

**FORM A**

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

1.	Name of the Company	<b>Sree Rayalaseema Hi-Strength Hypo Limited</b>
2.	Annual Financial statements for the year ended	31 <sup>st</sup> March, 2015
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Whether appeared first time...../ repetitive ...../ since how long period..... <b>NOT APPLICABLE</b>
5.	To be signed by	<p><b>For Sree Rayalaseema Hi-Strength Hypo Ltd.</b></p> <p><i>(Signature)</i> <b>(T.G. BHARATH)</b> Chairman &amp; Managing Director</p> <p><i>(Signature)</i> <b>Smt.D.Sai Leela</b> Audit Committee Chairman</p> <p><b>Sri. M. T. Sreenivasa Rao</b> <b>M/s S T Mohite &amp; Co.,</b> <b>Auditors of the Company</b></p> <p><b>For S.T.Mohite &amp; Co.</b> Chartered Accountants (Regd. No. 011410S) <i>(Signature)</i> <b>M.T.Sreenivasa Rao</b> Proprietor (Membership No.15635)</p>

# 10<sup>th</sup> Annual Report 2014-2015



**Sree Rayalaseema Hi-Strength Hypo Limited**  
(CIN : L24110AP2005PLC045726)

**BOARD OF DIRECTORS****Sri T.G. Bharath**

Chairman &amp; Managing Director

**Dr. A.H. Praveen****Smt. D. Sai Leela****Sri Krishnamoorthy Chandraiah Naik****Sri P. Ramachandra Gowd****Sri H. Gurnath Reddy (from 15.06.2015)****Sri N. Ramachandra Rao****(Resigned w.e.f. 15-06-2015)****Company Secretary****Smt. V. Surekha****Auditors****M/s. S.T. Mohite & Co.**

Chartered Accountants

Hyderabad.

**BANKERS**

State Bank of Hyderabad

**REGISTERED OFFICE & WORKS**

Gondiparla, Kurnool - 518 004.

Andhra Pradesh - India

**REGISTRARS & SHARE  
TRANSFER AGENT**

Aarthi Consultants Pvt. Ltd.

Regd. Office : 1-2-285,

Domalguda,

Hyderabad - 500 029.

Telangana.

Tel No. : 040-27638111/4445,

Fax No. : 040-27632184

E-mail : info@aarthiconsultants.com

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## NOTICE

NOTICE is hereby given that the 10th Annual General Meeting of the Members of SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED (CIN : L24110AP2005PLC045726) will be held at the Registered Office of the Company at Gondiparla, Kurnool-518 004 (A.P.) on Wednesday, 30<sup>th</sup> September, 2015 at 11.00 A.M. to transact the following business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2015, the statement of Profit and Loss Account and Cash Flow Statement for the period ended on that date and the Reports of Directors' and Auditor's thereon.
2. To declare a dividend
3. To appoint a Director in place of Sri.Krishnamoorthy Chandraiah Naik , who retires by rotation and being eligible offers himself for re-appointment.
4. To ratify reappointment of Statutory Auditors and to fix their remuneration.

### SPECIAL BUSINESS :

5. To appoint Sri.P.Ramachandra Gowd (DIN: 06948557) as an independent director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT pursuant to Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri.P.Ramachandra Gowd (DIN: 06948557), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director , be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 15th Annual General Meeting of the Company in the calendar year 2020 and further that he shall not be liable to retire by rotation."

6. To appoint Sri H.Gurunath Reddy (DIN:07211326) as a Director to fill up the vacancy caused due to resignation of Director Sri.N.Ramachandra Rao (DIN 06843417) and in this regard to consider and if thought fit, to pass , with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Sri H.Gurunath Reddy (DIN:07211326) who is appointed in the casual vacancy of Sri.N.Ramachandra Rao ( DIN 06843417) in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2016 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as on **Ordinary Resolution** :

"RESOLVED THAT pursuant to the provisions of section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force ), the Cost auditors appointed by the Board of directors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution ."



8. To pass the following resolution with or without modification(s) as a Special Resolution.

“RESOLVED THAT pursuant to section 13(2) of the Companies Act, 2013, (including any modification or re-enactment thereof for the time being in force) and subject to the approval of Central Government (power delegated to Registrar of Companies) and any other regulatory authorities as may be necessary, consent of the members is hereby given for changing the name of the Company from “ Sree Rayalaseema Hi-Strength Hypo Limited “ to “Vibhu Chemicals and Holding Co. Limited “ or any other name as may be approved by the Registrar of Company.

FURTHER RESOLVED THAT the name clause being clause -I in Memorandum of Association of the Company be altered accordingly.

FURTHER RESOLVED THAT in terms of section 14 of the Companies Act, 2013 , the Articles of Association of the Company be altered by deleting the existing name of the Company wherever appearing and substituting with the new name of the Company.

FURTHER RESOLVED THAT the Board of directors or any Committee thereof is hereby authorized to accept any other name approved by the relevant regulatory authorities and seek approval for the change in the name of the Company accordingly without making any further reference to the members for their approval.

By Order of the Board  
Sd/-

Place : Kurnool  
Date : 14<sup>th</sup> August, 2015

(V. Surekha)  
Company Secretary

**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 102 of the Companies Act, 2013 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.91 of the Companies Act, 2013 and Clause 16 of the Listing Agreement, the Register of Members and Share Transfer Books of the Company will remain closed for 7 days i.e. from 24.09.2015 to 30.09.2015 (both days inclusive).
5. Non-resident Indian Shareholders are requested to inform us immediately : the change in Residential status on return to India for permanent settlement the particulars of Bank NRE Account, if not furnished earlier.
6. The company is pleased to provide E-Voting facility through Central Depository Services (India) Limited (CDSL) for all members of the Company to enable them to cast their votes electronically on the resolutions mentioned in the notice of 10th Annual General Meeting of the Company . The Company has appointed Sri M Nirmal Kumar Reddy , practicing Chartered Accountant as the Scrutinizer for conducting the e-voting process in a fair and transparent manner. The E-voting is optional. The E-voting rights of the shareholders/ beneficial owners shall be reckoned on the equity shares held by them as on 23.09.2015.



