membership No.15635

Place : Kurnool

Date : 19th October, 2012

For and on behalf of the Board

Sd/-

T.G.Bharath
Chairman & Managing Director

Place : Kurnool

Date : 19th October, 2012

Sd/-

P.T.Reddy
Director

**Sd/-
V.Surekha**
Company Secretary



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH,2012

	Note	Year Ended 31-03-2012 Rs.	Year Ended 31-03-2011 Rs.
Incomes:			
I Revenue from Operations (Gross)	20	2,53,21,13,567	2,18,77,47,514
Less : Excise Duty		(9,75,24,264)	(7,06,67,208)
Revenue from Operations (Net)		2,43,45,89,303	2,11,70,80,306
II Other Income	21	1,15,82,054	77,74,400
III Total Revenue (I+II)		2,44,61,71,357	2,12,48,54,706
IV Expenses:			
a) Cost of materials consumed	22	1,22,59,05,416	1,03,19,97,791
b) Purchases of Stock-in-Trade		2,41,12,486	9,42,29,216
c) Changes in inventories of finished goods work-in-progress and stock in Trade	23	(1,27,22,026)	(3,08,61,117)
d) Employee benefits expenses	24	9,80,73,614	8,78,45,742
e) Finance costs	25	7,47,93,446	8,93,31,840
f) Depreciation and amortization expense	10	12,02,18,905	10,99,72,643
g) Other expenses	26	59,96,02,771	52,54,44,161
Total Expenses		2,12,99,84,612	1,90,79,60,276
V Profit before Exceptional and Extraordinary items and Tax (III - IV)		31,61,86,745	21,68,94,430
VI Exceptional Items	27	4,01,52,219	1,48,938
VII Profit before extraordinary items and Tax (V-VI)		27,60,34,526	21,67,45,492
VIII Extraordinary Items(Loss due to Floods)		-	2,18,68,061
IX Profit before tax and prior period expenses (VII-VIII)		27,60,34,526	19,48,77,431
X Prior period expenses		8,38,927	9,27,072
XI Profit before tax for the period (IX-X)		27,51,95,599	19,39,50,359
XII Less: Tax Expenses			
(a) Current tax		10,96,92,175	3,86,55,276
(b) Deferred tax		(1,65,40,386)	(5,23,19,854)
(c) Net Tax Expenses		9,31,51,789	(1,36,64,578)
XIII Profit for the period (XI-XII)		18,20,43,810	20,76,14,937
XIV Earnings per equity share (EPS) :			
(a) Basic		13.02	19.49
(b) Diluted		13.02	19.49
(c) Face Value		10.00	10.00
Notes to statement of profit and loss	28		
Significant Accounting Policies and Notes to Accounts 29			

Notes 10, 20 to 29 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 S.T.Mohite & Co.,

Chartered Accountants (Regn.No.011410S)

Sd/-

Sd/-

Sd/-

T.G.Bharath

P.T.Reddy

M.T.Sreenivasa Rao

Chairman & Managing Director

Director

Proprietor/Membership No.15635

Sd/-

Place : Kurnool

Place : Kurnool

V.Surekha

Date : 19th October, 2012

Date : 19th October, 2012

Company Secretary



Cash Flow Statement For The Year Ended 31.03.2012 As Per Clause 32 of Listing Agreement

Rs. in Lakhs

	Year Ended 31-03-2012	Year Ended 31-03-2011
A Cash Flow From Operating Activities		
Net Profit before Tax and Exordinary items	2760.35	2167.45
Depreciation	1198.00	1096.75
Interest Paid	747.93	893.32
Interest Received	(52.38)	(25.91)
Profit / Loss on sale of assets	(104.39)	-
Preliminary & deferred expenses written off	4.18	2.98
Operating Profit before Working capital changes	<u>4553.70</u>	<u>4134.59</u>
Adjustments for:		
Trade and Other receivables	(3568.34)	(898.31)
Inventories	(491.89)	(366.68)
Trade payable	2631.91	207.17
	<u>(1428.32)</u>	<u>(1057.82)</u>
Cash generated from operations	3125.38	3076.77
Interest Paid	(747.93)	(893.32)
Interest Received	52.38	25.91
Direct Taxes	(931.52)	136.65
Interim Dividend and Dividend tax and reserve fund	-	(243.53)
Cash Flow From Operating Activities	1498.31	2102.48
Less : Extra ordinary items	-	227.95
Net Cash Flow From Operating Activities	1498.31	1874.53
B Cash Flow From Investing Activities		
Purchase/Sales of Fixed Assets	(6625.42)	(1119.00)
Purchase/Sales of Investments	(1793.30)	-
Net cash used in Investing Activities	(8418.72)	(1119.00)
C Cash Flow From Financing Activities		
Proceeds from long term borrowings	1761.25	(810.63)
Increase of share capital	303.34	49.63
Increase of share premium	4894.30	208.43
Net cash used in Financing Activities	6958.89	(552.57)
Net increase in cash & cash equivalents (A+B+C)	38.48	202.96
Cash & Cash equivalents as at 01-04-2011(op.B/s)	485.82	282.86
Cash & Cash equivalents as at 31-03-2012(cl.B/s)	524.30	485.82

For and on behalf of the Board

Sd/-

T.G.Bharath

Chairman & Managing Director

Sd/-

P.T.Reddy

Director

Place : Kurnool

V.Surekha

Date : 19th October, 2012

Company Secretary

CERTIFICATE

We have examined the above cash flow statement for the year ended 31st March,2012. The statement has been prepared by the company in accordance with Clause 32 of the Listing Agreement executed with the Stock Exchanges and is based on and in agreement with the corresponding Statement of Profit & Loss and Balance Sheet of the Company covered by our Report of 19th Oct, 2012 to the members of the Company.

for S. T. Mohite & Co.,

Chartered Accountants

Regn No. 011410S

Sd/-

Place: Kurnool

M.T. Sreenivasa Rao

Date : 19th October, 2012

Proprietor / Membership No. 15635



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)

	As At 31-03-2012 Rs.	As At 31-03-2011 Rs.
1 Share Capital (item I (1) (a) of Balance sheet)		
1.1 Equity Share Capital		
a) Authorised:		
4,90,00,000 (Previous year 1,20,00,000) Equity shares of Rs.10/- each	<u>49,00,00,000</u>	<u>12,00,00,000</u>
b) Issued, subscribed and fully paid-up		
1,09,47,461 - Equity shares of Rs.10/- each	10,94,74,610	10,94,74,610
5,47,370 - Preferential allotment during the year	54,73,700	-
24,86,028 - Issued to the members of transferor companies (Refer note 1.8 below)	2,48,60,280	-
<u>1,39,80,859</u> Total No. of shares	<u>13,98,08,590</u>	<u>10,94,74,610</u>
Total	<u>13,98,08,590</u>	<u>10,94,74,610</u>
1.2 Reconciliation of number of shares outstanding		
Equity shares	No. of shares	No. of shares
At the beginning of the year	1,09,47,461	1,04,51,163
Add: Preferential Issue during the year	5,47,370	4,96,298
Add: Issued during the year in share capital suspense at the end of the year	24,86,028	-
Total	<u>1,39,80,859</u>	<u>1,09,47,461</u>

1.3 Rights, preferences and restrictions

The company has only one class of share capital being Equity Shares having a face value of Rs. 10/- per share. Each share holder is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend payable on equity shares is subjected to recommendations of Board of Directors and share holders in Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company in proportionate to their share holdings.

