

8th
ANNUAL REPORT
2012-13



SREE RAYALASEEMA
HI-STRENGTH HYPO LIMITED

**BOARD OF DIRECTORS**

Sri T.G. Bharath
Chairman & Managing Director

Sri P.T. Reddy

Dr. A. H. Praveen

Sri D.V. Narendra Babu

REGISTERED OFFICE & WORKS

Gondiparla, Kurnool-518 004
Andhra Pradesh – India

COMPANY SECRETARY

Smt. V. Surekha

**REGISTRAR & SHARE
TRANSFER AGENTS**

Aarthi Consultants Pvt. Ltd.
Regd. Office: 1-2-285, Domalguda
Hyderabad-500 029, Andhra Pradesh
Tel No. 040-27638111 / 4445,
Fax No: 040-27632184

AUDITORS

M/s. S.T. Mohite & Co.
Chartered Accountants
Hyderabad

BANKERS

State Bank of Hyderabad

CONTENTS

	Page Nos.
Notice	2
Directors' Report	7
Auditor's Report	21
Balance Sheet	28
Statement of Profit & Loss	29
Cash Flow Statement	30
Notes to Balance Sheet	31
Notes to Statement of Profit & Loss	46
Notes to Accounts – Schedules	48



NOTICE

NOTICE is hereby given that the 8th 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, 27th September, 2013 at 11.30 A.M. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2013, 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 Dr. A. H. Praveen, 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 in partial modification of the resolution passed by the members of the Company at the 6th Annual General Meeting held on 26.09.2011 and pursuant to sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, consent and approval of the Company be and is hereby accorded to increase salary of Sri T G Bharath, Chairman & Managing Director from Rs. 1,25,000/- per month to Rs. 4,00,000/- per month in pursuance to clause 1(B) of Section II in Part - II of Schedule XIII of the Companies Act, 1956 with effect from 01.10.2013 and during his tenure as Chairman & Managing Director which will expires on 24.07.2016 and commission, allowances and perquisites components of remuneration passed on 26.09.2011 will remain unaltered subject to overall limit of 5% of net profits of the Company as per section 198 of the Companies Act, 1956 ."

By Order of the Board

Sd/-

(V. Surekha)

Company Secretary

Place : Kurnool

Date : 30th May, 2013

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 8 days i.e. from 20.09.2013 to 27.09.2013 (both days inclusive).
5. Non-resident Indian Shareholders are requested to inform us immediately :
 - a) the change in Residential status on return to India for permanent settlement
 - b) the particulars of Bank NRE Account, if not furnished earlier.

Request to the Members:

1. Members desiring any information on the financial statements at the Annual General Meeting are requested to write to the Company at least seven days in advance so as to enable the Company to keep the information ready.
2. Members are requested to quote Folio Number/Client ID No. in all correspondence.
3. Shareholders are requested to update their E-mail Id with their respective depository participant and with the Company's Registrar and Transfer Agents .
4. As the Company's Equity shares are compulsorily traded in demat mode, shareholders holding shares in physical form are requested to dematerialize the same .

EXPLANATORY STATEMENT

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

Item No. 5

The Board of Directors in their meeting held on 30.05.2013 upon the recommendation of Remuneration Committee in its meeting held on 30.05.2013, had decided to increase salary of Sri T G Bharath, Chairman & Managing Director from Rs. 1,25,000/- per month to Rs. 4,00,000/- per month with effect from 01.10.2013 with other elements of remuneration as approved by shareholders in the Annual General Meeting held on 26.09.2011 remains unaltered subject to overall limit of Section 198 and Schedule XIII and other relevant provisions of the Companies Act, 1956.

Sri T G Bharath has given declaration for complying the requirements of Part I of Schedule XIII of the Companies Act, 1956. The remuneration proposed is within the limits prescribed under section I of Part II of Schedule XIII of the Companies Act, 1956 and if there are adequate profits, remuneration paid will be within overall limits of 5% of net profits of the Company under sec 198 of Companies Act, 1956. The increase in remuneration has been approved by resolution passed and recommended by the Remuneration Committee of the Board. The Company has not defaulted in repayment of any of the debts to banks for any period in the preceding financial year. A Special Resolution is proposed for the approval of proposed change in the terms of



payment of remuneration for a period of three years i.e., with effect from 01.10.2013 to 26.07. 2016 .

A Statement as required pursuant to clause I(B) of sec II in part II of Schedule XIII of the Companies Act , 1956 is annexed to the Explanatory Statement .

Except Sri T G Bharath , Chairman & Managing Director , none of the directors of the Company are interested in the above said resolution.

The Explanatory statement may be treated as an abstract of the terms and conditions pursuant to Sec 302(2) of the Companies Act, 1956.

Your directors commend the above resolution as set out under item no.5 in the notice for approval by the shareholders.

Annexure referred to in the Explanatory Statement

Statement containing the information as required under Notification No.G.S.R36 (E) dated 16th January, 2002 amending Schedule XIII to the Companies Act, 1956 in respect of increase in remuneration of Sri T G Bharath, Chairman & Managing Director of the Company.

1. General Information

Nature of Industry : Manufacture of Inorganic Chemicals & Power Generation.

2. Year of Commencement of Commercial production

The Company was incorporated on 28.03.2005 .The business of manufacturing of Inorganic chemicals had been vested in the Company with effect from the Appointed date i.e., 1st April, 2005 by virtue of Scheme of Amalgamation sanctioned by the Hon'ble High Court of Andhra Pradesh vide its Order dated 15.06.2006 and generation of Wind Energy in the year 2008.

In case of new companies, expected date of commencement of activities as per project approved by the financial institutions appearing in the prospectus:

— Not Applicable —

3. Financial Performance

(Rs. in Lacs)

Particulars	Year ended		
	31.03.13	31.03.12	31.03.11
Turnover	29966.76	24345.89	21170.80
Profit Before Interest, Depreciation and Tax	3390.44	4702.08	3932.55
Net Profit as per Profit and Loss Account	929.06	1820.44	2076.15
Amount of Dividend paid	---	----	164.21
Rate of Dividend declared	---	----	15% (Interim dividend)

The effective capital of the Company based on the latest audited accounts of the Company for the year ended 31st March, 2013 was Rs. 17957.92 Lakhs.



Exports performance and net foreign exchange earnings for the year ended 31st March, 2013 was Rs.12017.87 Lakhs.

4. Foreign investment or Collaboration, if any:

The Company has no foreign collaboration so far.

5. Information about the appointee

a. Background details:

Sri T G Bharath, aged 37 years, is post graduate in Business Administration with rich experience of over 13 years in manufacturing industry.

b. Past remuneration:

He was drawing Rs. 1,25,000/- per month as salary, Rs. 25,000/- as HRA, Commission @ 4% on net profits and other perquisites within the limits of 5% net profits of Company as per Sec. 198 of the Companies Act, 1956.

c. Recognition or Awards:

Udyoga Ratna Award

Best Customer Award by ECGC

Best Customer Award by State Bank of Hyderabad

d. Job profile and his suitability:

Sri T G Bharath, Chairman & Managing Director of the Company is in charge of the whole or substantially the whole of the management of the Company. He is eminently suited for the job.

Remuneration proposed: Rs. 4,00,000/- per month or Rs. 48,00,000/- per year as per Schedule XIII of the Companies Act, 1956.

The remuneration payable includes all allowances and perquisites.

6. Comparative remuneration with respect to industry, size of the Company, profile of the position and person:

Considering the size of the Company and the job profile of the position and the credentials and performance of the appointee, the remuneration proposed is moderate and reasonable and compares well with that of similar companies.

Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:

Sri T G Bharath is promoter of the Company and together with his family and associate companies, he holds substantial stake in the Company. He has no relationship with any other Directors of the Board.

7. Other Information

a. Reasons for loss or inadequate profits:

The margins in the business are reasonable and the Company optimistic to generate higher margins considering the nature of business. In the event



of inadequacy of profits also, the proposed monthly remuneration of Rs. 4,00,000/- shall be with in the limits prescribed under clause I(B) of Section II Part II of Schedule XIII.

b. Steps taken or proposed to be taken for improvement:

Various measures like expansion of Chemical Products and setting up of 11.25 MW of Wind Power and 10MW Thermal Power Generation unit, have been taken and further measures are being taken for improving the margins and reduction in cost of operations.

c. Expected increase in productivity and profits in measurable terms:

The Company is expected to register an increase of 5% to 10% per annum in productivity and thereby profits by about 3% to 5% every year.

8. Disclosures

The shareholders of the Company are informed of the remuneration package of the Managerial Personnel through the notice of the Annual General Meeting.

The Company being an listed Company, the Corporate Governance is applicable and the company has provides a detailed Corporate Governance Report as per Clause 49 of the Listing Agreement of BSE/NSE.