**The instructions for members for voting electronically are as under:-**

- (i) The voting period begins on 26.09.2015 at 10.00 A.M. and ends on 29.09.2015 at 5.00P.M. During this period shareholders' of the Company holding shares either in physical or in dematerialized form, as on 23.09.2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on shareholders.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

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



- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED on which you choose to vote.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) **Note for Non- Individual shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) which they wish to vote on.



- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQS") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

#### **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 102 of the Companies Act, 2013)

##### **Item No. 5**

It is proposed to appoint Sri.P.Ramachandra Gowd as Independent Director under Section 149 of Companies Act, 2013 and Clause 49 of Listing Agreement to hold office for 5 (five) years.

Sri.P.Ramachandra Gowd is not disqualified from being appointed as Director in terms of Section 164 of the Act, and have given his consent to act as Director.

The Company has received notice in writing from member alongwith the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Sri.P.Ramachandra Gowd for the office of Director of the Company.

The Company has also received declarations from Sri.P.Ramachandra Gowd that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and clause 49 of Listing Agreement.

Brief resume of Sri.P.Ramachandra Gowd are provided in the Corporate Governance Report forming part of the Annual Report.

In the opinion of the Board, the Director fulfills the conditions specified in the Act and Rules framed thereunder for appointment as Independent Director and is independent of the management.

Copy of the draft letter for appointment of Sri.P.Ramachandra Gowd as Independent Director setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

The Board commends the Resolution at item no.5 for approval by members.

Save and except the above, none of the Directors / Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested in this resolution.



**Item No. 6**

Sri.H.Gurunath Reddy was appointed as Director in casual vacancy caused due to resignation of Sri. N.Ramachandra Rao with effect from 15.06.2015.

In terms of Section 161(1) of the Act, Sri.H.Gurunath Reddy would hold office up to the date of the ensuing Annual General Meeting .

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Sri.H.Gurunath Reddy for the office of Director of the Company.

Sri.H.Gurunath Reddy is not disqualified from being appointed as a Director in terms of Section 164 of the Act and given his consent to act as a Director.

The Board commends the Resolution at item no.6 for approval by members.

Save and except the above, none of the Directors / Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested in this resolution.

**Item No. 7**

The Board on the recommendation of Audit Committee, has approved the appointment and remuneration of the Cost auditor of Rs. 40,000/- to conduct the audit of the cost records of the Company for financial year ending March 31, 2016.

In accordance with the provisions of Section 148 of Companies Act, 2013 read with the Companies (Audit and Auditors ) Rules, 2014, the remuneration payable to the Cost auditors had to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 7 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2016.

None of the directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.7 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

**Item No.8**

The Company is manufacturer of various in organic chemicals and Hi-strenth Hypo Chlorite is one of the Chemical being manufactured among them . To give wider meaning in the name, the Company is proposing to change the name of the Company from existing "Sree Rayalaseema Hi-Strength Hypo Limited " to "Vibhu Chemicals and Holding Company Limited "As per the provisions of section 13 of the Companies Act, 2013, approval of the shareholders is requested to be accorded for changing the name of the Company by way of passing a Special Resolution. Hence, the resolution is put up for shareholders approval.

None of the Directors, key managerial personnel and their relatives is interested in the passing of the resolutions.

By Order of the Board

Sd/-

Place : Kurnool

**(V. Surekha)**

Date : 14<sup>th</sup> August, 2015

Company Secretary



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

<b>Name of the Director</b>	<b>Sri.K.C.Naik</b>	<b>Sri.P.Ramachandra Gowd</b>	<b>Sri. H. Gurunath Reddy</b>
Date of Birth	13.07.1934	01.07.1953	10.06.1960
Date of Appointment	14.08.2014	14.08.2014	15.06.2015
Expertise in specific functional areas	Nearly 50 years of experience in industrial sectors like chemicals and fertilizers	Nearly 33 years of experience in industrial sectors like chemicals and paper	More than 30 years of experience in paper and chemical industry
Qualification	H.S.C	B.Sc	M.Sc(Chemistry)
Shareholdings in the Company	Nil	Nil	Nil
Directorship in other Public Ltd Companies	Nil	Nil	Nil
Membership in Committees in other Public Ltd. Companies	Nil	Nil	Nil

**DIRECTORS' REPORT**

To  
The Members

Your Directors have pleasure in presenting the Tenth Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2015.

**Financial Results:** (Rs. in lakhs)

<b>Particulars</b>	<b>2014 - 2015</b>	<b>2013 - 2014</b>
Profit before interest, Depreciation and Tax	<b>4712.51</b>	3581.20
Less : Interest	<b>1160.97</b>	924.13
Depreciation	<b>975.77</b>	1491.08
Prior period adjustments	-	0.18
Profit before Tax	<b>2575.77</b>	1165.81
Provision for Taxation & Deferred Income Tax	<b>638.69</b>	422.22
Profit after Tax	<b>1937.08</b>	743.58
Add: Balance brought forward from previous year	<b>10051.56</b>	9307.98
Other adjustments	<b>207.56</b>	0.00
Balance carried forward to next year	<b>12196.20</b>	10051.56

**Performance:**

During the year the Company achieved turnover of Rs. 41114.96 lakhs against previous year turnover of Rs. 31169.27 lakhs. The profit before tax stood at Rs.1937.08 lakhs as against Rs.743.60 lakhs for the previous year.