1.4 List of shareholders holding more than 5% shares (excluding capital suspense)

Equity Shares	As At 31-03-2012		As At 31-03-2011	
	%	No. of shares	%	No. of shares
Sree Rayalaseema Galaxy Projects Pvt Ltd	8.87	1019343	9.31	1019343
TGV Projects & Investments pvt Ltd	5.97	686649	6.27	686649
SRHHL Industries Ltd	-	-	9.37	1025289
SRHHL Industries Ltd (to be transferred to beneficial owner as per scheme)	8.92	1025289	-	-
TGV Securities Pvt Ltd	-	-	5.03	550817
Gowri Gopal Hospitals Pvt Ltd	6.85	787744	0.00	0

**NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)**

- 1.5 The Company has no Subsidiaries or Holding Company.
- 1.6 Of the above, 1,01,34,633 Shares allotted as fully paid shares in 2006 in pursuance to the Scheme of Arrangement without payment in cash
- 1.7 During the year, 5,47,370 Equity shares of Rs. 10/- each were issued under preferential allotment for cash at a premium of Rs. 33.95 per share
- 1.8 During the year two companies namely SRHHL Industries Limited and TGV Pharma Private Limited (transferor companies) were amalgamated in to the company under a Scheme of Arrangement duly approved by Hon'ble High Court of Andhra Pradesh by its Order dated 31st Aug 2012. The appointed date is 1st Apr, 2011 and effective date is 20th Sept, 2012. In pursuance to the Order of the Hon'ble High Court approving Scheme of Arrangement, following effects are given in the share capital
- i) The Authorised capital is increased by clubbing of authorised capitals of transferor companies
- ii) Towards discharge of purchase Consideration, the company is under obligation to allot 13,69,955 and 11,16,073 equity shares of Rs. 10/- each fully paid to the equity share holders of transferor companies. The shares stand issued and are to be allotted to the members, whose names are to be determined on a record date to be fixed in consultation with Stock Exchanges. Pending allotment, these 24,86,028 equity shares of Rs. 10/- each fully paidup issued as per terms of the Scheme of Arrangement are disclosed as share capital suspense under issued capital
- 1.9 During the year, 24,86,028 Equity shares of Rs. 10/- each fully paid were issued for consideration with out payment received in cash as per terms of amalgamation

	As At 31-03-2012 Rs.	As At 31-03-2011 Rs.
1.10 Utilisation of issue proceeds		
Gross value of issue by preferential allotment during the year	2,40,56,912	2,06,21,182
Less: Utilised for the object up to 31st Mar, 2012	2,25,01,759	2,06,14,037
Unused Balance represented in Bank Current Account	15,55,153	7,145



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)

	As At 31-03-2012		As At 31-03-2011	
	Rs.		Rs.	
2 Reserves and Surplus (item I (1) (b) of Balance sheet)				
2.1 Capital Reserve				
(a) Central/Capital Subsidy				
Balance as per last Balance Sheet		43,55,500		43,55,500
(b) Securities Premium Reserve	2,12,14,727		2,12,14,727	
Add: On Preferential issue of 547370@33.95	1,85,83,212		-	
Add: Additions from transferor Companies	<u>1,41,27,500</u>		-	
		5,39,25,439		2,12,14,727
2.2 General Reserve				
(a) General Reserve				
Balance as per last balance sheet		51,84,797		51,84,797
(b) Amalgamation reserve				
Balance as per Last Balance Sheet	12,69,68,411		12,69,68,411	
Additions from transferor companies	17,18,045		-	
Additions on Amalgamation during the year	<u>11,41,80,045</u>		-	
		24,28,66,501		12,69,68,411
(c) Surplus i.e. balance in statement of Profit and Loss				
Balance as per last balance sheet	49,70,70,406		31,38,08,445	
Addition from transferor Companies	15,87,77,607		-	
Add: Profit for the year	<u>18,20,43,810</u>		<u>20,76,14,937</u>	
	83,78,91,823		52,14,23,382	
Less: Appropriations				
- Interim Dividend	-		1,64,38,028	
- Tax on Dividend	-		27,30,151	
- Transfer to Reserve Fund	-		<u>51,84,797</u>	
		83,78,91,823		49,70,70,406
Total		<u>1,14,42,24,060</u>		<u>65,47,93,841</u>

Note :

- (i) In pursuance to Order of Hon'ble High Cour of Andhra Pradesh, approving the Scheme of Arrangement, the surplus over assets and liabilities taken over are treated as general reserve under amalgamation. This treatment is keeping in view the uniformity in accounting treatment and consistency.
- (ii) This treatment is in deviation from treatment suggested from AS-14, Accounting for Amalgamation.
- (iii) There is no financial impact on profitability due to the above treatment except that Capital Reserve would have increased by Rs.1073.74 lakhs and corresponding amount decreased in General Reserve.

3 Borrowings

(item I (3) (a) of Balance sheet)	Long term	Short term	Long term	Short term
3.1 Secured				
(a) Term loans from banks	58,51,35,449	18,04,56,000	39,08,44,888	12,64,23,826
(b) Term loans for vehicles from bank		2,42,400		6,59,901
(c) Loans repayable on demand from banks		<u>19,13,55,480</u>		<u>21,78,67,677</u>
Total	58,51,35,449	37,20,53,880	39,08,44,888	34,49,51,404



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)

	As At 31-03-2012		As At 31-03-2011	
	Rs.		Rs.	
3.2 Unsecured				
(a) Deferred tax liabilities - Sales Tax deferment	1,14,09,211	65,56,638	1,79,65,849	56,77,600
(b) security deposits from customers		1,07,74,375		1,15,24,375
Total	<u>1,14,09,211</u>	<u>1,73,31,013</u>	1,79,65,849	1,72,01,975
Total	<u>59,65,44,660</u>	<u>38,93,84,893</u>	40,88,10,737	36,21,53,379
Disclosures in Balance Sheet				
Short term borrowings under current liabilities (item I (4) (a) of Balance sheet)		20,86,86,493		23,50,69,652
Current maturities under other current liabilities		18,06,98,400		12,70,83,727
		<u>38,93,84,893</u>		<u>36,21,53,379</u>

Additional information on borrowings

(i) Security

- The term loan from banks are secured by exclusive charge on specific fixed assets.
- The loans repayable on demand from banks are cash credits, bills purchases, discountings, letter of credits limits and bank guarantees are secured by Hypothecation of Raw-material, Stock in process, Finished goods, consumable Spares, Book debts and receivables.
- The working capital and Term loans from banks are also secured by first charge on some of the fixed assets of the company.
- The working capital and Term loans from banks are further secured by guarantee from Managing Director and a promoter in their individual capacity

(ii) Defaults

There are no defaults/continuing defaults as on 31st Mar,2012 in payment of interest and repayment of loans.