By Order of the Board

Sd/-

(V. Surekha)

Company Secretary

Place : Kurnool

Date : 30th May, 2013

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	Dr. A. H. Praveen	Sri D. V. Narendra Babu
Date of Birth	30-04-1975	09-01-1956
Date of appointment	30-04-2009	30-06-2009
Expertise in specific Functional areas	Nearly 6 years of experience in corporate sector	More than 25 years experience in industrial and business fields as entrepreneur
Qualifications	M.D.S	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 Eighth Annual Report of the Company for the year ended 31st March, 2013.

Financial Results:

(Rs. in lakhs)

Particulars	2012-13	2011-12
Profit Before Interest, Depreciation and Tax	3789.86	4760.92
Less : Interest	789.44	747.93
Depreciation	1319.94	1198.00
Loss on sale / Loss due to floods	0.81	50.46
Preliminary Expenses written off	-	4.18
Prior period adjustments	390.62	8.39
Profit Before Tax	1281.05	2751.96
Provision for Taxation & Deferred Income Tax	351.99	931.52
Profit After Tax	929.06	1820.44
Add: Balance brought forward from previous year	8378.92	6626.54
Profit available for appropriation	-	-
Balance carried forward to next year	9307.98	8378.92

Operations:

During the year, the Company achieved turnover of Rs. 29966.76 lakhs against previous year turnover of Rs. 24345.89 lakhs. The project relating to 10MW thermal power plant is under advanced stage of implementation & is ready for commissioning in this financial year.

Dividend:

In view of the need for augmenting resources for on going capex projects, margin for working capital and stabilization of activities, your Directors have decided not to declare any dividend for the year 2012-13.

Risk Management:

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

Fixed Deposits:

During the year under review, your Company has neither invited nor accepted any deposits from the public. 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. 24,33,240 in paid up Equity Share capital of the Company. The Company had allotted 2,43,324 Equity shares of Rs. 10/- each on 30.03.2013 pursuant to conversion of warrants under 1st tranche to one of the promoters of the Company under preferential issue as per approvals given by the members and Stock Exchanges.

**Listing of Shares:**

The Equity shares of your Company are listed on 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 2013-14.

Particulars of Employees:

Except Sri 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, 2013 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, 2013 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, 2013 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:**

Dr A H Praveen 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 and generation of Power by Sri NVS Kapardhi, (M 9488), Cost Auditor of the Company for financial year 2011-12. As per recent notifications issued by Ministry of Corporate Affairs, Cost Audit Report (Form-I)in XBRL format had been filed with Central Government vide SRN S20911640 on 25.04.2013 and Compliance Report (Form-A) vide SRN S20414801 on 28.02.2013.

Auditors:

The Statutory Auditors M/s. S.T. Mohite & Co., Chartered Accountants, Hyderabad, retire at the ensuing Annual General Meeting of the Company and have confirmed their eligibility and willingness to accept office, if re-appointed . Your Directors propose the reappointment of M/s. S.T. Mohite & Co., as Statutory Auditors to hold office until the conclusion of the next Annual General Meeting of the Company. The Firm is peer reviewed and holds a peer review certificate .

Acknowledgements:

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from Customers, Banks, Suppliers, Shareholders, Government departments and other statutory authorities and others associated with the Company. Your Directors also wish to place on record their appreciation for the contributions made by employees at all levels, during the year under review.

For and on behalf of the Board

Sd/-

Place : Kurnool

Date : 30th May, 2013

T.G. BHARATH

Chairman & Managing Director

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, 2013.

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	37 Years	B.Com, MBA (UK)	Chairman & Managing Director	25.07.2006	4769975	13 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:

Energy saver installed in lighting circuit of Hypo expansion plant which enables power saving.

FORM A

Disclosure of particulars with respect to Conservation of Energy:

	UNIT	Current year 2012-13	Previous year 2011-12
A. Power and Fuel consumption			
ELECTRICITY			
a. Purchased	(KWH)	22490944	197566645
Total Amount	(Rs.)	228820902	83310710
Rate per Unit	(Rs.)	10.17	4.22
b. Own Generation			
Through Diesel			
Generator (Units)	(KWH)	6684	21328
Unit per Ltr. of			
Diesel Oil	(KWH)	0.38	0.24
Cost / Unit	(Rs.)	19.23	10.55
c. Own Generation			
Through Wind			
Units	(KWH)	29380112	24826221
Cost / Unit	(Rs.)	2.25	2.56
B. Consumption per MT of production:			
Product Name			
Hi-strength Hypochlorite (HSH)	(KWH)	684	647
Sulphuric Acid (SA)	(KWH)	45	55
Chlorosulphonic Acid (CSA)	(KWH)	44	61
Stable Bleaching Powder (SBP)	(KWH)	141	148
Monochloroacetic Acid (MCA)	(KWH)	463	509
H2 Gas	(Cum)	0.31	0.34

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. By making few modifications in sieving and separation system better quality of compact granules are being produced in Calcium Hypo.
- II. For manufacturing of 200-300 gms tablets of Calcium Hypo, hydraulic machine with controls developed along with the supplier.

2. Benefits derived as a result of R & D

Better quality of compact granules are being produced in Calcium Hypo.

3. Future plans in R&D

- I. Installation of Caustic online concentration analysis being planned for New Hypo Plant . This will give accurate indication of caustic concentration which will facilitate better control of operation.
- II. R & D is in progress for reducing insoluble in Hypo product.
- III. Possibility of satcheting of Hypo tablets being studied.

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 Hypo Chlorite, Stable Bleaching Powder, Mono-Chloro Acetic Acid and Sulphuric Acid.

b) Total Foreign Exchange used/earned (Rs. in lakhs)

- | | |
|-----------------------------|----------|
| i. Foreign Exchanged earned | 14275.12 |
| ii. Foreign Exchange used | 2257.25 |

For and on behalf of the Board

Sd/-

Place : Kurnool

Date : 30th May, 2013

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	Board meeting attendance	AGM Attendance	No of other Directorships	No of other Committee positions held
1.	Sri T.G. Bharath	Chairman & Managing Director	8	Yes	7	----
2.	Sri P.T. Reddy	Independent Director	8	Yes	----	----
3.	Dr. A. H. Praveen	Independent Director	8	Yes	----	----
4.	Sri D.V. Narendra Babu	Independent Director	8	No	----	----

During the financial year ended 31st March, 2013, eight Board meetings were held on (1) 15.05.2012 (2) 14.08.2012 (3) 29.09.2012 (4) 19.10.2012 (5) 14.11.2012 (6) 28.11.2012 (7) 16.01.2013 and (8) 14.02.2013.

The maximum time gap between any two meetings was not more than four calendar months.

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:

- Oversight of the Company's financial reporting process to ensure that the financial statements is correct, sufficient and credible.
- Recommending to the Board with regard to appointment, re-appointment, fixation of fees etc, of Statutory Auditors, Cost Auditors etc.,



- (c) Reviewing with Management the Annual Financial Statement before submitting to the Board with particular reference to Directors Responsibility Statement, changes in accounting policies, major accounting entries involving estimates, compliance with other Listing Agreement, disclosure of other related party transactions.
- (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 Audit committee Meetings were held on following dates :

- (1) 15.05.2012 (2) 14.08.2012. (3) 19.10.2012 (4) 14.11.2012 (5) 14.02.2013 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 inter alia, 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:

(Amount in Rs.)

Salary	Perquisites	Commission	Total
15,00,000	5,55,073	27,14,902	47,69,975

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 2012-13	Pending at the end of the year	No. of pending Share Transfer
85	Nil	Nil



Smt V. Surekha , Company Secretary has designated as Compliance Officer by the Board.

4. General Body Meetings:

The last three Annual General Meetings of the Company were held on (1) 24.09.2010 (11 A.M.) (2) 26.09.2011 (11 A.M.) and (3) 28.12.2012 (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:

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. Reappointment 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.

2011-12

1. Issue of 7,35,830 Convertible warrants under preferential allotment to one of the promoters.

Postal Ballot :

No postal Ballot was conducted during the year 2012-13.

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. 30.9 of Notes to Accounts of Balance Sheet and Profit and Loss Account 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 : 27th September, 2013
 Time : 11.30 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, 2013 to 31st March, 2014.

Un-audited Financial Results for :

First Quarter - July/August, 2013
 Second Quarter - October/November, 2013
 Third Quarter - January/February, 2014
 Fourth Quarter - April/May, 2014

(c) Book Closure period : 20.09.2013 to 27.09.2013 (inclusive of both days)

(d) Dividend Payment Date: Not Applicable

(e) Listing on Stock Exchanges: The shares of the Company are listed on Bombay Stock Exchange Ltd. & National Stock Exchange of India Ltd. Annual listing fee for the year 2013-14 has been paid to BSE and NSE .