**Dividend:**

Your Directors have recommended a final dividend of Rs.1.50 (i.e.,15%) per equity share of face value Rs.10/- each for the financial year ended 31<sup>st</sup> March,15 . The dividend payment is subject to approval of members at the ensuing Annual General Meeting. The total cash outflow on account of dividend on equity shares for the financial year 2014-15 would aggregate Rs.22075034/-. The dividend will be paid to members whose names appear in the Register of Members as on 23.09.2015. The dividend payment date is 26.10.2015.

**Board Meetings:**

During the year 7(seven) Board meeting and 4(four) Audit Committee Meetings were held and the details of which are mentioned in Corporate Governance Report.

**Reserves:**

During the year the Company had transferred an amount of Rs.96,85,413/- to General Reserves.

**Subsidiaries, Joint Ventues and Associate Companies :**

As on 31.03.2015 the Company is not having any subsidiary Companies and Joint venture Companies. Sree Rayalaseema Alkalies and Allied Chemicals Limited is the only Associate Company as per Section 2(6) of Companies Act, 2013.

**Insurance:**

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

**Fixed Deposits:**

The Company has not accepted any public deposit and as such, no amount on account of principle or interest on public deposits was outstanding as on the date of the balance sheet.

**Listing of Shares:**

The Equity shares of your Company are listed on BSE 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 2015-16.

**Directors:**

Sri. Krishnamoorthy Chandraiah Naik , Director is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment . Sri.H.Gurunath Reddy appointed as Director in Casual vacancy with effect from 15.06.2015 and whose term of office will expire on the date of this AGM. The Company has received requisite amount of deposit from a shareholder proposing Sri.H.Gurunath Reddy candidature as Director, whose position is subject to retire by rotation. Necessary resolution along with explanatory statement is placed in the Notice of AGM for your approval.

Sri.P.Ramachandra Gowd will be appointed as Independent Director for a term of 5 years . Necessary resolution is placed in the notice of Annual General Meeting for members approval. Sri.N.Ramachandra Rao ,Independent Director had resigned from the Board with effect from 15.06.2015 .

The brief particulars of the Directors seeking appointment / re-appointment at this Annual General Meeting are being annexed to the Corporate Governance Report.

**Evaluation of board performance**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out performance evaluation taking into consideration of various aspects of the Board's functioning, composition of Board, and its Committees, execution, and performance of specific duties, obligations and governance. The Performance of evaluation of Independent Directors was completed. The Performance evaluation of Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with evaluation process.

**Company's policy on Directors' Appointment and Remuneration**

The Nomination and Remuneration Committee had been constituted by the Board which ensures the selection, appointment of persons having wide exposure in



their respective fields and remuneration to Directors, Key Managerial Personnel and Senior Management of the Company. The Board on the recommendation of the Nomination & Remuneration Committee takes necessary steps and decisions.

**Statement of declaration given by independent Directors under section 149(6)**

The company has received the necessary declarations from each Independent Director in accordance with Section 149(7) of the Companies Act, 2013 that he/she meets the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

**Particulars of loans, guarantees or investments under section 186**

The Company had not given any loans , guarantees or made investments during the year 2014-15.

**Particulars of contracts or arrangements with related parties**

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All Related Party Transactions are placed before the Audit Committee as also the Board for approval, where ever required. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseeable and repetitive nature. A statement giving details of all related party transactions entered into pursuant to the omnibus approval so granted are placed before the Audit Committee and the Board of Directors on a quarterly basis. FormAOC-1 and AOC-2 are annexed as (Annexure-F).

**Risk management policy**

A special team with senior executives had been formed to assist the Board (a) Overseeing and approving the Company's enterprise risk management framework and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit , market, liquidity, security, property, IT, legal and other risks and there is an adequate risk management infrastructure. The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives.

**Vigil Mechanism / Whistle Blower Policy**

In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behaviour the company has adopted a vigil mechanism policy.

**Extract of Annual Return :**

The details forming part of the extract of Annual Return (Form-MGT-9) is annexed as (Annexure-A.)



## **Particulars of Energy conservation, Technology Absorption and Foreign Exchange earnings and outgo:**

Information as per Section 134 (3) of the Companies Act, 2013 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 31<sup>st</sup> March, 2015 is annexed to this Report (Annexure B).

## **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 .

## **Corporate Social Responsibility :**

The composition of CSR Committee : (1) Smt. D. Sai Leela (2) Dr. A.H. Praveen (3) Sri P. Ramachandra Gowd. During the financial year 2014 - 15, the Company had spent Rs. 3 Lakhs towards providing safe drinking water facility out of total CSR Expenditure to be spent as per section 135 of Companies Act, 2013. The committee is in the process of exploring new projects in this regard. On finalization of the same, the unspent amount will be spent in the current financial year.

## **Cost Auditors:**

The Cost Audit under Section 148 of Companies Act, 2013 is carried out in respect of the products of the Company by M/s. Kapardhi & Associates, (M 9488) - Cost Auditor of the Company for the financial year 2014-15 and Cost Audit Report (Form-I) in XBRL format had been filed with Central Government .

## **Statutory 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.

## **Secretarial Auditors:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Geetha Serwani & Associates, Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the Financial Year 2014-15. The Report of the Secretarial Audit Report is annexed herewith as "Annexure- E " .

## **DISCLOSURE AS PER SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has zero tolerance for sexual harassment at workplace and has



adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed there under.

During the financial year 2014-15, the Company received no complaints on sexual harassment.