(iii) Repayments

Term of repayment	31.03.2012	31.03.2011
	Outstanding Rs.	Outstanding Rs.
A. Term Loans		
(a) Quarterly instalment of Rs. 40,00,000/- payable up to Mar,2013	1,57,95,984	3,19,66,735
(b) Quarterly instalment of Rs. 60,00,000/- payable up to Dec,2013	4,16,40,214	6,59,17,004
(c) Quarterly instalment of Rs. 29,00,000/- payable up to Jun,2015	4,31,83,194	4,97,42,756
(d) Monthly instalment of Rs. 29,49,000/- payable up to Feb,2016	15,83,81,493	17,51,65,940
(e) Monthly instalment of Rs. 29,49,000/- payable up to Aug,2016	17,93,32,313	19,29,52,303
(f) Monthly instalment of Rs. 40,00,000/- payable up to Feb,2017	23,51,04,766	75,27,888
(g) Monthly instalment of Rs. 39,50,000/- payable up to Feb,2021	5,58,12,897	-
(h) Quarterly instalment of Rs. 5,78,000/- payable up to Mar,2015	93,61,299	-
(i) Monthly instalment of Rs. 6,00,000/- payable up to Dec,2015	2,69,78,669	-
B. Vehicle loan		
Balance of vehicle loans repayable in the Financial year 2012-13	21,99,027	1,65,40,386
C. Sales tax deferment	17,71,600	1,25,69,759
Repayment in the year 2012-13 is Rs. 65,56,638/-, year 2013-14 is Rs. 60,90,812/- and year 2014-15 is Rs. 53,18,399/-		



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)

	As At 31-03-2012 Rs.	As At 31-03-2011 Rs.
4 Deferred tax liability (item I (3) (b) of Balance sheet)		
Deferred tax liability	24,02,80,306	29,26,00,160
Transfer on amalgamation during the year	39,70,627	-
Less: Deferred tax during the year	<u>(1,65,40,386)</u>	<u>(5,23,19,854)</u>
Net Deferred tax liability	<u>22,77,10,547</u>	<u>24,02,80,306</u>
5 Other long-term liabilities (item I (3) (c) of Balance sheet)		
Trade payables for capital assets	41,06,630	33,46,225
Amounts due to micro, small & medium enterprises (Refer Note 29.4)	17,654	-
	<u>41,24,284</u>	<u>33,46,225</u>
6 Long-term provisions (item I (3) (d) of Balance sheet)		
Gratuity provision	49,33,292	47,50,253
	<u>49,33,292</u>	<u>47,50,253</u>
CURRENT LIABILITIES		
7 Trade Payables (item I (4) (b) of Balance sheet)		
Sundry creditors-Acceptances	10,19,95,950	6,73,78,199
Sundry creditors-Trade	9,31,29,772	4,09,89,967
Amounts due to micro, small & medium enterprises (Refer Note No.29.4)	1,83,24,561	1,10,23,418
Note:	<u>21,34,50,283</u>	<u>11,93,91,584</u>
(a) Trade payables include dues to related parties of Rs13,23,33,693/- and includes dues of Rs 10,19,95,950/-covered by LC's (LCs are fully secured by charge on current assets)		
8 Other current liabilities (item I (4) (c) of Balance sheet)		
Secured		
(a) Current maturities of long term borrowings	18,06,98,400	12,70,83,727
(b) Interest accrued on loans	-	60,03,912
Unsecured		
(a) Advances from customers	11,04,56,064	10,28,12,843
(b) Un paid dividend	19,72,376	1,64,38,028
(c) Other liabilities	10,54,09,454	4,51,67,840
	<u>39,85,36,294</u>	<u>29,75,06,350</u>
9 Short-term provisions (item I (4) (d) of Balance sheet)		
Employee benefits	50,86,382	31,42,488
Provision for Income Tax	16,47,80,013	7,22,37,549
	<u>16,98,66,395</u>	<u>7,53,80,037</u>

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED



Note to Accounts - Balance Sheet (Contd..) (item II (1) (a) of Balance sheet)
10 Fixed Assets

Amount in Rs.

Sl. No	Particulars	Gross Block				Depreciation				Net Block	
		Cost 01.04.2011	Additions on merger	Deductions	Total Upto 31.03.2012	Accumulated Depreciation on merger	2011-12	Deductions	Total Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
1	On own use										
	Land	4078280	1933805	137965	7287855	0	0	0	0	7287855	4078280
	Factory/Buildings	8822874	7897627	1381418	16506901	1294357	5394190	427556	32239609	138294292	73285117
	Plant&Machinery	60689726	95512461	7612396	71635161	21546128	51482177	1767041	282571591	429363570	391239988
	Plant&Machinery/WEG	744634128	11649800	0	746334128	97412307	53260267	0	150056540	594575588	647221221
	Furniture and Fixtures	1567415	45920	2844618	4456154	432941	322076	0	759475	3689679	1135374
	Office Equipment	1833132	27040	5052465	22712637	10743015	2326564	0	13078735	16533902	7890117
	Other Equipment	2835799	0	0	2835799	1216005	230759	0	1447664	1388135	1618894
	Vehicles	20004826	3501977	5619242	29628045	5933039	2699978	0	9114846	20811199	14869957
2	On Lease:										
	Plant and machinery	2538842	0	0	2538845	1667811	4113693	0	20791204	4607641	8720761
	Total	154978922	207639630	36106335	1784252525	360823433	119800493	2194997	510051664	1274190861	1189855490
3	Capital Work-in-progress:										
	Civil Work-in-progress	16545875	124828294	1935830	139468339	0	0	0	0	139468339	16545875
	Machinery under erection	29861797	172214136	10482947	191586576	0	0	0	0	191586576	29861787
	Total	46407662	0	297042430	331051915	0	0	0	0	331051915	46407662
	Grand Total	1596166594	207639630	333148765	2115304440	360823433	119800493	2194997	510051664	165242776	1235331352
	Previous Year	1484301477	0	128541002	156186895	251174446	109674997	23010	360823433	1235363152	

Note: 1) Title to the properties acquired under Scheme of Arrangement are in the process of being transferred in the Company's name.

2) Depreciation for the year Rs. 11,98,00,493/- plus amortisation of Rs. 4,18,412/- aggregating Rs. 12,02,18,905/- is shown in statement of Profit & Loss.



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)

	As At 31-03-2012 Rs.	As At 31-03-2011 Rs.
11 Non current investments (at cost unless otherwise specified) (item II (1) (b) of Balance sheet)		
A. Investments in equity shares		
a) Quoted - Fully paid up		
Trade		
Sree Rayalaseema Alkalies and Allied Chemicals Ltd (Associate Co.,) 1,13,52,978 (Previous year 104580) Equity shares of Rs10/- each (15000 shares pledged as security)	10,22,33,809	11,02,069
Sree Rayalaseema Hi-Strength Hypo Ltd. (Shares held in trust) 10,25,289 (Previous year Nil) Equity shares of Rs.10/- each)	1,20,60,206	-
SRHHL Industries Ltd. 0 (Previous year 100)Equity shares of Rs.10/- each)	-	393
Others		
The South Indian Bank Ltd 530250 (Previous year Nil)Equity shares of Rs.1/- each (318000 shares pledged as security)	7,05,675	-
Roopa Industries Ltd 1372455 (Previous year Nil)Equity shares of Rs.10/- each)	41,17,150	-
Kabson Industries Ltd 10100 (Previous year Nil)Equity shares of Rs.10/- each)	43,935	-
Karnataka Bank Ltd 3700 (Previous year Nil)Equity shares of Rs.10/- each (3700 shares pledged as security)	2,59,691	-
Lotus Chcolates Ltd 56800 (Previous year Nil)Equity shares of Rs.10/- each (56800 shares pledged as security)	5,96,400	-
NEPC Micon Ltd 200 (Previous year Nil)Equity shares of Rs.10/- each)	750	-
BNR Udyog Ltd 500 (Previous year Nil)Equity shares of Rs.10/- each)	500	-
Consom Biotech Ltd 300 (Previous year Nil)Equity shares of Rs.10/- each)	270	-
Neha International Ltd 1700 (Previous year Nil)Equity shares of Rs.10/- each)	2,890	-
Indo Wind Energy Ltd 42000 (Previous year Nil)Equity shares of Rs.10/- each)	6,00,000	-
b) Quoted - Partly paid up		
Surya Jyothi Spinning Mills Ltd 100 (Previous year Nil) Eq.shares of Rs.10/- each) - paid Rs. 5/- per share	330	-