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

Bombay Stock Exchange Ltd. - 532842
 The National Stock Exchange of India Ltd. - SRHHYPOLTD
 Demat ISIN Nos. in NSDL and the CDSL - INE 917H01012

(g) Market Price Data for Financial year 2012-13:

Month & year	B S E		N S E	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2012	57.85	53.00	57.75	51.75
May, 2012	61.70	43.00	60.95	41.80
June, 2012	49.35	42.80	50.35	40.95
July 2012	50.10	41.60	48.90	40.60
August, 2012	45.50	37.25	46.50	37.40
September, 2012	48.95	36.05	53.65	36.55
October, 2012	48.40	41.05	49.45	38.30
November, 2012	68.65	44.00	68.90	41.05
December, 2012	58.50	50.00	57.80	49.50
January, 2013	56.95	50.50	57.20	50.50
February, 2013	54.10	37.25	54.85	39.50
March, 2013	39.00	29.30	37.60	28.60



(h) Share Transfer Agents:

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

(i) Distribution of Shareholding as on 31st March, 2013:

Sl. No.	CATEGORY	SHARES	AMOUNT	%
1.	Promoters	7667034	76670340	53.90
2.	Mutual Funds	2225	22250	0.02
3.	Banks & Financial Institutions	44417	444170	0.31
4.	Bodies Corporate	569159	5691590	4.00
5.	Indian Public	4822458	48224580	33.90
6.	NRI / OCBS	1118890	11188900	7.87
	Total	14224183	142241830	100.00

(j) Dematerialisation of shares and liquidity:

As on 31st March, 2013, 78.04 % 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 31.03.2013.

Sd/-

Place : Kurnool

Date : 30.05.2013

T.G. BHARATH

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 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 Hydraxide Plant at Gondiparla, Kurnool.
 - ❖ 10 MW Thermal Power Plant at Gondiparla, Kurnool.
- (n) For all matters, address for correspondence at any of the following addresses:
- (A) Registrar and Share Transfer Agent
M/s. Aarthi Consultants Pvt. Ltd.
Door No. 1-2-285, Domalguda
Hyderabad – 500 029
e-mail id : info@aarthiconsultants.com
- (B) Sree Rayalaseema Hi-strength Hypo Limited
No. 6-2-1012, II 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@tgvmil.net

for and on behalf of the Board of Directors

Sd/-

Place : Kurnool
Date : 30.05.2013

T.G. BHARATH
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.)

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, 2013 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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, 2013, there were no investor grievances remaining unattended / pending for a period exceeding 15 days against company as per the records maintained by the Company .

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

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

Sd/-

Place : Kurnool
Date : 30th May, 2013

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

**ANNEXURE 'D' TO DIRECTORS' 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 .

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 Hypo Chlorite (HSH), Mono Chloro Acetic Acid (MCA) , Stable Bleaching Powder (SBP), Chloro Sulphonic Acid (CSA), Sulphuric Acid , Power generation through wind , Sodium Hydride and Sodium Methoxide . However, there was a slight decline in bottling of Hydrogen Gas.

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 2012-13 Net Profit Before Tax is Rs. 1281.05 lakhs against Rs. 2751.20 lakhs during the previous year. The Company provided Rs. 95.68 lakhs towards deferred tax and Rs. 256.31 lakhs towards current tax. Due to this, the Net Profit After Tax is Rs. 929.06 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 500 employees on its rolls.

For and on behalf of the Board

Sd/-

Place : Kurnool
Date : 30.05.2013

T.G. BHARATH
Chairman & Managing Director



INDEPENDENT AUDITORS' REPORT

To the Members

Sree Rayalaseema Hi-Strength Hypo Limited.

1. Report on the Financial Statements

We have audited the accompanying financial statements of Sree Rayalaseema Hi-Strength Hypo Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

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

3. Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

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



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

5. Report on Other Legal and Regulatory Requirements

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

5.2. As required by section 227(3) of the Act, we report that:

- a. 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;
- b. 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 those books.
- c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account
- d. In our Opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of section 274(1)(g) of the Act.

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

Sd/-

Place : Kurnool
Date : 30th May, 2013

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	4(i)	Fixed Assets
	4(i)(a)	The company is generally maintaining proper records to show full particulars including quantitative details and situation of all fixed assets.
	4(i)(b)	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 year and no material discrepancies were noticed on such verification.
	4(i)(c)	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.
2	4(ii)	Inventories
	4(ii)(a)	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.
	4(ii)(b)	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.
	4(ii)(c)	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.
3	4(iii)	Loans to / from parties covered by Sec.301 of the Companies Act, 1956
	4(iii)(a) to(d)	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 3 Companies and Rent Deposit to another company, all of whom are covered in the Register maintained U/S 301. The maximum amount involved during the year is Rs.378.55 lakhs and the same is outstanding at the end of the year. The terms for receipt and steps to be taken for recovery of principal and interest are not applicable.



Sl. No.	Ref. to CARO	Report by Auditors of the Company
	4(iii)(e) to (g)	In our opinion and according to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from any company, firms or other parties covered in the register maintained U/S 301 of the Companies Act, 1956. Hence furnishing details required by 4(iii)(e) to (g) are not applicable.
4	4(iv)	Adequacy of Internal control procedures
		In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of inventory, fixed assets and for sale of energy/services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5	4(v)	Register under Sec.301 of the Companies Act, 1956
	4(v)(a)	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.
	4(v)(b)	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 Companies 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.
6	4(vi)	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.
7	4(vii)	Internal Audit System
		The internal audit function is carried out by a firm of independent Chartered Accountants appointed by the management and is commensurate with the size of the Company and the nature of its business.
8	4(viii)	Maintenance of cost records
		Cost Auditor has been appointed for the financial year 2012-13 and cost audit is in progress. We have broadly examined the books of accounts and records maintained by the company pursuant to the Rules prescribed by the Central Govt. for the maintenance of cost records U/S 209(1)(d) of the Companies Act, 1956, in respect of all products of the Company and are of the opinion that prima facie the prescribed accounts and records maintained. However, we have not made detailed examination of the records with a view to determine whether they are accurate.



Sl. No.	Ref. to CARO	Report by Auditors of the Company					
9	4(ix)	Statutory Dues					
	4(ix)(a)	The company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues material in amount with appropriate authorities as on the Balance sheet date.					
	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 31.3.2013 which have not been deposited on account of 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	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



		No.	Name of the Statute	Nature of dues	Total Amount Rs.	Period to which the amt. relates	Forum where dispute is pending
		9	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit on input services	25,54,120	2011-12	Appeal pending before Comm. Of Central Excise, Tirupati
		10	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit on input services	40,83,289	2012-13	Appeal pending before Comm. Of Central Excise, Tirupati
		11	The Income Tax Act, 1961	Disallowance of amount as expenditure under section 14A	3,04,719	2008-09	Appeal pending before CIT (appeals) Hyderabad
10	4(x)	Erosion of Net worth & Cash losses incurred					
		There are no accumulated losses at the end of year and the company has not incurred cash losses in the financial year ended on that date or in the immediately preceding financial year.					
11	4(xi)	Defaults in repayment to FIs/Banks/Debenture holders					
		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 in repayment of dues to financial institutions or banks or debenture holders as at the balance sheet date.					
12	4(xii)	Maintenance of records for loans granted against securities					
		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.					
13	4(xiii)	Special Statute – Nidhi/Mutual Benefit Fund/Chit Fund Companies					
		Based on our examination of the records and information and explanation given to us, 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.					
14	4(xiv)	Records for investments by the company dealing or trading in securities					
		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 not applicable to the Company.					



Sl. No.	Ref. to CARO	Report by Auditors of the Company
15	4(xv)	Guarantees given for loans by others According to the information explanation given by the management, the company has given guarantee aggregating to Rs.1052 lakhs (outstanding as on 31.03.2013 is Rs.370.75 lakhs) for loans taken by two associate Companies from bank or financial institutions. The terms of such guarantees are not prejudicial to the Company.
16	4(xvi)	End use of funds for Terms loans 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.
17	4(xvii)	Usage of short term funds for long-term investments 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.
18	4(xviii)	Preferential allotments to parties covered by Sec.301 of the Companies Act, 1956 During the year, the Company has allotted Equity shares on preferential basis to a Company covered in the Register maintained under section 301 of the Companies Act, 1956 consequent upon conversion of warrants. The price at which these equity shares and warrants were issued has been determined as per SEBI(ICDR) Regulations, 2009 which, in our opinion, is not prejudicial to the interest of the Company.
19	4(xix)	Securities or charges for Debentures issued The company has not created any securities or charge in respect of debentures as the company has not issued any debentures during the year.
20	4(xx)	End use of monies raised by public issues 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 utilization of the proceeds on such issue in the Balance Sheet.
21	4(xxi)	Frauds on or by the Company 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 not come across any instances of material fraud on or by the company, noticed or reported during the year.