#### **Directors' Responsibility Statement:**

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2015, 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 judgments 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 this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that the Directors had prepared the accounts for the financial year ended 31<sup>st</sup> March, 2015 on a 'going concern' basis.
- (v) that the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (vi) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **Explanations or comments on qualifications, reservations or adverse remarks or disclaimers made by the Auditors and the Practicing Company Secretary in Practice.**

There are no qualifications, reservation or adverse remark or disclaimer made by Statutory auditor in his report and Company secretary in practice in the secretarial audit report.

#### **Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.**

There are no material changes which affects the financial position of the Company according to the date of financial year and the date of its report. The Company had



promoted four 100% wholly owned subsidiary Companies in the current financial year.

#### **Particulars of Employees:**

No employee of the Company is drawing remuneration as prescribed under Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

#### **Particulars of Remuneration:**

Disclosures with respect to the remuneration of Directors and employees as required under Section 197(12) of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.:

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Name of the Director	Ratio to Median Remuneration
Sri.T.G.Bharath, CMD	60.39
Dr.A.H.Praveen, Director	0.12
Sri.N.Ramachandra Rao, Director	0.12
Smt.D.Sai Leela, Director	0.09
Sri.N.Ramachandra Gowd, Director	0.06
Sri.Krishnamoorthy Chandraiah Naik, Director	0.06

- (ii) The percentage increase in remuneration of each Director, Chief financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Sri.T.G.Bharath, CMD & CEO	150%
Sri.A.Sambasiva Rao, CFO	11%
Smt.V Surekha, Company Secretary	15.39%

- (iii) The percentage increase in the median remuneration of employees in the financial year - 5%
- (iv) The number of permanent employees on the rolls of Company - 541
- (v) The explanation on the relationship between average increase in remuneration and Company performance:  
The increase in remuneration is in line with the market trends.
- (vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company :





Particulars	Rs. / Lacs
Remuneration of key managerial personnel (KMP) during financial year 2014-15 (aggregated)	134.58
Total revenue	41114.96
Remuneration (as a % of total revenue)	0.33%

- (vii) Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars	Unit	As at 31.03.2015	As at 31.03.2014
Closing rate of share at BSE/NSE	Rs.	<b>Rs.45/-</b>	Rs.21.70/-
EPS	Rs.	<b>13.16</b>	5.05
Market capitalization	Rs./Lacs	<b>662.25</b>	319.35
Price Earning Ratio	Ratio	<b>3.42</b>	4.30

- (viii) Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration :

The average increase in salaries of employees other than managerial personnel in 2014-15 was 5%. Percentage increase in the managerial remuneration for the year was 150%.

- (ix) Comparison of the each remuneration of the key Managerial Personnel against the performance of the Company:

Name of person	Remuneration (Rs./lacs)	Total Revenue (Rs./lacs)	Remuneration as % of total revenue
Sri.T.G.Bharath, CMD & CEO	120.00	41114.96	0.29%
Sri.A.Sambasiva Rao (CFO)	9.19	41114.96	0.02%
Smt.V.Surekha (Company Secretary)	5.39	41114.96	0.01%

- (x) The key parameters for any variable component of remuneration availed by the Directors : No
- (xi) The ratio of remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year : NIL
- (xii) Affirmation that the remuneration is as per the remuneration policy of the Company : YES



**ANNEXURE “A” TO DIRECTORS REPORT:  
FORM NO. MGT-9**

Extract of annual return as on the financial year ended on 31.03.2015 pursuant to section 92(3) of Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014).

**I Registration and other details :**

(i) CIN	L24110AP2005PLC045726
(ii) Registration Date	28-03-2005
(iii) Name of the Company	Sree Rayalaseema Hi-Strength Hypo Limited
(iv) Category/sub-category of the Company	Public Company / Limited by Shares
(v) Address of the Registered Office and contact details	Regd Off : Gondiparla, Kurnool-518004 6-2-1012, TGV Mansion, IInd Floor, Above ICICI Bank, Khairatabad, Hyderabad - 500004. Ph No. 040-23313842; Fax No. 040-23313875.
(vi) Whether listed Company	Yes
(vii) Name, Address and Contact Details of Registrar and Transfer Agent, if any	Aarathi Consultants Pvt. Ltd. Regd. Office: 1-2-285, Domalguda Hyderabad-500029. (Telangana State) Tel No. 040-27638111 / 4445, Fax No: 040-27632184 e-mail : info@aarathiconsultants.com

**II Principal Business Activities of the Company**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products/services	NIC Code of the product/ service	% of total turnover of the Company
1	Calcium Hypo Chlorite	20119	51%
2	Stable Bleaching Powder	20119	10%

**III Particulars of Holding, Subsidiary and Associate Companies:-**

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1.	Sree Rayalaseema Alkalies and Allied Chemicals Limited	L24110AP1981 PLC003077	Associate	26.10%	Sec 2 (6)



## IV. SHAREHOLDING PATTERN (Equity share Capital Breakup as percentage of Total Equity)

## (i) Category-wise Share Holding

Category of shareholders	No of shares held at the beginning of the year (01-04-2014)				No of shares held at the end of the year (31-03-2015)				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
(a) Individual / HUF	1038692	0	1038692	7.06	1038692	0	1038692	7.06	NIL
(b) Central Govt.	0	0	0	0	0	0	0	0	0
(c) State Govt(s)	0	0	0	0	0	0	0	0	0
(d) Bodies Corp.	7120848	0	7120848	48.39	7120848	0	7120848	7.06	NIL
(e) Banks/Fl	0	0	0	0	0	0	0	0	0
(f) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-Total A(1)</b>	<b>8159540</b>	<b>0</b>	<b>8159540</b>	<b>55.44</b>	<b>8159540</b>	<b>0</b>	<b>8159540</b>	<b>55.44</b>	<b>NIL</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/Fl	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-Total (A)(2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter</b>	<b>8159540</b>	<b>0</b>	<b>8159540</b>	<b>55.44</b>	<b>8159540</b>	<b>0</b>	<b>8159540</b>	<b>55.44</b>	<b>NIL</b>
<b>(A)=(A)(1)+(A)(2)</b>									