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)

	As At 31-03-2012 Rs.	As At 31-03-2011 Rs.
c) Unquoted - Fully paid up		
Trade		
TGV Projects and Investments Pvt.Ltd (Associate co.,)	1,37,32,000	-
13,73,200 (Previous year Nil)Equity shares of Rs.10/- each)		
Others		
Brilliant Bio Pharma Ltd (Associate co.,)	3,85,73,000	2,94,00,000
7,34,304 (Previous year 2,94,000) Equity Shares Rs. 10/-each.		
Sree Maruthi Agrotech Ltd (Associate co.,)	21,53,620	9,62,500
2,15,362 (Previous year 96,250) Equity Shares of Rs.10/- each.		
Gowri Gopal Hospital Pvt.Ltd (Associate co.,)	19,90,000	-
8,49,000 (Previous year Nil)Equity shares of Rs.10/- each)		
Sree Rayalaseema Dutch Kassenbow Pvt.Ltd (Associate co.,)	1,40,04,000	-
12,04,344 (Previous year Nil)Equity shares of Rs.10/- each)		
Kurnool Power Projects Ltd	15,000	-
15000 (Previous year Nil)Equity shares of Rs.10/- each)		
Max 5 Marketing Pvt Ltd	-	6,00,000
0 (Previous year 6,000)Equity Shares Rs.100/-each.		
TGV Pharma Pvt.Ltd	-	1,35,00,000
0 (Previous year 67,500)Equity Shares Rs.100/-each.		
B. Investments in preference shares		
Trade - Quoted - Fully paid up		
Sree Rayalaseema Alkalies and Allied Chemicals Limited	3,34,98,850	-
0.01 % Cumulative Redeemable Pref.shares Rs.10/- each		
59,06,504 (Previous year Nil)Equity shares of Rs.10/- each		
C. Investments in Govt securities		
National Saving Certificates	39,000	39,000
(Deposited with Sales Tax and other Govt. Departments)		
D. Investments in others		
UTI Master Gain.'92	1,07,893	-
10,000 (Previous year Nil) Units of Rs.100/-each.		
TOTAL	22,47,34,969	4,56,03,962
Aggregate Book value of		
- Quoted Shares	15,41,20,849	11,02,462
- Unquoted Shares	7,06,14,120	4,45,01,500
Aggregate Market value of Quoted shares	21,62,65,867	10,10,667



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)

	As At 31-03-2012 Rs.	As At 31-03-2011 Rs.
12 Long term Loans and advances		
(item II (1) (d) of Balance sheet)		
Unsecured and considered good		
(a) Capital Advances	8,06,53,750	5,73,33,631
(b) Security Deposits with APCPDCL and other Govt. Depts.	8,36,34,896	6,68,87,872
(c) Advances to Related parties:		
- for Investment in shares	9,20,00,000	0
- for Rent Deposit	2,19,88,500	2,09,88,500
(d) Other Rent Deposits	23,750	18,750
TOTAL	<u>27,83,00,896</u>	<u>14,52,28,753</u>
CURRENT ASSETS		
13 Current Investments		
(item II (2) (a) of Balance sheet)		
Investment in Mutual Funds (at cost, fully paid & unquoted)		
Units of UTI Short Term Liquidity Fund	1,98,719	-
	<u>1,98,719</u>	<u>-</u>
14 Inventories		
(item II (2) (b) of Balance sheet)		
(a) Raw Materials	4,12,62,836	3,60,22,399
(b) Work-in-progress	94,83,643	59,17,623
(c) Finished Goods	3,31,75,155	2,82,09,058
(d) Stores and spares, Chemicals, fuel and packing materials	7,25,58,920	4,83,95,569
(e) Goods in transit	5,37,26,633	4,24,73,094
TOTAL	<u>21,02,07,187</u>	<u>16,10,17,743</u>
15 Trade receivables		
(item II (2) (c) of Balance sheet)		
Unsecured and considered good		
(a) Trade Receivables outstanding for a period exceeding six months from the date due for payment	10,28,62,301	4,79,22,916
(b) Others	18,82,62,133	19,10,62,083
	<u>29,11,24,434</u>	<u>23,89,84,999</u>
16 Cash and cash equivalents		
(item II (2) (d) of Balance sheet)		
(a) Cash on hand	13,49,566	7,40,664
(b) Balances with banks in current accounts	2,01,19,919	2,09,47,992
(c) Deposit with banks under lien as margin	3,09,60,932	2,68,93,515
	<u>5,24,30,417</u>	<u>4,85,82,171</u>

**NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)**

	As At 31-03-2012 Rs.	As At 31-03-2011 Rs.
17 Short term loans and advances		
(item II (2) (e) of Balance sheet)		
Unsecured and considered good		
(a) Advance to related parties	11,51,174	-
(b) Advances to others		
(i) Advance to Suppliers	11,98,92,486	9,76,55,635
(ii) Advance to Employees	54,39,074	45,72,578
(iii) Prepaid Insurance and other Expenses	43,56,083	21,67,094
(iv) Export incentives receivable-DEPB,FMS and Target Plus.	3,96,22,425	4,33,90,897
(v) Advance Income tax and TDS	11,75,87,980	4,65,48,271
(vi) Other Deposits	45,32,169	43,81,846
(vii) Short term advances	12,96,32,014	2,72,35,126
	<u>42,22,13,405</u>	<u>22,59,51,447</u>
18 Other current assets		
(item II (2) (f) of Balance sheet)		
Service tax , brokerage receivable and advance sales tax .	2,34,32,095	4,80,71,368
	<u>2,34,32,095</u>	<u>4,80,71,368</u>
19 Contingent liabilities and Commitments		
Contingent liabilities:		
a) Claims against company not acknowledged as debts	15,32,72,000	13,47,00,000
b) Guarantees outstanding	4,77,00,000	6,49,51,000
c) Other money for which company is contingently liable		
1) Consumers cheques / bills discounted with Banks	3,71,89,000	6,81,67,000
2) Unexpired Bank Guarantees provided by the Company	92,12,000	2,37,01,000
3) Unexpired Letters of Credit established by the Company	14,46,49,000	15,06,75,000
4) Income Tax Appeal pending against Income Tax Assessment Order	3,04,719	-
Commitments :		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	7,73,32,000	1,40,28,000
b) Uncalled liability on shares and other investments partly paid	500	-