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

Sd/-

Place : Kurnool
Date : 30th May, 2013

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



BALANCE SHEET AS AT 31ST MARCH, 2013

Particulars	Note No.	As at 31st Mar, 2013 Rs.	As at 31st Mar, 2012 Rs.
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	1	142241830	139808590
(b) Reserves and Surplus	2	1249452722	1144224060
(c) Money received against share warrants	3	6727643	—
		1398422195	1284032650
(2) Share application money pending allotment		—	—
(3) Non-current liabilities			
(a) Long-term borrowings	4	715442101	596544660
(b) Deferred tax liabilities (Net)	5	237278446	227710547
(c) Other Long term liabilities	6	14264501	4124284
(d) Long-term provisions	7	109655557	4933292
		1076640605	833312783
(4) Current liabilities			
(a) Short-term borrowings	4	294119561	208686493
(b) Trade payables	8	362343056	213450283
(c) Other current liabilities	9	278848516	398536294
(d) Short-term provisions	10	169406969	169866395
		1104718102	990539465
		3579780902	3107884898
II ASSETS			
(1) Non-Current Assets:			
(a) Fixed Assets	11		
(i) Tangible Assets		1553790515	1274190861
(ii) Intangible Assets		—	—
(iii) Capital work-in-progress		516867713	331051915
(iv) Intangible assets under development		—	—
		2070658228	1605242776
(b) Non-current investments	12	270120856	224734969
(c) Deferred tax assets(net)		—	—
(d) Long-term loans and advances	13	298159139	278300896
(e) Other non-current assets		—	—
(2) Current Assets:			
(a) Current investments	14	37392400	198719
(b) Inventories	15	212175549	210207187
(c) Trade receivables	16	288347656	291124434
(d) Cash and Cash equivalents	17	51025075	52430417
(e) Short term loans and advances	18	316608453	422213405
(f) Other current assets	19	35293546	23432095
		940842679	999606257
		3579780902	3107884898
TOTAL			
Contingent liabilities	20		
Significant Accounting Policies and Notes to Accounts	30		

Notes "1" to "20" and Note No:30 annexed form integral part of Balance Sheet

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/-

M.T.Sreenivasa Rao

Proprietor / M.No:015635

Sd/-

T.G.Bharath

Chairman & Managing Director

Sd/-

P.T.Reddy

Director

Sd/-

Date : 30th May, 2013

Place : Kurnool

Date : 30th May, 2013

Place : Kurnool

V.Surekha

Company Secretary



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Note No.	Year Ended 31st Mar, 2013 Rs.	Year Ended 31st Mar, 2012 Rs.
Incomes:			
I Revenue from Operations (Gross)	21	3136302648	2532113567
Less : Excise Duty		139626534	97524264
Revenue from Operations (Net)		2996676114	2434589303
II Other Income	22	29627430	11582054
III Total Revenue (I+II)		3026303544	2446171357
IV Expenses:			
a) Cost of materials consumed	23	1538223580	1225905416
b) Purchases of Stock-in-Trade		24961	24112486
c) Changes in inventories of finished goods work-in-progress and stock in trade	24	3545745	-12722026
d) Employee benefits expenses	25	111813915	98073614
e) Finance costs	26	78944292	74793446
f) Depreciation and amortization expense	11	131994135	120218905
g) Other expenses	27	960789123	599602771
Total Expenses		2825335751	2129984612
V Profit before Exceptional and Extraordinary items and Tax (III - IV)		200967793	316186745
VI Exceptional Items	28	33001037	40152219
VII Profit before extraordinary items and Tax (V-VI)		167966756	276034526
VIII Extraordinary Items		—	—
IX Profit before tax and prior period expenses (VII-VIII)		167966756	276034526
X Prior period expenses		39861529	838927
XI Profit before tax for the period (IX-X)		128105227	275195599
XII Less: Tax Expenses			
(a) Current tax		25630974	109692175
(b) Deferred tax		9567899	-16540386
Net Tax Expenses		35198872	93151789
XIII Profit for the period (XI-XII)		92906355	182043810
XIV Earnings per equity share: face value Rs.10/- each			
(a) Basic		6.53	13.02
(b) Diluted		6.53	13.02
(c) Face Value		10.00	10.00
Notes to statement of profit and loss	29		
Significant Accounting Policies and Notes to Accounts	30		

Notes "11", "21" to "30" 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/-

T.G.Bharath

Chairman & Managing Director

Sd/-

P.T.Reddy

Director

M.T.Sreenivasa Rao

Proprietor / M.No:015635

Date : 30th May, 2013

Place : Kurnool

Sd/-

V.Surekha

Company Secretary

Date : 30th May, 2013

Place : Kurnool


Cash Flow Statement For The Year Ended 31-03-2013 As Per Clause 32 of Listing Agreement

Rs. in Lakhs

	Year Ended 31-03-2013	Year Ended 31-03-2012
A Cash Flow From Operating Activities		
Net Profit before Tax and extraordinary items	1281.86	2760.35
Depreciation	1319.94	1198.00
Interest Paid	789.44	747.94
Interest Received	-15.42	-52.38
Loss on sale of assets	-0.81	-104.39
Preliminary & deferred expenses written off	—	4.18
Operating Profit before Working capital changes	3375.02	4553.70
Adjustments for:		
Trade and Other receivables	-1388.01	-3568.34
Inventories	-19.68	-491.89
Trade payable	3828.13	2631.91
	2420.43	-1428.32
Cash generated from operations	5795.45	3125.38
Interest Paid	-789.44	-747.93
Interest Received	15.42	52.38
Direct Taxes	-351.99	-931.52
Cash Flow From Operating Activities	4669.44	1498.31
Extra ordinary items	—	—
Net Cash Flow From Operating Activities	4669.44	1498.31
B Cash Flow From Investing Activities		
Purchase/Sales of Fixed Assets	-5974.10	-6625.42
Purchase/Sales of Investments	-825.80	-1793.30
Net cash used in Investing Activities	-6799.89	-8418.72
C Cash Flow From Financing Activities		
Proceeds from long term borrowings	1901.57	1761.25
Increase of share capital	91.61	303.34
Increase of share premium	123.22	4894.30
Net cash used in Financing Activities	2116.40	6958.89
Net increase in cash & cash equivalents (A+B+C)	-14.05	38.48
Cash & Cash equivalents as at 01-04-2012 (op.B/s)	524.30	485.82
Cash & Cash equivalents as at 31-03-2013 (cl.B/s)	510.25	524.30

For and on behalf of the Board

Sd/-

T.G.Bharath

Chairman & Managing Director

Sd/-

P.T.Reddy

Director

Date : 30th May, 2013

Place : Kurnool

Sd/-

V.Surekha

Company Secretary

CERTIFICATE

We have examined the above cash flow statement for the year ended 31st March, 2013. The statement has been prepared by the company in accordance with Clause 32 of 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 30th May, 2013 to the members of the Company.

For S.T.Mohite & Co.,

Chartered Accountants (Regn. No. 011410S)

Sd/-

M.T.Sreenivasa Rao

Proprietor / M.No:015635

Date : 30th May, 2013

Place : Kurnool



NOTE TO ACCOUNTS - BALANCE SHEET

	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
1 Share Capital (item I (1) (a) of Balance sheet)		
1.1 Equity Share Capital		
a) Authorised: 4,90,00,000 (Previous year 4,90,00,000) Equity shares of Rs.10/- each	490000000	490000000
b) Issued, subscribed and fully paid-up		
1,39,80,859 - (Previous year 1,09,47,461) Equity shares of Rs.10/- each	139808590	109474610
2,43,324 - (Previous year 5,47,370) Preferential allotment during the year	2433240	5473700
0 - (Previous year 24,86,028) Issued to members of Transferor companies	—	24860280
<u>1,42,24,183</u> No. of shares		
Total	142241830	139808590

1.2 Reconciliation of number of shares outstanding

Equity shares	No. of shares	No. of shares
At the beginning of the year	13980859*	10947461
Add: Preferential Issue during the year	243324	547370
Add: Issued during the year in share capital suspense	—	2486028
Total	14224183	13980859

*Includes shares allotted against capital suspense

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 subject 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% Equity Shares

Equity shares	After adjusting capital suspense (2012-13)		Excluding capital suspense (2011-12)	
	%	No. of shares	%	No. of shares
Sree Rayalaseema Galaxy Projects Pvt. Ltd	10.64	1513989	8.87	1019343
TGV Projects & Investments Pvt. Ltd	9.28	1320013	5.97	686649
Shares held by beneficiary for the company	7.21	1025289	8.92	1025289
Gowri Gopal Hospitals Pvt. Ltd	7.71	1096785	6.85	787744



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)