<b>B. Public shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	1297	928	2225	0.02	1322	928	2250	0.02	NIL
b) Banks/ FI	44417	0	44417	0.30	44417	0	44417	0.30	NIL
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIS	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others(specify)									
<b>Sub-total(B)(1):-</b>	<b>45714</b>	<b>928</b>	<b>46642</b>	<b>0.32</b>	<b>45739</b>	<b>928</b>	<b>46667</b>	<b>0.32</b>	<b>NIL</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	515182	57514	570103	3.90	508593	57446	566039	3.85	0.05
ii) Overseas	2593	0	2593	0.01	2593	0	2593	0.01	NIL
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs.1 lakh	2157087	2052611	4209698	28.60	2152624	2016922	4169546	28.33	0.27
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh									
c) Others (specify) NRI	619052	0	619052	4.21	688438	0	688438	4.68	0.47
<b>Sub-total(b)(2):-</b>	<b>182855</b>	<b>923613</b>	<b>1106468</b>	<b>7.52</b>	<b>170833</b>	<b>913033</b>	<b>1083866</b>	<b>7.36</b>	<b>0.16</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>3522483</b>	<b>3034666</b>	<b>6557149</b>	<b>44.56</b>	<b>3568820</b>	<b>2988329</b>	<b>6557149</b>	<b>44.56</b>	<b>NIL</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>11682023</b>	<b>3034666</b>	<b>14716689</b>	<b>100.00</b>	<b>11728360</b>	<b>2988329</b>	<b>14716689</b>	<b>100.00</b>	<b>NIL</b>



## (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (01-04-2014)			Shareholding at the end of the year (31-03-2015)			% of change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1.	T G V Securities Pvt Ltd	623053	4.23	0	623053	4.23	0	0
2.	TGV Projects & Investments Pvt Ltd	1320013	8.97	0	1320013	8.97	0	0
3.	Sree Rayalaseema Dutch Kassenbouw Pvt Ltd	499422	3.39	0	499422	3.39	0	0
4.	Gowri Gopal Hospitals Pvt Ltd	1589291	10.80	0	2614580	17.77	0	6.97
5	Brilliant Industries Pvt Ltd	305042	2.07	0	305042	2.07	0	0
6	Sree Rayalaseema Galaxy Projects Pvt Ltd	1513989	10.29	0	1513989	10.29	0	0
7	Sree Rayalaseema Alkalies & Allied Chemicals Ltd	244749	1.66	0	244749	1.66	0	0
8	T G Bharath (Beneficiary Owner-SRHL)	1025289	6.97	0	0	0	0	(6.97)
9	T G Bharath	215737	1.47	0	215737	1.47	0	0
10	T G Shilpa Bharath	399676	2.72	0	399676	2.72	0	0
11	T G Rajyalakshmi	415744	2.82	0	415744	2.82	0	0
12	Boda Mourya	488	0.00	0	488	0.00	0	0
13	Jyothisna S Mysore	7047	0.05	0	7047	0.05	0	0

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	—	—	—	—
	Date wise increase/ decrease in promoters shareholding during the year specifying the reasons for increase/ decrease ( e.g. Allotment / transfer / bonus / sweat equity etc.,)	—	—	—	—
	At the end of the year	—	—	—	—



iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No	Name of the Shareholder	Shareholding		Increase / Decrease in Share holding (during the year 01.04.14 to 31.03.15)	Reason	No. of Shares	% of total shares of the Company
		No. of Shares at the beginning of the year (01.04.14) / end of the Year (31.03.15)	% of total shares of the Company				
1	RELIGARE FINVEST LTD	262098 <b>222285</b>	1.78 <b>1.51</b>	222285	Sale	39813	0.27
2	BHAVESH DHIRESHBHAI SHAH	114153 <b>96547</b>	0.78 <b>0.66</b>	96547	Sale	17606	0.12
3	ISHA SECURITES LTD	88692 <b>85234</b>	0.60 <b>0.58</b>	85234	Sale	3458	0.02
4	KALYANI P JAIN	59611 <b>67016</b>	0.41 <b>0.46</b>	67016	Purchase	7405	0.05
5	PREM NATH MAINI	44153 <b>45213</b>	0.30 <b>0.31</b>	45213	Purchase	1060	0.01
6	PRAKSH HIMATLAL SHAH	41821 <b>43122</b>	0.28 <b>0.29</b>	43122	Purchase	1301	0.01
7	UNION BANK OF INDIA	37576 <b>39866</b>	0.26 <b>0.27</b>	39866	Purchase	2290	0.02
8	SATYAPRAKASHGUPTA	37576 <b>37576</b>	0.26 <b>0.26</b>	37576	No Change	0	0.00
9	DHEERAJ KUMAR LOHIA	34009 <b>0</b>	0.23 <b>0.00</b>	0	Sale	0	0.00
10	HARSHANA ASHOK SHAH	30841 <b>33421</b>	0.21 <b>0.23</b>	33421	Purchase	2580	0.02
11	VARSH B SHAH	 <b>38788</b>	0.00 <b>0.26</b>	38788	Purchase	38788	0.26



**(v) Shareholding pattern of Directors and Key Managerial Personnel :  
Sri.T.G. Bharath, Chairman & Managing Director**