NOTE TO ACCOUNTS - PROFIT AND LOSS STATEMENT

	Year ended 31-03-2012 Rs.	Year ended 31-03-2011 Rs.
20 Revenue from Operation (item I of Statement of Profit and Loss)		
Sale of Manufactured Products	2,49,77,31,077	2,11,71,35,897
Other operating revenues :		
Sale of Scrap	46,88,686	50,14,326
Export Incentives	<u>2,96,93,804</u>	<u>6,55,97,291</u>
TOTAL	<u>3,43,82,490</u> <u>2,53,21,13,567</u>	<u>7,06,11,617</u> <u>2,18,77,47,514</u>
21 Other Incomes (item II of Statement of Profit and Loss)		
Interest on Bank and other deposits and customers	52,37,967	25,91,386
Lease Rent Receipts	45,00,000	46,80,000
Other Incomes	18,44,087	5,03,014
TOTAL	<u>1,15,82,054</u>	<u>77,74,400</u>
Note : Accumulated dividend of Rs. 59,065/- on Cummulative Redeemable Preference Shares is not accounted, pending declaration and payment by investee company.		
22 Cost of material consumed (item IV (a) of Statement of Profit and Loss)		
Opening stock of Raw Material	3,60,22,399	3,17,38,257
Add: Purchase of Raw Material	1,11,26,60,178	91,34,72,110
Less: Closing stock of Raw Material	<u>(4,12,62,836)</u>	<u>(3,60,22,399)</u>
Raw Materials Consumed	1,10,74,19,741	90,91,87,968
Stores, Spares, Chemicals & Packing Materials Consumed	11,84,85,675	12,28,09,823
TOTAL	<u>1,22,59,05,416</u>	<u>1,03,19,97,791</u>
23 Changes in inventories (item IV (c) of Statement of Profit and Loss)		
Closing stock		
a -Finished goods	8,43,85,426	7,06,82,152
b -Stock-in-process	94,83,643	59,17,623
c -Scrap & Disposables	-	-
TOTAL	<u>9,38,69,069</u>	<u>7,65,99,775</u>
Opening stock		
a -Finished goods	7,07,02,028	4,45,54,189
b -Stock-in-process	1,04,45,015	11,84,469
c -Scrap & Disposables	-	-
TOTAL	<u>8,11,47,043</u>	<u>4,57,38,658</u>
Net increase or decrease in stock	<u>1,27,22,026</u>	<u>3,08,61,117</u>
24 Employee benefits expenses (item IV (d) of Statement of Profit and Loss)		
Salaries, Wages, Bonus and Allowances	7,90,81,432	7,03,90,770
Contribution to ESI and Provident Fund	48,75,178	45,23,217
Contribution to Gratuity	11,45,664	8,68,998
Staff Welfare expenses	1,29,71,340	1,20,62,757
TOTAL	<u>9,80,73,614</u>	<u>8,78,45,742</u>



NOTE TO ACCOUNTS - PROFIT AND LOSS STATEMENT (CONTD..)

	Year ended 31-03-2012 Rs.	Year ended 31-03-2011 Rs.
25 Finance costs (item IV (e) of Statement of Profit and Loss)		
Interest expenses		
On Term Loans	5,70,97,724	7,31,16,921
On Working capital limits	1,58,45,654	1,46,55,538
On Others	<u>18,50,068</u>	<u>15,59,381</u>
	<u>7,47,93,446</u>	<u>8,93,31,840</u>
26 Other expenses (item IV (g) of Statement of Profit and Loss)		
Rents	1,01,06,575	95,62,960
Rates & Taxes	6,10,144	1,49,454
Repairs & Maintenance		
a) Buildings	1,15,77,922	1,46,14,669
b) Plant & Machinery	11,35,77,035	8,73,76,208
c) Others	<u>1,19,86,839</u>	<u>68,26,527</u>
	13,71,41,796	10,88,17,404
Insurance	1,16,90,744	85,36,340
Excise duty (Refer Note below)	7,03,443	9,48,464
Travelling and conveyance	87,26,779	62,81,468
Printing and Stationery	14,53,141	19,33,635
Postage, Telegrams and Telephone charges	38,94,043	27,87,891
Directors sitting fee	1,56,500	72,000
Remuneration to Managing Director	1,53,50,056	1,02,15,789
Audit fees & Expenses	2,09,530	1,19,457
Freight outward & Incidental Expenses		
Ocean Freight	14,20,99,364	15,85,72,599
Container freight	3,29,88,511	2,58,53,510
Clearing and forwarding Charges	2,16,93,358	1,18,92,057
Freight on Sales	<u>97,12,016</u>	<u>1,29,33,235</u>
	20,64,93,249	20,92,51,401
Discounts and Commission on sales	86,97,347	1,11,96,270
Shortages & Price differences	2,01,22,255	1,30,43,635
Other Selling expenses	1,06,44,267	1,58,19,508
Advertisement	4,35,625	2,82,791
Fee and Expenses	64,27,383	45,48,023
Bank Charges	2,16,57,962	2,08,14,642
Security & other Service Charges	2,21,36,645	1,64,65,215
Legal Expenses	7,86,660	20,41,787
Power and Fuel	8,37,41,803	7,08,29,253
Other Expenses	2,34,49,824	1,14,36,774
Donations	49,67,000	2,90,000
	<u>59,96,02,771</u>	<u>52,54,44,161</u>
Note : Excise duty represents difference in duty liability on opening and closing stock of finished goods.		
27 Exceptional items (item VI of Statement of Profit and Loss)		
Loss on sale of Fixed Assets	50,46,188	29,350
Net Loss on Exchange fluctuations	5,05,91,065	1,19,588
Profit on sale of investments	<u>(1,54,85,034)</u>	-
	4,01,52,219	1,48,938
	<u>4,01,52,219</u>	<u>1,48,938</u>



28. Additional Notes to statement of profit and loss:

28.1 Payment to statutory auditors towards (Amount in Rs.)

Particulars	2011-12	2010-11
Audit fees	85,000	85,000
Tax audit fees	15,000	15,000
Out of pocket expenses	23,553	18,554

28.2 Details of raw materials and traded goods

a) Raw Material consumed

Particulars	Unit	2011-2012		2010-2011	
		Qty	Rs. In lakhs	Qty	Rs. In lakhs
Caustic Soda Lye	Ton	11,738	2,511.97	11,003	1,670.85
Chlorine	Ton	31,200	1,434.25	29,952	1,771.02
H2 Gas	Cum	36,90,190	973.95	33,12,553	819.58
Hcl Gas	Ton	2,291	164.39	2,973	340.29
Hydrated Lime-Ind	Ton	24,720	1,923.03	22,888	1,633.86
Sulphur	Ton	18,622	2,189.15	19,296	1,766.22
Others			1,877.45		1,090.06
Grand Total			11,074.19		9,091.88

b) Goods Purchased

	Year ended 31 st March 2012 (Rs. In Lakhs)	Year ended 31 st March 2011 (Rs. In Lakhs)
Chemicals	241.12	942.29

28.3 Details of Work in progress

	Year ended 31 st March 2012 (Rs. In Lakhs)	Year ended 31 st March 2011 (Rs. In Lakhs)
Bulk chemicals in process	94.83	59.17

28.4 a) Value of imports on CIF basis

	Year ended 31 st March 2012 (Rs. In Lakhs)	Year ended 31 st March 2011 (Rs. In Lakhs)
Raw materials	918.31	564.87
Capital goods (Plant and Machinery)	549.79	154.16
Trading Purchases	0.00	299.76



b) Expenses incurred in foreign currency (Rs. In Lakhs)

	Year ended 31 st March 2012	Year ended 31 st March 2011
Travelling Expenses	14.39	1.58
Overseas Sales commission	21.79	32.70
Freight/Demurrages	20.34	184.02
Sales promotion expenses	4.08	3.73
Advertisement	0.02	0.01
Fee and charges	0.05	0.68
Printing and stationery	0.09	0.24
Subscriptions to books and trade associations	3.02	0.00

c) Raw Material Consumed (Rs. In Lakhs)

	2011-2012		2010-2011	
	Value	%	Value	%
Imported	1230.85	11.11	789.56	8.68
Indigenous	9843.35	88.89	8302.32	91.32
Total	11074.20	100.00	9091.88	100.00

d) Dividends remitted in Foreign Currency

i) Total number of shares held by non residents	-	481,034
ii) Amount of dividend	-	Rs.721, 785
iii) No. of non resident share holders	-	2002
iv) Year to which the dividend is related	-	2010-11

e) Earnings in foreign exchange

	Year ended 31 st March 2012 (Rs. In Lakhs)	Year ended 31 st March 2011 (Rs. In Lakhs)
FOB value of exports	11, 218.18	9, 771.14



29. Notes forming part of accounts:

29.1 Basis of preparation

- i) The accounts are maintained under Historical cost Convention and are prepared on accrual basis (except income and expenditure below Rs.5000/ per transactions and impairment or revaluation if any) as a 'going concern' by complying with generally accepted accounting principles and applicable Accounting Standards.
- ii) The Accounting policies have been consistently followed and financial statements are prepared to comply in all material aspects in respect with Accounting Standards notified by the Companies Accounting Standards Rules, 2006 and relevant provisions of the Companies Act, 1956.