- 1.5 The Company has no Subsidiaries or Holding Company.
- 1.6 During the year 2,43,324 Equity shares of Rs. 10/- each were issued pursuant to conversion of warrants under preferential allotment for cash at a premium of Rs.44.62 per share
- 1.7 During previous year 2011-12 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 31st Mar,2013 Rs.	As at 31st Mar,2012 Rs.
1.8 Utilisation of issue proceeds			
Gross value of issue by preferential allotment during the year		20018000	24056912
Less: Utilised for the object up to 31st Mar,2013		20018000	22501759
Unused Balance represented in Bank Current Account		—	1555153
	As at 31st Mar,2013 Rs.		As at 31st Mar,2012 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	4355500		4355500
Add : Additions during the year	1465190	5820690	—
			4355500
(b) Securities Premium Reserve			
Balance as per last balance sheet	53925439		21214727
Add : On Preferential issue during the year	10857117		18583212
Add : Additions on Amalgamation during the year	—		14127500
		64782556	53925439
2.2 General Reserve			
(a) General Reserve			
Balance as per last balance sheet		5184797	5184797
(b) Amalgamation Reserve			
Balance as per Last Balance Sheet	242866501		126968411
Add: Additions on Amalgamation of transferor companies	—		1718045
Add: Additions on Amalgamation during the year	—		114180045
		242866501	242866501
(c) Surplus i.e. Balance in Statement of Profit and Loss			
Balance as per last balance sheet	837891823		497070406
Addition on amalgamation during the year	—		158777607
Add: Profit for the year	92906355		182043810
		930798178	837891823
Total		1249452722	1144224060

**NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)****3 Money received against share warrants**

As at 31st Mar, 2013 Rs. As at 31st Mar, 2012 Rs.

Item 1(1)(C) of Balance Sheet

Opening balance

Add: 7,35,830	Convertible Warrants issued at Rs.54.62/- (Including premium) per warrant for cash and convertible into equity shares of Rs.10/- each in the ratio of 1 : 1	40191035	—
	Amount received on convertible warrants during the year	20018000	—
Less: 2,43,324	Converted into equity shares during the year	13290357	—
4,92,506	Amount received on outstanding convertible warrants	6727643	—

4 Borrowings

(item I (3) (a) of Balance sheet)

4.1 Secured

- (a) Term loans from banks
(b) Term loans for vehicles from bank
(c) Loans repayable on demand from banks

Total**4.2 Unsecured**

- (a) Deferred Sales Tax Liabilities
(b) Security deposits from customers

Total**Total****4.3 Disclosure in Balance Sheet**

- a) Short term borrowings under current liabilities (item I (4) (a) of Balance sheet)
b) Current maturities under other current liabilities

As on 31.03.2013		As on 31.03.2012	
Long term	Short term	Long term	Short term
711611590	156957000	585135449	180456000
	—		242400
	276039374		191355480
711611590	432996374	585135449	372053880
3830511	6090812	11409211	6556638
	11989375		10774375
3830511	18080187	11409211	17331013
715442101	451076561	596544660	389384893
	294119561		208686493
	156957000		180698400
	451076561		389384893

4.4 Additional information on borrowings**i. Security**

- (a) The term loan from banks are secured by exclusive charge on specific fixed assets.
(b) The loan 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.
(c) The working capital and Term loans from banks are also secured by first and second charge on some of the fixed assets of the company.
(d) The working capital and Term loans from banks are further secured by guarantee from Managing Director and a promoter in their individual capacities

ii. Defaults

There are no defaults/continuing defaults as on 31st Mar, 2013 in payment of interest and repayment of loans.



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)

	As at 31st Mar,2013 Rs.	As at 31st Mar,2012 Rs.
Additional information on borrowings (contd..)		
iii Repayments		
Terms of repayment	Outstanding	Outstanding
A. Term Loans		
(a) Quarterly instalment of Rs. 40,00,000/- payable up to Mar,2013	—	15795984
(b) Quarterly instalment of Rs. 60,00,000/- payable up to Dec,2013	17075120	41640214
(c) Quarterly instalment of Rs. 29,00,000/- payable up to Jun,2015	34995631	43183194
(d) Monthly instalment of Rs. 29,49,000/- payable up to Feb,2016	128352255	158381493
(e) Monthly instalment of Rs. 29,49,000/- payable up to Aug,2016	145330785	179332313
(f) Monthly instalment of Rs. 40,00,000/- payable up to Feb,2017	184207754	235104766
(g) Monthly instalment of Rs. 39,50,000/- payable up to Feb,2021	333429645	55812897
(h) Quarterly instalment of Rs. 5,77,000/- payable up to Mar,2015	6352794	9361299
(i) Monthly instalment of Rs. 6,00,000/- payable up to Dec,2015	18824606	26978669
B. Vehicle loans	—	242400
C. Sales tax deferment	9921323	17965849
Repayment in 2013-14 is Rs. 60,90,812/- and in 2014-15 is Rs.38,30,511/-		
5 Deferred tax liability		
(item I (3) (b) of Balance sheet		
Deferred tax liability	227710547	240280306
Transfer on amalgamation during the year	—	3970627
Less: Deferred tax during the year	9567899	-16540386
Net Deferred tax liability Total	237278446	227710547
6 Other long-term liabilities		
(item I (3) (c) of Balance sheet)		
Trade payables for capital assets	14264501	4106630
Amounts due to micro, small and medium enterprises (Refer Note No.30.4)	—	17654
Total	14264501	4124284

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

	As at 31st Mar, 2013 Rs.	As at 31st Mar, 2012 Rs.
7 Long-term provisions		
(item I (3) (d) of Balance sheet)		
Provision for additional power charges (refer note 27.2)	104247557	—
Gratuity provision	5408000	4933292
	109655557	4933292
CURRENT LIABILITIES		
8 Trade Payables		
(item I (4) (b) of Balance sheet)		
Sundry Creditors-Acceptances	185279616	101995950
Sundry Creditors-Trade	144965725	93129772
Amounts due to micro, small and medium enterprises	32097715	18324561
Note:	362343056	213450283
(a) Trade Payables include dues to related parties Rs.4,24,48,017/- and Rs. 18,52,79,616/- covered by LC's, which are fully secured by charge on current assets		
9 Other current liabilities		
(item I (4) (c) of Balance sheet)		
Secured		
(a) Current maturities of long term borrowings	156957000	180698400
Unsecured		
(a) Advances from customers	28941588	110456064
(b) Un paid dividend	1965780	1972376
(c) Other liabilities	90984148	105409454
	278848516	398536294
10 Short-term provisions		
(item I (4) (d) of Balance sheet)		
Employee benefits	7794890	5086382
Provision for Income Tax	161612079	164780013
	169406969	169866395



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..) ITEM II (I)(a) OF BALANCE SHEET
Schedule : 11 Fixed Assets and Depreciation

(Amount in Rs.)

S. No.	Particulars	Gross Block			Depreciation			Net Block	
		As at 01-04-2012	Additions	Deductions / Adjustments	As at 31-03-2013	As on Acc. Dep. Op. 01.04.2012	For the period Dep. On Ded.	As on Acc. Dep. Cl. 31.03.2013	As at 31-03-2013 As at 31-03-2012
1	On own use:								
	Land	77287855	9833160	508940	86612075	—	—	—	77287855
	Factory Buildings	165063901	114349669	—	279407570	32239809	7759153	39988762	132824292
	Plant and Machinery	710935161	29181079	—	1002116240	282571591	6267351	345246942	428363570
	Plant & Machinery-WEG	74463428	—	3862500	740771628	150068540	52645633	202155716	594575588
	Furniture and Fixtures	4458154	340600	—	4798754	759475	387215	1146690	3638679
	Office Equipment	23712837	68400	—	23781037	13078735	1158044	14236779	10633902
	Other Equipment	2835799	—	—	2835799	1447664	230759	1678423	1388135
	Vehicles	28926145	—	570000	29356045	9114846	3024887	11919869	20811199
2	On Lease:								
	Plant and Machinery	25398845	—	—	25398845	20791204	4113093	24904297	4607641
	Total	178425225	415766908	4941440	2195077993	51061664	131994135	64287478	1533790515
3	Capital Work-in-progress:								
	Civil Work-in-progress	139468339	77472043	114343669	102596713	—	—	—	139468339
	Machinery under erection	191583376	488446955	285759531	414271000	—	—	—	191583376
	Total	331051915	555918998	380103200	516867713	—	—	—	331051915
	Grand Total	2115304440	981685906	385044640	2711945706	51061664	131994135	64287478	2070656228
	Previous Year	1803826214	333148765	21670557	2115304440	392455767	11980093	51061664	160524276

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



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)