Sl. No.	Directors	Shareholding at the beginning of the year 01-04-2014		Cumulative Shareholding during the year 31-03-2015	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	<b>For Each of the Directors and KMP</b>				
	At the beginning of the year	<b>215737</b>	<b>1.47</b>	—	—
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease ( e.g. Allotment / transfer / bonus / sweat equity etc..)	—	—	—	—
	At the end of the year	<b>215737</b>	<b>1.47</b>	—	—

**VI. Indebtedness**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	71,50,32,613	-	1,22,39,375	72,72,71,988
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>71,50,32,613</b>	<b>-</b>	<b>1,22,39,375</b>	<b>72,72,71,988</b>
<b>Change in Indebtedness during the financial year</b>				
• Additions	+ 6,07,71,449	-	-	+ 6,07,71,449
• Reduction	-19,67,14,834	-	-7,40,000	-19,74,54,834
<b>Net Change</b>	<b>-13,59,43,385</b>	<b>-</b>	<b>-7,40,000</b>	<b>-13,66,83,385</b>
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	57,90,89,228	-	1,14,99,375	+59,05,88,603
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>57,90,89,228</b>	<b>-</b>	<b>1,14,99,375</b>	<b>59,05,88,603</b>





## VII. Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager
		T G Bharath
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 (b) Value of perquisites u/s 17(2) Income -tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	<b>Rs.1,20,00,000</b>
2.	Stock Options	---
3.	Sweat Equity	---
4.	Commission-as % of profit-others, specify....	---
5.	Others, please specify	---
	Total (A)	1,20,00,000
	Ceiling as per the Act	<b>1,20,00,000</b>

**B. Remuneration to other Directors :**

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Dr.A.H. Praveen	D.Sai Leela	N.Rama chandra Rao	
1.	Independent Directors. Fee for attending board committee meetings Commission Others, please specify <b>Total (1)</b>	23,500 0 0 <b>23,500</b>	17,000 0 0 <b>17,000</b>	23,500 0 0 <b>23,500</b>	64,000 0 0 <b>64,000</b>
2.	Other Non-Executive Directors.  Fee for attending board committee meetings Commission Others, please specify	K C Naik  12,500 0 0	P Rama chandra Gowd  12,500 0 0	D.V. Narendra Babu  6,500 0 0	  31,500 0 0
	<b>Total (2)</b> <b>Total(B)= (1+2)</b> Total Managerial Remuneration Overall Ceiling as per the Act	<b>12,500</b>	<b>12,500</b>	<b>6,500</b>	<b>31,500</b> <b>95,500</b>


**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 (b) Value of perquisites u/s 17(2) Income -tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		5,14,688	9,06,090	14,20,778
			0	39,600	39,600
			0	0	0
2.	Stock Options		0	0	0
3.	Sweat Equity		0	0	0
4.	Commission-as % of profit-others, specify....		0	0	0
5.	Others, please specify		0	0	0
	Total		5,14,688	9,45,690	14,60,378

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES : NIL**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishments / compounding fees imposed	Authority [ RD / NCLT / COURT ]	Appeal made, if any ( give details )
<b>A. COMPANY</b>					
Penalty	---	---	---	---	---
Punishment	---	---	---	---	---
Compounding	---	---	---	---	---
<b>B. DIRECTORS</b>					
Penalty	---	---	---	---	---
Punishment	---	---	---	---	---
Compounding	---	---	---	---	---
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	---	---	---	---	---
Punishment	---	---	---	---	---
Compounding	---	---	---	---	---



## ANNEXURE-B TO DIRECTORS REPORT

### Conservation of energy, technology absorption, foreign exchange earnings and outgo :

#### A. Conservation of Energy:

In the year 2014-15 the following measures has taken to reduce the Power Consumption in our group.

- A. 30% of the area lighting is replaced with LED Lighting Fixtures in the place of MH Lamps.
- B. In ACID Plant for AIR BLOWER Motor of Rating 250 KW, 2880 RPM, we had installed Variable Frequency Drive in the place of Star Delta Starter to reduce the power consumption and to avoid motor starting Torque there by demand control also.
- C. In 10 MW Power plant five numbers of 1010KVA DG Sets are erected to avoid the Production loss at the time of power plant breakdown/shutdown.
- D. We had installed Five numbers of Energy Efficient Graundfos Pumps from this we had saved the Power Consumption of 30 HP.
- E. As per the report given by Synergy Energy Audit Consultant to avoid production loss we are supplying Continuous Power to each plant by introducing stand by HT Incomer.

#### FORM A

Disclosure of particulars with respect to conservation of energy:

	UNIT	Current Year 2014-2015	Previous Year 2013-2014
<b>A. Power and Fuel Consumption</b>			
<b>1. ELECTRICITY</b>			
a. Purchased	(KWH)	<b>2812206</b>	24032326
Total Amount	(Rs.)	<b>30170436</b>	206117514
Rate per Unit	(Rs.)	<b>10.73</b>	8.58
b. Own Generation through Diesel Generator (Units)	(KWH)	--	1533
Unit per Ltr. of Diesel Oil	(KWH)	--	0.72
Cost / Unit	(Rs.)	--	40.75
c. Own Generation through Wind Units	(KWH)	<b>19204032</b>	22236309
Cost / Unit	(Rs.)	<b>3.57</b>	3.11
d. Own Generation through thermal Units	(KWH)	<b>70268190</b>	0
Cost / Unit	(Rs.)	<b>7.61</b>	0