29.2 Use of estimates

The preparation of financial statements is in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of such assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the end of reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from estimates.

29.3 Significant Accounting Policies

a) Fixed Assets

Tangible Fixed assets are stated at cost. Cost of asset includes acquisition and installation expenses which are directly attributable for bringing the asset into working condition. The fixed assets acquired as per scheme of arrangement are merged into company are accounted as per book values of the demerged / transferor company.

b) Depreciation

Depreciation on all assets is provided on straight line method in accordance with the provisions of the Companies Act, 1956.

c) Investments

Classification:

Investments that are readily realizable and intended to be held for not more than a year are classified as investments and other investments are classified as Long Term Investments. Trade investments comprising investments in associate and entities in which the company has strategic business interest.

Carrying amounts in books :

- i) Current Investments are carried at lower of cost and fair value determined on an individual investment basis.



- ii) Long-term investments including trade investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments.

d) Inventories

Inventories are valued as under :

i) Raw Materials, fuels, packing materials, Stores and spares

Lower of the cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below the cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on weighted average cost.

ii) Stock-in-process and Finished goods

Finished Goods and stock-in-process are valued at lower of cost and net realizable value whichever is lower. Stock-in-process and finished goods are valued at cost of purchase, Cost of Conversion and other costs Incurred in bringing the inventories to their present location and condition. Cost of finished goods includes Excise duty.

Net realizable Value is the estimated selling price in the ordinary course of business minus estimated cost of completion and estimated cost that are necessary to make the sale.

e) Excise Duty

Liability for Excise Duty on Finished Goods lying in the factory by making provision in books of account as required by revised by Guidance note on modvat accounting issued by the Institute of Chartered Accountants of India.

The difference in excise duty liability on opening and closing stocks of finished goods is shown separately in statement of Profit and Loss.

f) Cenvat

Cenvat benefit is accounted for reducing the purchase cost of the material and adjusted against the excise duty amount payable by the Company.

g) Employee benefits

i) Short term benefits

All employees' benefits due wholly within a year of rendering services are classified as short term benefits. These benefits like salaries, wages, short term compensation absences, expected cost of bonus, ex-gratia are recognized as expenses on accrual basis of undiscounted amounts in the Profit and Loss Account.

**ii) Retirement benefits - Defined contribution plan:**

Employee's contribution to Provident fund and Employee State Insurance are recognized as expenditure in statement of Profit and Loss, as they are incurred. There are no other obligations other than the contribution payable to aforesaid respective trusts/Govt authorities.

iii) Defined Benefit plan :

The company provides for gratuity as defined benefit plan. There are no other post retirement benefits. The defined benefit gratuity obligation on annual basis is determined by actuarial valuation using the projected unit credit method on renewal date.

The annual contribution paid during the year towards gratuity liability is recognized as funded expenses and unfunded part of the gratuity liability determined on actuarial basis is provided as unfunded gratuity liability.

Disclosures for defined contribution plan and defined benefit plan as required under AS 15(Revised), Employee Benefits, are submitted in Notes to accounts.

h) Sales

Gross Sales include excise duty amount and net of sales returns. In order to comply with ASI-14 issued by ICAI, the gross sales and net sales (deducting excise duty) are disclosed in Profit and Loss Account.

i) Foreign exchange transactions**(i) Initial recognition**

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction.

(ii) Conversion

The outstanding transactions other than those covered by forward contracts at the end of the year are accounted at the rates prevailing as on Balance sheet date.

(iii) Forward Exchange Contracts

In respect of transactions covered by foreign exchange contracts, the difference between forward trade and exchange rate and the exchange rate on the date of transaction is recognized over the period of contract.

(iv) Exchange differences

All exchange differences arising on settlement/conversion/payment of foreign currency transactions are recognized as Income or Expenses in Profit and Loss Account.

**j) Revenue Recognition:****i) Sales**

Revenue is recognized from sales when the property in the goods is transferred and significant risks and rewards associated with the ownership of the goods are passed to the buyer.

ii) Insurance Claims

Insurance claims are accounted on the basis of claims lodged.

iii) Dividends

Dividends on investments are recognized when the right to receive it is established.

iv) Export incentives:

Export incentives such as DEPB (Duty Entitlement Pass Book), Focus Market Scheme. Licenses are calculated based on exports made during the year.

k) Impairment

The carrying amounts of assets are reviewed at each Balance Sheet date whether there is any indications of impairment of asset based on internal/external factors. If any such indication exist, an impairment loss will be recognized whether the carrying amount exceeds it's estimated recoverable amount (greater of the assets net selling price and value in use) the carrying amounts is reduced to recoverable amount. Such reduction is treated as impairment loss and recognized in the Profit and Loss Account.

Previously recognized impairment loss is further increased or partly /fully reversed depending on changes in circumstances.

l) Borrowing costs

Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are included to the extent they relate to the period till such assets are ready to be put to use. All other borrowing cost are charged to revenue.

m) Accounting for taxes on income :

The Company has accounted for deferred tax in accordance with Accounting standard 22 "Accounting for taxes on Income "issued by the Institute of Chartered Accountants of India. Accordingly, timing difference resulting in deferred tax liabilities are recognized.

n) Provisions and contingent liabilities

The Company recognizes a provisions when there is a present obligation as a result of a post event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure



for a contingent liability is made when there is a possible obligation or a present obligations that may, but probably will not, require an outflow of resources or there is present obligation, reliable estimate of the amount of which cannot be made. Where there is a possible obligations or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.

- o) Prior period and extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.
- p) Material events occurring after the Balance Sheet date are taken into recognizance.
- q) **Leases:**

Leases rentals payments under operating leases are recognized as expense and Leases rentals received under operating leases are recognized as income in Profit and Loss Account on a straight line basis over the lease term.

29.4 Micro, Small and medium enterprises

The Company identified Micro, Small and Medium Enterprises on the basis of information made available to the company by the suppliers. The Company is regular in making payments to Micro, Small and Medium Enterprises. The principal amounts outstanding as on 31-03-2012 and remaining unpaid to any Micro, Small and Medium Enterprises is Rs.1, 83, 24,561/- and the said amounts are due for less than 45 days as on 31-03-2012. Hence, excepting above, there is no reportable information under Sec 22 (i) to (v) of Micro, Small and Medium Enterprises Act, 2006 read with part I of Schedule VI to the Companies Act, 1956.