	As at 31st Mar,2013 Rs.	As at 31st Mar,2012 Rs.
12 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.,) 1,49,05,256 (Previous year 1,13,52,978) Equity shares of Rs10/- each (15000 shares pledged as security)* 35,52,278 Subscribed during the year by conversion of warrants into Equity	137756589	102233809
Sree Rayalaseema Hi-Strength Hypo Ltd. (Shares held with beneficiary ownership to the company and held in the name of Sri T.G. Bharath) 10,25,289 (Previous year 10,25,289) Equity shares of Rs.10/- each)	12060206	12060206
Others		
The South Indian Bank Ltd 5,30,250 (Previous year 5,30,250) Equity shares of Rs.1/- each) (3,18,000 shares pledged as security)	705675	705675
Roopa Industries Ltd 13,72,455(previous year 13,72,455) Equity shares of Rs.10/- each)	4117150	4117150
Kabson Industries Ltd 10,100 (previous year 10,100) Equity shares of Rs.10/- each)	43935	43935
Karnataka Bank Ltd 3,700 (previous year 3,700) Equity shares of Rs.10/- each) (3,700 shares pledged as security)	259691	259691
Lotus Chocolates Ltd 56,800(previous year 56,800) Equity shares of Rs.10/- each) (56,800 shares pledged as security)	596400	596400

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

	As at 31st Mar,2013 Rs.	As at 31st Mar,2012 Rs.
NEPC Micon Ltd	750	750
200 (previous year 200) Equity shares of Rs.10/- each)		
BNR Udyog Ltd	500	500
500 (previous year 500) Equity shares of Rs.10/- each)		
Consom Biotech Ltd	270	270
300 (previous year 300) Equity shares of Rs.10/- each)		
Neha International Ltd	2890	2890
1,700 (previous year 1,700) Equity shares of Rs.10/- each)		
Indo Wind Energy Ltd	600000	600000
42,000 (previous year 42,000) Equity shares of Rs.10/- each)		
b) Quoted - Partly paid up (non-trade)		
Surya Jyothi Spinning Mills Ltd	330	330
100 (previous year 100) Eq.shares of Rs.10/- each) - paid Rs. 5/ per share		
c) Unquoted - Fully paid up		
Trade		
TGV Projects and Investments Pvt.Ltd (Associate co.,)	13732000	13732000
13,73,200 (previous year 13,73,200) Equity shares of Rs.10/- each)		
Others		
Brilliant Bio Pharma Ltd (Associate co.,)	38573000	38573000
7,34,304 (previous year 7,34,304) Equity Shares Rs. 10/- each.		
Note : As per information there was a demerger of units in the investee company.		
The company as a member of investee company is entitled for 2746297 equity shares of Rs.10/- each in the ratio of 100:374 from Brilliant Industries Ltd., Pending allotment, the shares are not included in the schedule.		

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

	As at 31st Mar,2013 Rs.	As at 31st Mar,2012 Rs.
Sree Maruthi Agrotech Ltd (Associate co.,) 2,15,362 (previous year 2,15,362) Equity Shares of Rs.10/- each.	2153620	2153620
Gowri Gopal Hospital Pvt.Ltd (Associate co.,) 8,49,000 (previous year 8,49,000) Equity shares of Rs.10/- each)	1990000	1990000
Sree Rayalaseema Dutch Kassenbow Pvt.Ltd (Associate co.,) 12,04,344 (previous year 12,04,344) Equity shares of Rs.10/- each)	14004000	14004000
Kurnool Power Projects Ltd 15,000 (previous year 15,000) Equity shares of Rs.10/- each)	15000	15000
B Investments in preference shares		
Trade - Quoted - Fully paid up Sree Rayalaseema Alkalies and Allied Chemicals Limited 59,06,504 (previous year 59,06,504) @ 0.01 % Cumulative Redeemable Pref. shares Rs.10/- each	33498850	33498850
C Investments in Govt securities		
National Saving Certificates (Deposited with Sales Tax and other Govt. Departments)	10000	39000
D Investments in others		
a) UTIMster Gain.'92 10,000 Units of Rs.100/- each.	—	107893
b) 10,00,000 Convertible Warrants of Sree Rayalaseema Alkalies and Allied Chemicals Ltd., Warrants convertible into equal No. of equity shares of investee company	10000000	—
Total	270120856	224734969
Aggregate Book value of		
- Quoted Shares	189643236	154120456
- Unquoted Shares	80477620	70614120
Aggregate Market value of Quoted shares	193806463	216265867

Note : Shares acquired through Scheme of Amalgamation are in the process of transferring in Company's Name.

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

	As at 31st Mar,2013 Rs.	As at 31st Mar,2012 Rs.
13 Long term Loans and advances		
(item II (1) (d) of Balance sheet)		
Unsecured and considered good		
(a) Capital Advances	92127218	80653750
(b) Security Deposits for power suppliers	155234851	83634896
(c) Advances to Related parties:		
- for investment in shares	9084820	92000000
- Advances for Supplies	20000000	—
- Rent Deposit	21688500	21988500
(d) Other Rent Deposits	23750	23750
Total	298159139	278300896
CURRENT ASSETS		
14 Current Investments		
(item II (2) (b) of Balance sheet)		
a) UTI Mutual Funds (Units in Short Term Liquidity Fund)	—	198719
b) Convertible Warrants		
3739240 (Previous year - Nil)	37392400	—
Fully convertible warrants in Sree Rayalaseema Alkalies and Allied Chemicals Ltd. (convertible on or before 31-03-2014)		
Total	37392400	198719
15 Inventories		
(item II (2) (b) of Balance sheet)		
(a) Raw Materials	42497506	41262836
(b) Work-in-progress	12695478	9483643
(c) Finished Goods	38821513	33175155
(d) Stores and spares, Chemicals, fuel and packing materials	76838357	72558920
(e) Goods in transit	41322695	53726633
Total	212175549	210207187

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

	As at 31st Mar,2013 Rs.	As at 31st Mar,2012 Rs.
16 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	281728293	102862301
(b) Others	6619363	188262133
Total	<u>288347656</u>	<u>291124434</u>
17 Cash and cash equivalents (item II (2) (d) of Balance sheet)		
(a) Cash on hand	738453	1349566
(b) Balances with banks in current accounts	13484728	20119919
(c) Deposit with banks under lien as margin	36801894	30960932
Total	<u>51025075</u>	<u>52430417</u>
18 Short term loans and advances (item II (2) (e) of Balance sheet) Unsecured and considered good		
(a) Advance to related parties	2529380	1151174
(b) Advances to others		
(i) Advance to Suppliers	25897610	119892486
(ii) Advance to Employees	5549431	5439074
(iii) Prepaid Insurance and other Expenses	6721623	4356083
(iv) Export incentives receivable - DEPB, FMS and Target Plus.	32613100	39622425
(v) Advance Income tax and TDS	123744928	117587980
(vi) Other Deposits	3538657	4532169
(vii) Short term advances	116013724	129632014
Total	<u>316608453</u>	<u>422213405</u>
19 Other current assets (item II (2) (f) of Balance sheet)		
(i) Service tax , brokerage receivable and sales tax advance.	35293546	23432095
Total	<u>35293546</u>	<u>23432095</u>

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

	As at 31st Mar,2013 Rs.	As at 31st Mar,2012 Rs.
20 Contingent Liabilities and Commitments		
Contingent liabilities: (To the extent not provided for)	128903475	153272000
a) Claims against company not acknowledged as debts		
b) Guarantees outstanding	37075000	47700000
c) Other commitments		
1) Consumers cheques / bills discounted with Banks.	158034276	37189000
2) Unexpired Bank Guarantees provided by the Company.	12102768	9212000
3) Unexpired Letters of Credit established by the Company.	217701067	144649000
4) Income Tax appeal pending against I.T.O. A.O.	304714	304714
Commitments :		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	44177391	77332000
b) Uncalled liability on shares and other investments partly paid	500	500

**NOTE TO ACCOUNTS - STATEMENT OF PROFIT AND LOSS**

	Year ended 31.3.2013 Rs.	Year ended 31.3.2012 Rs.
21 Revenue from Operation (item I of Statement of Profit and Loss)		
Sale of Manufactured Products (Gross)	2982626127	2413059753
Sale of Wind Energy	103249485	84671324
Other operating revenues :		
Sale of Scrap (gross)	11903110	4688686
Export Incentives	38523926	29693804
	<u>50427036</u>	<u>34382490</u>
Total	<u>3136302648</u>	<u>2532113567</u>
22 Other Incomes (item II of Statement of Profit and Loss)		
Interest on Bank and other deposits and customers	1542183	5237967
Lease Rent Receipts	4500000	4500000
Other Incomes	23585247	1844087
Total	<u>29627430</u>	<u>11582054</u>
Note on Dividend : Accumulated dividend of Rs. 64,972/- on cumulative redeemable preference shares is not accounted pending declaration and payment by investor company.		
23 Cost of material consumed (item IV (a) of Statement of Profit and Loss)		
Opening stock of Raw Material	41262836	36022399
Add: Purchase of Raw Material	1437344527	1112660178
Less: Closing stock of Raw Material	42497506	41262836
Raw Materials Consumed	1436109857	1107419741
Stores, Spares, Chemicals & Packing Materials Consumed	102113723	118485675
Total	<u>1538223580</u>	<u>1225905416</u>
24 Change in inventories of Work in process & Stock in Trade (item IV (c) of Statement of Profit and Loss)		
Closing stock		
a Finished goods	80144208	84385426
b Stock-in-process	12695479	9483643
c Scrap & Disposables	—	—
Sub - Total	<u>92839687</u>	<u>93869069</u>
Opening stock		
a Finished goods	86901789	70702028
b Stock-in-process	9483643	10445015
c Scrap & Disposables	—	—
Sub - Total	<u>96385432</u>	<u>81147043</u>
Net increase or decrease in stock (Total)	<u>-3545745</u>	<u>12722026</u>