**B. Consumption per MT of production:**

Product Name		Current Year	Previous Year
Hi-strength Hypochlorite (HSH)	(KWH)	1127	872
Sulphuric Acid (SA)	(KWH)	45	61
Chlorosulphonic Acid (CSA)	(KWH)	45	46
Stable Bleaching Powder (SBP)	(KWH)	126	142
Monochloroacetic Acid (MCA)	(KWH)	265	359
H2 Gas	(Cum)	0.39	0.25

**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:**

- By recovering waste heat available in H<sub>2</sub>SO<sub>4</sub> plant, chilled water can be produced through operation of vapour absorption machine, for which placed order for 140 TR VAM and a plate heat exchanger and other necessary equipments. The vapour absorption machine can be commissioned by the end of April, 2015. Process performance of MCA & SBP plants improve with the utilization of chilled water thus produced .
- The exact size range of Calcium hypo chlorite product granules with lowest dissolution time was arrived through the research carried out in laboratory. To achieve the optimised size range a new equipment called oscillating granulator may be required. Process of procuring the same is under way. This is required to meet specific customer requirement. Order was placed for higher capacity compact machine also.
- Applied to Ministry & Science & Technology, Government of India for awaiting recognition for our R&D centre developed in the company premises and waiting reply,

**2. Benifits desired as a result of R&D :**

With the improvements carried out in Old Calcium Hypo Chlorite plant. Process performance improved in terms of reduced raw materials consumption and consistency in product quality.

**3. Future plans in R&D:**

- Calcium Hypo recovery from mother water project (H.R.S – Hypo recovery system) was finalized and responsibility given to M/S.GEIST on DBOOT (Design build, Own, Operate, & transfer) which will be completed by the end of this year.
- A proposal to manufacture Sodium hypo from mother water of Calcium Hypo was worked out & plant erection is in progress.



#### 4. Expenditure on R & D

Charged under primary heads to the tune of Rs. 258.35 lakhs.

#### 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	17757.44
ii. Foreign Exchange used	4317.94

#### 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/-

**T.G. BHARATH**

Chairman & Managing Director

DIN : 00125087

Place : Kurnool

Date : 14<sup>th</sup> August, 2015



## 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 six 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:

Sl. 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	6	Yes	2	---
2.	Sri N Ramachandra Rao	Independent Director	7	Yes	---	---
3.	Dr. A. H. Praveen	Independent Director	7	Yes	---	---
4.	Sri D.V. Narendra Babu	Independent Director	2	No	---	---
5.	Smt. D.Sai Leela	Independent Director	5	No	---	---
6.	Sri. KrishnaMoorthy Chandraiah naik	Non-Executive Director	5	Yes	---	---
7.	Sri.P.Ramachandra Gowd	Non-Executive Director	5	Yes	---	---



During the financial year ended 31<sup>st</sup> March, 2015, seven Board meetings were held on (1) 09.04.2014 (2) 30.05.2014 (3) 14.08.2014 (4) 14.11.2014 (5) 14.02.2015 (6) 26.03.2015 and (7) 31.03.2015.

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 Section 177 of the Companies Act, 2013. The main terms of reference of the Audit Committee are:

- (i) the recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- (ii) review and monitor the auditor's independence and performance and effectiveness of audit process ;
- (iii) examination of the financial statement and the auditor's report thereon;
- (iv) approval or any subsequent modification of transactions of the company with related parties;
- (v) scrutiny of inter-corporate loans and investments ;
- (vi) valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) evaluation of internal financial controls and risk management systems;
- (viii) monitoring the end use of funds raised through public offers and related matters.

The Audit Committee comprises of Sri N Ramachandra Rao as Chairman , Dr A H Praveen and Smt D Sai Leela as members . It was reconstituted on 15.06.2015 with Smt.D.Sai Leela as Chairman , Dr.A.H.Praveen and Sri.P.Ramachandra Gowd as members . The role, terms of reference and authority and powers of the Audit Committee are in conformity with the requirements of Companies Act, 2013 and Listing Agreement.

#### **The Audit committee Meetings were held on following dates :**

(1) 30.05.2014 (2) 14.08.2014. (3)14.11.2014 (4) 14.02.2015 and all the members attended the meetings.

#### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee comprises of Sri N Ramachandra Rao as Chairman , Dr A H Praveen and Smt D Sai Leela as members . It was reconstituted on 15.06.2015 with Smt.D.Sai Leela as Chairman , Dr.A.H.Praveen and Sri.P.Ramachandra Gowd as members . The Committee interalia, deals with all elements of remuneration of Chairman & Managing Director's service contracts, notice period, severance of payments etc.





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

Salary	Perquisites	Commission	Total (Rs.)
1,20,00,000	---	---	1,20,00,000

#### Stakeholders Relationship 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 N Ramachandra Rao as Chairman , Dr A H Praveen and Smt D Sai Leela as members. It was reconstituted on 15.06.2015 with Smt.D.Sai Leela as Chairman, Dr.A.H.Praveen and Sri.P.Ramachandra Gowd 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 2014-15	Pending at the end of the year	No. of pending Share Transfer
104	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) 28.12.2012 ( 11 A.M.) (2) 27.09.2013 (11.30 A.M.) and (3) 29.09.2014(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:

##### 2011-12

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

##### 2012-13

1. Increase in remuneration of Sri T G Bharath Chairman & Managing Director.

##### 2013-14

1. Appointment of Sr.N.Ramachandra Rao as Independent Director
2. Appointment of Smt.D.Sai Leela as Independent Woman Director



3. Appointment of Dr.A.H.Praveem as Independent Director
4. Appointment of Sri.P.Ramachandra Gowd as Director liable to retire by rotation
5. Appointment of Sri Krishnamoorthy Chandraiah Naik as Director liable to retire by rotation
6. Ratification of Cost auditor remuneration
7. Borrowing powers of the Board under section 180(1)(c) Companies Act, 2013
8. Resolution under Section 180(1)(a) of Companies Act, 2013
9. Alteration of Articles of Association
10. Increase in the remuneration of Chairman and Managing Director

**Postal Ballot :**

No Postal Ballot was conducted during the year 2014-15.