29.5 Disclosure under AS-14 Accounting for Amalgamation

1. During the year SRHHL Industries Ltd (Transferor company 1) (engaged in power generation and real estate leasing) and TGV Pharma Ltd (Transferor company 2) (engaged in manufacturing of industrial chemical) have been amalgamated with the company on 20.09.2012 with retrospective effects from 01.04.2012 (appointed date), in terms of the scheme of amalgamation duly sanctioned by the Hon'ble High Court of Andhra Pradesh vide its Order dated 31st August, 2012. Pursuant to the terms of Order of the Hon'ble High Court of Andhra Pradesh, SRHHL Industries Limited and TGV Pharma Limited stood dissolved without winding up and accordingly the entire assets, liabilities, licenses, limits of SRHHL Industries Limited and TGV Pharma with the banks, permissions, pending cases, employees has been transferred to and vest in the company.
2. The Amalgamation is in the nature of 'Pooling of interest' method as defined in AS-14, Accounting for Amalgamation issued by the Central Government under section 211 (3C) of the Companies Act, 1956 and is accounted accordingly, This results in the transfer of assets and liabilities and issue of shares towards payment of consideration at the following summarised scheme.



Rs. In Lakhs

Particulars	SRHHL Industries Ltd. (Transferor Co., - 1)	TGVPharma Ltd. (Transferor Co., - 2)	Total
1. Fixed assets at Book Value	705.11	1072.46	1,777.57
2. Other Assets at Book Value	2,168.84	497.89	2,666.73
3. Liabilities	1,624.82	1,429.07	3,053.89
4. Share Capital of Transferor Companies	1,249.13	141.28	1,390.41
5. Consideration to members of SRHHL Industries and TGV Pharma as given in note below	136.99	111.61	248.60
6. Excess of (4) over (5) above transferred to Amalgamation Reserve (Ref. note 2.2(b) reserve & surpluses notes to balance sheet	1112.14	29.67	1,141.80

29.6 Disclosure under AS-15 Employee benefits

A. Defined contribution plan:

Contributions to defined contribution plan recognized as expenditure in profit and loss account are as under:

Rupees in Lakhs

	2011-12	2010-11
Employers contribution to Provident fund	31.75	29.04

The provident fund contributions are remitted to Regional provident fund Commissioner, Kadapa.

B. Defined benefit plan:

The company has employees group gratuity fund through a policy with LIC and contributes to the fund through annual renewal premium determined based on actuarial valuation using projected unit credit method as at 31-03-2012. The company has funded current service cost obligations and contributions made are recognized as expenses. The unfunded past service cost is provided as per actuarial valuation as on 31-03-2012. The disclosures in respect of funded and unfunded defined benefit obligations as required by AS 15 are as below.

I. Changes and reconciliation of obligation for the year ended 31-03-2012

Gratuity Rs. in Lakhs

	Funded (Rs.)	Unfunded (Rs.)
Present value of defined obligation at Beginning of year	48.53	46.62
	(44.28)	(42.07)
Current service cost	8.74	0.00
	(13.03)	(0.00)
Interest cost	3.88	3.73
	(3.54)	(3.37)
Past service cost	0.00	0.00
	(0.00)	(0.00)
Net actuarial (gain)/loss on obligations	7.63	0.00
	(5.12)	(0.00)
Present value of defined benefit obligation at the end of year	51.35	49.33
	(48.53)	(46.62)


II. Changes and reconciliation in fair value of plan asset as on 31-03-2012.

Opening fair value of plan assets	52.76	0.00
	(45.16)	(0.00)
Expected return on plan assets	4.69	0.00
	(4.29)	(0.00)
Contribution	3.97	0.00
	(8.73)	(0.00)
Benefits paid	7.63	0.00
	(5.12)	(0.00)
Actual valuation (gain)/loss on plan assets	0.27	0.00
	(0.31)	(0.00)
Closing fair value of plan assets	54.06	0.00
	(52.76)	(0.00)

III. Assets recopied in balance sheet

Present value of liability	51.35	49.33
	(40.53)	(46.62)
Fair vale and plan assets	54.06	0.00
	(52.73)	(0.00)
Net liability	2.71	49.33
	(4.24)	(46.62)

IV. Expenses recognized in Profit and Loss Account for the year

Current service cost	8.74	0.00
	(13.03)	(0.00)
Interest on define benefit obligation	3.88	3.73
	(3.54)	(3.37)
Expected return as plan assets	4.69	0.00
	(3.09)	(0.00)
Past service cost	0.00	0.00
	(0.00)	(0.00)
Net actuarial loss/gain	1.90	1.02
	(6.90)	(1.19)

V. Movement in Net liability

Net liability at the beginning of the year	48.53	46.62
	(44.28)	(42.07)
Expenses	6.04	9.20
	(19.18)	(4.56)
Net liability at the close of the year	50.59	49.33
	(54.73)	(46.62)

VI. Acturial on plan assets

Expected return on plan assets	4.69	0.00
	(4.29)	(0.00)
Acturial gain / loss	0.27	0.00
	(0.31)	(0.00)

VII. Major category of fair value of plan asset at close of the year

Fund with LIC under a policy	52.76	0.00
Percentage of total plan assets	100%	



VIII. Principal actuarial assumptions:

Demographic assumptions

- a) Retirement age of employees of the company are assumed at 58 years and average age is 39 years.
- b) The Mortality is as per the published rates of Life Insurance Corporation of India (1994-96). Mortality table (ultimate), which is considered as a Standard Table.
- c) Average past service: 9.57 years
- d) Withdrawal rate: 1 to 3% depending upon age

Financial assumptions

a) Discount rate(pa)	8.00%	8.00%
b) Expected rate of return(pa)	9.00%	9.50%
c) Salary escalation rate(pa)	7.00%	7.00%

29.7 Disclosure under AS-16 Barrowing cost

During the financial year the company has two qualifying assets i.e. expansion of calcium hypo chloride project and captive thermal project at the end of the year and these are under implementation. The Barrowing cost that are directly relate to these qualifying assets are determined, identified and capitalised during the financial year amount to Rs. 1,65,57,218 (previous year : Rs. Nil)

29.8 Disclosure under AS-17 Segment reporting

The Company has disclosed Business segment as the primary segment with geographical segment being secondary segment based on geographical location of customers. Segment have been identified taking into account the nature of the products differing risks and returns, The organization structure and internal reporting system.

The Company operations predominantly relate to manufacture of chemicals. Other business segments reported are Wind energy generation.

Segment revenue, Segment Results, Segment Assets and Segment liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis.

The expenses, which are not directly attributed to the business segment, are shown as unallocable corporate cost.

Assets and liabilities that cannot be allocated between the segments are shown as a part of unallocable corporate assets and liabilities respectively.


Segment information for the year ended 31st March, 20112
Information about Primary Business Segment.

Rs. in Lakhs

S.No.	Particulars	Year Ended 31-03-2012	Year Ended 31-03-2011
1.	Segment Revenue		
a)	Chemicals	23,615.00	20,340.59
b)	Wind Power	846.71	907.96
	Total	<u>24,461.71</u>	<u>21,248.55</u>
2.	Segment Results		
a)	Chemicals	3,795.43	3,290.98
b)	Wind Power	(118.07)	(265.39)
	Total	<u>3,677.36</u>	<u>3,025.59</u>
3.	Interest (Net)		
a)	Chemicals	356.84	295.62
b)	Wind Power	338.71	571.78
	Total	<u>695.55</u>	<u>867.40</u>
4.	Profit before tax	2,751.96	1,939.50
5.	Capital Employed		
a)	Chemicals	9,329.35	4,795.01
b)	Wind Power	3,510.98	2,847.67
	Total	<u>12,840.33</u>	<u>7,642.68</u>
Segment information for the year ended 31st March, 2012			
Information about Secondary Business Segments			
Revenue by Geographical Market :			
	In India	12,825.76	8,765.67
	Outside India	11,635.95	12,482.88
	Total	<u>24,461.71</u>	<u>21,248.55</u>

29.9 Disclosure under AS-18, Related Party Disclosure.

The Company has the following related parties on account of shareholdings by Key Management Personnel and their relatives.