**NOTE TO ACCOUNTS - STATEMENT OF PROFIT AND LOSS**

	Year ended 31.3.2013 Rs.	Year ended 31.3.2012 Rs.
25 Employee benefits expenses		
(item IV (d) of Statement of Profit and Loss)		
Salaries, Wages, Bonus and Allowances	89684640	79081432
Contribution to ESI and Provident Fund	4390644	4875178
Gratuity	849028	1145664
Staff Welfare expenses	16889603	12971340
Total	111813915	98073614
26 Finance cost		
(item IV (e) of Statement of Profit and Loss)		
Interest expenses		
On Term Loans	53160783	57097724
On Working capital limits	23446096	15845654
On Others	2337413	1850068
Total	78944292	74793446
27 Other expenses		
(item IV (g) of Statement of Profit and Loss)		
Rents	10192912	10106575
Rates & Taxes	854087	610144
Repairs & Maintenance		
a) Buildings	39490615	11577922
b) Plant & Machinery	139451013	113577035
c) Others	13193440	11986839
	192135068	137141796
Insurance	16573280	11690744
Excise duty (Refer Note below)	967658	703443
Travelling and Conveyance	11203491	8726779
Printing and Stationery	2282192	1453141
Postage Telegrams and Telephones	3894162	3894043
Directors sitting fee	121500	156500
Remuneration to Managing Director	4769975	15350056
Audit fees & Expenses (refer Note 29.1)	217338	209530

**NOTE TO ACCOUNTS - STATEMENT OF PROFIT AND LOSS**

	Year ended 31.3.2013 Rs.	Year ended 31.3.2012 Rs.
Freight outward & Incidental Expenses		
Ocean Freight	205968686	142099364
Container freight	53064627	32988511
Clearing and forwarding Charges	20949171	21693358
Freight on Sales	25594129	9712016
	305576613	206493249
Discounts and Commission on sales	8676854	8697347
Shortages & Price differences	34247654	20122255
Other Selling expenses	7542574	10644267
Advertisement	606149	435625
Fee and Expenses	10396098	6427383
Bank Charges	25295884	21657962
Security & other Service Charges	47910269	22136645
Legal Expenses	1253947	786660
Power and Fuel	228820902	83741803
Other Expenses	43610516	23449824
Donations	3640000	4967000
Total	960789123	599602771

Notes :

27.1 Excise duty represents difference in duty liability on opening and closing stock of finished goods.

27.2 Power charges include provision of additional charges demanded by Electricity supply company during the year

28 Exceptional items

(item VI of Statement of Profit and Loss)

Loss on sale of Fixed Assets	81075	5046188
Net Loss on Exchange fluctuations	32919962	50591065
Profit on sale of investments	—	(15485034)
	33001037	40152219
Total	33001037	40152219

**29. Additional Notes to statement of profit and loss:****29.1 Payment to Statutory Auditors towards**

(Amount in Rs.)

Particulars	2012-13	2011-12
Audit fees	125000	85000
Tax audit fees	25000	15000
Out of pocket expenses	37338	23553

29.2 Details of raw materials and traded goods**a) Raw Material consumed**

Year		2012-2013		2011-2012	
Particulars	Unit	Qty	Rs. In lakhs	Qty	Rs. In lakhs
Caustic Soda Lye	MT	13708	3852.04	11738	2,511.97
Chlorine	MT	36815	1065.84	31200	1,434.25
H2 Gas	Cum	3919193	963.75	3690190	973.95
Hcl Gas	MT	2312	90.73	2291	164.39
Hydrated Lime	MT	27888	2235.5	24720	1,923.03
Sulphur	MT	19620	2514.95	18622	2,189.15
Others			3638.29		1877.45
Grand Total			14361.10		11074.19

b) Goods Purchased-Trade

	Year ended 31st March 2013 (Rs. In Lakhs)	Year ended 31st March 2012 (Rs. In Lakhs)
Chemicals	0.24961	241.12

29.3 Details of Work in progress

	Year ended 31st March 2013 (Rs. In Lakhs)	Year ended 31st March 2012 (Rs. In Lakhs)
Chemicals in process	126.95	94.83

29.4 a) Value of Imports on CIF basis

	Year ended 31st March 2013 (Rs. In Lakhs)	Year ended 31st March 2012 (Rs. In Lakhs)
Raw materials	1187.02	918.31
Plant and Machinery	933.86	549.79
Packing & Spares	60.24	0.00


b) Expenses incurred in foreign currency

	Year ended 31st March 2013 (Rs. In Lakhs)	Year ended 31st March 2012 (Rs. In Lakhs)
Travelling Expenses	5.89	14.39
Overseas Sales commission	23.06	21.79
Freight/Demurrages	46.80	20.34
Sales promotion expenses	0.00	4.08
Advertisement	0.00	0.02
Fee and charges	0.16	0.05
Printing and stationery	0.22	0.09
Subscriptions	0.00	3.02

c) Raw Material Consumed

	2012-2013		2011-2012	
	Value Rs. In lakhs	%	Value Rs. In lakhs	%
Imported	1391.80	9.69	1230.85	11.11
Indigenous	12969.29	90.70	9843.35	88.89
Total	14361.10	100.00	11074.20	100.00

d) Dividends remitted in Foreign Currency during the year **NIL**

- i) Total number of shares held by non residents -
- ii) Amount of dividend -
- iii) No. of non resident share holders -
- iv) Year to which the dividend is related -

e) Earnings in foreign exchange

Particulars	Year ended 31st March 2013 (Rs. In Lakhs)	Year ended 31st March 2012 (Rs. In Lakhs)
FOB value of exports	14,275.12	11, 218.18

**30. Notes forming part of accounts:****30.1) 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.

30.2) 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.

30.3) 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 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 comprises of 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 recognition.
- 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.

30.4 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 31-03-2013 and remaining unpaid to any Micro, Small and Medium Enterprises is Rs.3,20,97,715/- and the said amounts are due for less than 45 days as on 31-03-2013. 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.

30.5 Disclosure pursuant to clause 32 of the listing agreement (As applicable to the company)

- 1) Cash flow statement according to Accounting Standard - 3, Cash flow and related party disclosure as per Accounting Standard - 18 are furnished as part of this financial statements.
- 2) Investments in own shares of the company
The company had acquired its own equity shares as per scheme of arrangement from transferor company. The beneficiary interest is held through its directors. The shares held as on 31.03.2013 are 1025289 equity shares.
- 3) Loans and Advances
Loans and Advances to associates is Rs. 25,29,380/- outstanding as on 31.03.2013.

30.6 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:

	2012-13	2011-12
	(Rs. in lacs)	(Rs. in lacs)
Employers contribution to Provident fund	29.69	31.75

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 31-03-2013. 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 31-03-2013. The disclosures in respect of funded and unfunded defined benefit obligations as required by Accounting Standard - 15 are as below.

I. Changes and reconciliation of obligation for the year ended 31-03-2013

	(Rs.in lakhs)	
	Gratuity	
	Funded	Unfunded
	2012-13	2012-13
Present value of defined obligation at Beginning of year	54.06	46.62
	(48.53)	(46.62)
Current service cost	8.07	0.00
	(8.74)	(0.00)
Interest cost	4.32	3.73
	(3.88)	(3.73)
Past service cost	0.00	0.00
	(0.00)	(0.00)
Net actuarial (gain)/loss on obligations	-0.81	3.73
	(7.63)	(0.00)
Present value of define benefit obligation at the end of year	62.40	46.62
	(51.35)	(49.33)

II. Changes and reconciliation in fair value of plan asset as on 31-03-2013.

Opening fair value of plan assets	54.06	46.62
	(52.76)	(0.00)
Expected return on plan assets	5.14	0.00
	(4.69)	(0.00)
Contribution	8.07	0.00
	(3.97)	(0.00)
Benefits paid	-5.10	0.00
	(7.63)	(0.00)
Acturial valuation (gain)/loss on plan assets	0.23	0.00
	(0.27)	(0.00)
Closing fair value of plan assets	62.40	46.62
	(54.06)	(0.00)

**III. Assets recognized in Balance Sheet**

Present value of liability	62.40 (51.35)	46.62 (49.33)
Fair value and plan assets	-62.40 (54.06)	0.00 (0.00)
Net liability	0.00 (2.71)	46.62 (49.33)

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

Current service cost	8.07 (8.74)	0.00 (0.00)
Interest on defined benefit obligation	4.32 (3.88)	3.73 (3.73)
Expected return on plan assets	-5.14 (4.69)	0.00 (0.00)
Past service cost	0.00 (0.00)	0.00 (0.00)
Net actuarial loss/gain	-0.81 (1.90)	3.73 (1.02)

V. Movement in Net liability

Net liability at the beginning of the year	54.06 (48.53)	46.62 (46.62)
Expenses	6.45 (6.04)	7.46 (9.20)
Net liability at the close of the year	52.44 (50.59)	54.08 (49.33)

VI. Actuarial on plan assets

Expected return on plan assets	5.14 (4.69)	0.00 (0.00)
Actuarial gain / loss	0.23 (0.27)	0.00 (0.00)

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

Fund with LIC under a policy	57.03 (52.76)	—
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 38 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: 8.18 years
- d) Withdrawal rate: 1 to 3% depending upon age

Financial assumptions

- | | | | |
|----|--------------------------------|-------|-------|
| a) | Discount rate(p.a.) | 8.00% | 8.00% |
| b) | Expected rate of return (p.a.) | 9.00% | 9.50% |
| c) | Salary escalation rate (p.a.) | 7.00% | 7.00% |

30.7 Disclosure under AS-16 Borrowing costs

During the financial year the company has two qualifying assets i.e. expansion of calcium hypo chlorite project and captive thermal project at the end of the year and these are under implementation. The Borrowing cost that are directly relate to these qualifying assets are determined, identified and capitalised during the financial year amounted to Rs 4,88,93,646/- (previous year : Rs.1,65,57,218/-)

30.8 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 un-allocable corporate cost.

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



Segment information for the year ended 31st Mar,2013. Information about primary Business Segment.

S. No.	Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
1. Segment Revenue			
a) Chemicals	29230.54	23452.29	
b) Wind Power	1032.49	846.71	
Total	30263.04	24299.00	
2. Segment Results			
a) Chemicals	3275.98	3795.43	
b) Wind Power	(172.12)	(118.07)	
Total	3103.86	3677.36	
3. Interest (Net)			
a) Chemicals	543.59	356.84	
b) Wind Power	245.89	338.71	
Total	789.44	695.55	
4. Profit before tax	1281.06	2751.96	
5. Capital Employed			
a) Chemicals	14954.41	13638.41	
b) Wind Power	(970.19)	(798.08)	
Total	13984.22	12840.33	
Segment information for the year ended 31st March, 2013, Information about secondary Business Segment.			
Revenue by Geographical Market :			
In India	13548.15	11816.12	
Out side India	16714.89	12482.88	
Total	30263.04	24299.31	

30.9 Disclosure under AS-18, Related Party Disclosures.

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 Managerial 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 and Relationship

a)	Mr. T G Bharath Chairman & Managing Director	Yes
----	--	-----

(D)	Relatives of Key Management Person	Relationship to Key Management person	Transactions During the Year
a)	Sri T G Venkatesh	Father	No
b)	Smt. T G Rajyalakshmi	Mother	No
c)	Smt. T G Shilpha Bharath	Wife	No

(E) Transaction by the company with Related Parties during the year :

	31.03.2013 Rs in Lakhs	31.03.2012 Rs in Lakhs
(i) Transactions with Associate Companies		
(a) Goods/ Equipment sold	465.97	362.12
(b) Goods/Containers purchased	7746.51	6302.88
(c) Rents paid	92.96	92.96
(d) Rents received	45.00	45.00
(e) Services availed	0.00	43.22
(f) Investments received during amalgamation	0.00	1747.21
(g) Corporate guarantees given(Outstanding)	0.00	52.00
ii) Transaction with key management personnel:		
Managerial remuneration :		
Salary & allowances	19.11	19.11
Contribution to Provident Fund	0.71	0.71
Commission	27.88	132.51
Total	47.70	152.33
(iii) Outstanding balances as on	31.03.2013	31.03.2012
- In advance to suppliers	0.00	0.00
- In advances for investments	2891.00	2061.85
- In loans and advances-other advances	737.95	1218.35
- In current liabilities-Acceptances	1852.80	1019.95
- In current liabilities-Sundry Creditors	378.41	303.38
- For dues under corporate guarantees given	370.75	477.00



30.10 Disclosure under AS-19 Accounting for Lease.

	2012-13	2011-12
	<u>Rs.in Lakhs</u>	<u>Rs.in Lakhs</u>
a. Future Lease rental payments		
(i) Not later than one year	92.96	92.96
(ii) Later than one year and not later than five years	59.46	148.03
(iii) Later than five years	1.20	3.60
b. Lease rentals receivables		
(i) Not later than one year	42.83	45.00
(ii) Later than one year and not later than 5years	0.00	42.83
(iii) Later than five years	0.00	0.00
c. Lease payments recognized in the profit and Loss account	92.96	92.96
d. Lease receipts recognized in the profit and Loss account	45.00	45.00
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.		

30.11 Disclosure under AS-20 Earnings per share.

	31.03.2013	31.03.2012
I. Net Profit as per Profit and Loss Account Available to equity share holders	9,29,06,355	18, 20, 43,809
II. No. of shares for computation of Earnings per share	1,42,24,183	1, 39, 80,859
III. Earnings per share (Rs.) (Basic)	6.53	13.02

30.12 Disclosure under AS-22 Taxes on income.

Deferred tax liability:

The company has accounted for Deferred tax Liability in accordance with Accounting Standard 22 "Accounting for Taxes on Income" and has charged to the profit and loss account with the deferred tax liability of Rs. 95,67,899/- Net relating to the current year.

	2012-2013	2011-2012
	<u>Rs.</u>	<u>Rs.</u>
I. Deferred Tax Liabilities:		
Depreciation differences	2,94,89,594	5, 09, 79,769
Others-preliminary exp.	0	0
	2,94,89,594	5, 09, 79,769



II. Deferred Tax Assets:		
Unabsorbed Depreciation	0	0
Others	0	0
	<u>0</u>	<u>0</u>
Net Deferred Tax Liabilities (I-II)	2,94,89,594	5, 09, 79,769
Tax liability at current rates	95,67,899	(1,65,40,386)

30.13 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.

30.14 Regrouped/ Rearranged/ Reclassified.

Previous year figures have been regrouped/rearranged/reclassified wherever necessary to make them comparable with current year's disclosures and figures.

30.15 Rounding off the figures

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

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/-

M.T. Sreenivasa Rao
Proprietor / M.No:015635

Sd/-

T.G. Bharath
Chairman & Managing Director

Sd/-

P.T. Reddy
Director

Sd/-

V. Surekha
Company Secretary

Date : 30th May, 2013

Place : Kurnool

Date : 30th May, 2013

Place : Kurnool

**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 _____ inthe district of _____ as my/our Proxy to vote
for me/us and on my/our behalf at the 8th Annual General Meeting of the Company
held at the Registered Office of the Company on Friday, the 27th September, 2013
at 11.30 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 Registered 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 8th Annual General Meeting on Friday, the
27th September, 2013 at 11.30 A.M.

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

Signature of Member / Proxy


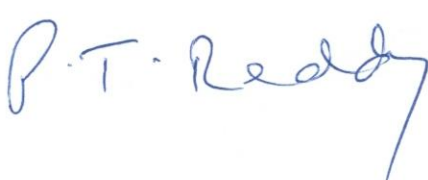


**PRINTED MATTER
BOOK-POST**

If undelivered, please return to

Sree Rayalaseema Hi-Strength Hypo Limited

T.G.V. Mansion, 6-2-1012, 2nd Floor, Above ICICI Bank,
Khairatabad, Hyderabad - 500 004, Andhra Pradesh, India.

FORM A**Format of covering letter of the annual audit report to be filed with the Stock Exchange**

1.	Name of the Company	Sree Rayalaseema Hi-Strength Hypo Limited
2.	Annual Financial statements for the year ended	31 st March, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Whether appeared first time...../ repetitive/ since how long period..... NOT APPLICABLE
5.	To be signed by Sri T G Bharath Chairman & Managing Director Sri P T Reddy Audit Committee Chairman Sri A Sambasiva Rao Chief Financial Officer Sri M T Sreenivasa Rao M/s S T Mohite & Co., Auditor of the Company	    For S.T. Mohite & Co. Chartered Accountants (Regd. No. 011410S) M.T. Sreenivasa Rao Proprietor (Membership No. 15635)