(A) Particulars of Associate Companies by exercise of significant influence

Name of the Related Party	Transactions during the year
a) Sree Rayalaseema Alkalies and Allied Chemicals Ltd.,	Yes
b) Sree Rayalaseema Dutch kassenbouw Pvt. Ltd.,	No
c) TGV Projects & Investments Pvt. Ltd.,	Yes
d) Brilliant Bio Pharma Ltd	Yes
e) Gowri Gopal Hospitals Pvt. Ltd	Yes
f) Sree Maruthi AgroTech Ltd,	Yes

(B) Enterprises on which Key Management Person has Significant Influence

a) TGV Securities Pvt. Ltd	No
b) Vibhu Cement Pvt. Ltd	No
c) Sree Arya Lakshmi Steels Pvt.Ltd.,	No



(C) Key Management Personnel :

Name of the Related Party	Nature of Relationship	Transactions
a) Mr. T G Bharath	Chairman & Managing Director	Yes

(D) Relatives of Key Management personnel

Relationship to Key Management person	Transactions
--	---------------------

a) Sri T G Venkatesh	Father	No
b) Smt.T G Rajyalakshmi	Mother	No
c) Smt.T G Shilpha Bharath	Wife	No

(E) Disclosure of Related party with whom the Company had transactions:

	31.03.2012	31.03.2011
	Rs in Lakhs	Rs in Lakhs
(i) Transactions with Associate Companies		
(a) Goods/ Equipment sold	362.12	701.65
(b) Goods/Containers purchased	6,302.88	5,869.68
(c) Rents paid	92.96	93.83
(d) Rents received	45.00	48.30
(e) Services availed	43.22	110.32
(f) Investments received during amalgamation	1,747.21	826.25
(g) Corporate guarantees given(Outstanding)	52.00	-
(h) Advance for Investments	920.00	-
(ii) Transaction with key management personnel:		
Managerial remuneration to Chairman & Managing Director		
Salary & allowances	19.11	19.16
Contribution to Provident Fund	0.71	0.71
Commission	132.51	82.29
Total	<u>152.33</u>	<u>102.16</u>
(iii) Outstanding balances as on 31.03.2012		
In advance to suppliers	-	907.16
In advance for investments	2,061.85	-
In loans and advances-other advances	1,218.35	(59.52)
In current liabilities-Acceptances	1,019.95	511.39
In current liabilities-Sundry Creditors	303.38	0.00
For dues under corporate guarantees given	477.00	649.51

29.10 Disclosure under AS-19 Accounting for Lease.

	2011-12	2010-11
	Rs.in Lakhs	Rs.in Lakhs
a. Future Lease rental payments		
(i) Not later than one year	91.96	91.96
(ii) Later than one year and not later than five years	148.03	237.60
(iii) Later than five years	3.60	6.00



b. Lease rentals receivables		
(i) Not later than one year	45.00	48.90
(ii) Later than one year and not later than 5years	42.83	97.43
(iii) Later than five years	-	1.38
c. Lease payments recognized in the profit and Loss account	92.96	97.91
d. Lease receipts recognized in the profit and Loss account	45.00	47.70
e. General description of the leasing arrangement		
(i) Assets taken on Lease: Factory Buildings, Office Buildings and Hydrogen Cylinders		
(ii) Leased out Assets: Chlorine Cylinders.		
(iii) Future lease rentals are determined on the basis of agreed terms.		
(iv) At the expiry of the lease term, the Company has an option either to return the asset or extended the term by giving notice in writing.		

29.11 Disclosure under AS-20 Earnings per share.

	2011-12	2010-11
	Rs.	Rs.
I. Net Profit as per Profit and Loss Account Available to equity share holders	18,20,43,809	20,76,14,937
II. No. of shares for computation of Earnings per share	1,39,80,859	1,09,47,461
III. Earnings per share (Rs.) (Basic)	13.02	19.49

29.12 Disclosure under AS-22 Taxes on income.

Deferred tax liability:

The company has accounted for Deferred tax in accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountant of India and has charged the net profit and loss account with the deferred tax liability relating to the year net of Rs.1,65,40,386.00. As a result of the adoption of this policy, the profit for the year is higher by Rs. 1,65,40,386.00.

I. Deferred Tax Liabilities:		
Depreciation differences	5,09,79,769	2,09,89,217
Others-preliminary exp.	-	-
	<u>5,09,79,769</u>	<u>2,09,89,217</u>
II. Deferred Tax Assets:		
Unabsorbed Depreciation	-	17,84,96,117
Others	-	-
	-	<u>17,84,96,117</u>
Net Deferred Tax Liabilities (I-II)	5,09,79,769	(15,75,06,900)
Tax liability at current rates	(1,65,40,386)	(5,23,19,854)



29.13 Confirmation of balances.

Confirmation of balances from certain parties for amounts due to them or due from them is yet to be received. Confirmation letters were received from some of the parties. No material discrepancies are observed.

29.14 Regrouped/ Rearranged/ Reclassified.

From the current financial year the provisions of Revised Schedule VI is applicable and disclosures for the financial year are in compliance of the revised schedule. Previous year figures have been regrouped/rearranged/ reclassified wherever necessary to make them comparable with current year's disclosures.

29.15 Rounding off

Figures shown in the accounts have been rounded off to the nearest rupee.

Signature to note 1 to 29

As per our report of even date attached.

For S.T.Mohite & Co.,

Chartered Accountants (Regn.No.011410S)

For and on behalf of the Board

Sd/-
M.T.Sreenivasa Rao

Proprietor/Membership No.15635

Place : Kurnool

Date : 19th October, 2012

Sd/-
T.G.Bharath
Chairman & Managing Director

Place : Kurnool

Date : 19th October, 2012

Sd/-
P.T.Reddy
Director
Sd/-
V.Surekha
Company Secretary



SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

Regd. Office: Gondiparla, Kurnool - 518 004 (A.P.)

PROXY FORM

Client ID : _____ Regd. Folio No.: _____

DP ID : _____ No. of Shares held : _____

I/We _____ of _____ in the district of _____ being a Member/

Members of the above name Company hereby appoint _____

_____ of _____ in the district of _____ as my/our Proxy to vote

for me/us and on my/our behalf at the 7th Annual General Meeting of the Company held at the Registered Office of the Company on Friday, the 28th December, 2012 at 11.00 A.M. or at any adjournment thereof.

Affix 1
Rupee
Revenue
Stamp

Signature

Note : 1. The Proxy form duly completed should be deposited at the Reigstered Office of the Company not less than 48 hours before commencement of the Meeting.

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

Regd. Office: Gondiparla, Kurnool - 518 004 (A.P.)

ATTENDANCE SLIP

Client ID _____ Regd. Folio No. _____

DP ID _____ No. of Shares held _____

Name of the Shareholder : _____

Name of the Proxy : _____

Signature of Member/Proxy : _____

I hereby record my presence at the 7th Annual General Meeting on Friday, the 28th December, 2012 at 11.00 A.M.

Note : To be signed and handed over at the Meeting Venue.

Signature of Member / Proxy