**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. 30.8 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 Bhoomi (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](http://www.tgvgroup.com)

**7. General Shareholder Information**

(a) Annual General Meeting:

Date : 30<sup>th</sup> September, 2015  
Time : 11:00 A.M.



Venue : Sree Rayalaseema Hi-Strength Hypo Limited  
Regd. Office : Gondiparla  
Kurnool – 518 004 (A.P.)

(b) Tentative Financial Calendar : The next financial year covers the period from 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016.

Un-audited Financial Results for :

First Quarter - July/August, 2015

Second Quarter - October/November, 2015

Third Quarter - January/February, 2016

Fourth Quarter - April/May, 2016

(c) Book Closure period : 24.09.2015 to 30.09.2015 (inclusive of both days)

(d) Dividend Date : 26.10.2015

(e) Listing on Stock Exchanges: The shares of the Company are listed on BSE Ltd. & National Stock Exchange of India Ltd. Annual listing fee for the year 2015-16 has been paid to BSE and NSE.

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

BSE 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 2014-15:

Month & Year	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2014	22.60	19.40	19.80	19.65
May, 2014	28.50	19.00	25.75	23.60
June, 2014	29.00	23.00	26.95	25.55
July 2014	31.50	23.65	25.45	24.15
August, 2014	53.60	25.00	53.00	48.50
September, 2014	69.50	45.35	64.95	59.75
October, 2014	69.35	51.50	60.80	56.40
November, 2014	66.00	46.55	48.45	47.65
December, 2014	54.95	43.75	48.20	45.65
January, 2015	49.00	43.05	46.00	44.40
February, 2015	58.00	40.00	51.90	50.05
March, 2015	55.50	42.20	47.10	44.00

**(h) Share Transfer Agents:**

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

**(i) Distribution of Shareholding as on 31st March, 2015:**

Sl. No.	Category	Shares	Amount	%
1.	Promoters	81,59,540	8,15,95,400	55.44
2.	Mutual Funds	2225	22250	0.02
3.	Banks & Financial			
4.	Institutions	44417	444170	0.30
5.	Bodies Corporate	5,75,289	57,52,890	3.91
6.	Indian public	48,28,750	4,82,87,500	32.81
	NRI / OCBS	11,06,468	1,10,64,680	7.52
	<b>Total</b>	<b>1,47,16,689</b>	<b>14,71,66,890</b>	<b>100</b>

**(j) Dematerialisation of shares and liquidity:**

As on 31<sup>st</sup> March, 2015, 79.69 % 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 31.03.2015.

Sd/-

Place : Kurnool

Date : 14th August, 2015

**T G Bharath**

Chairman & Managing Director

DIN : 00125087



**(m) Plant Locations:**

- Stable Bleaching Powder Plant (3 Nos) two located at Gondiparla, Kurnool District, Andhra Pradesh and other is at Manjawadi, Laxmapuram, Dharmapuri District, Tamilnadu.
- Sulphuric Acid, Chloro Sulphonic Acid, Monochloro Acetic Acid, Plastic Moulded Drums and Calcium Hypochlorite (Hi-Strength Hypo), plants are located at Gondiparla, Kurnool District, Andhra Pradesh.
- Bottling of Hydrogen Gas plant situated at Gondiparla, Kurnool District, Andhra Pradesh.
- Wind Mill Power units situated in Tamilnadu State .
- Sodium Methoxide and Sodium Hydride Plant at Gondiparla, Kurnool.
- 10MW 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. Telangana State.  
Tel Nos. 040-27638111, 27634445  
e-mail Id : info@aarthiconsultants.com
- (B) Sree Rayalaseema Hi-Strength Hypo Limited  
No.6-2-1012, IInd Floor, TGV Mansion,  
Above ICICI Bank, Khairatabad  
Hyderabad - 500 004. Telangana State.  
Tel Nos. 040-23313843 Fax No.: 040-23313875

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

For and on behalf of the Board

Place : Kurnool  
Date : 14th August, 2015

Sd/-  
**T G Bharath**  
Chairman & Managing Director  
DIN:00125087

**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 and thermal energy mainly depends on availability of coal both indigenous and imported .

**C) Segment-wise or Product-wise Performance:**

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

**D) Outlook:**

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

**E) Risks and Concerns:**

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

**F) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

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

**G) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

For the year 2014-15 net profit before Tax is Rs.2575.66 lakhs against Rs. 1165.81 lakhs during the previous year. The Company provided Rs.270.68 lakhs towards deferred tax and Rs. 367.89 lakhs towards current tax. Due to this, the net profit after Tax is Rs. 1937.08 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 541 employees on its rolls.

For and on behalf of the Board

Sd/-

**T G Bharath**

Chairman & Managing Director  
DIN:00125087

Place : Kurnool

Date : 14th August, 2015

**ANNEXURE-F****Form AOC-1**

**(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)**

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

**Part “A”: Subsidiaries**

The Company had no subsidiary companies during the financial year 2014 -15

**Part “B”: Associates and Joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures	Sree Rayalaseema Alkalies and Allied Chemicals Limited (Associate)
1. Latest audited Balance Sheet Date	31.03.2015
2. Shares of Associate/Joint Ventures held by the company on the year end	
No. of Shares	2,05,44,496
Amount of Investment in Associates/ Joint Venture	Rs. 19,32,48,989
Extend of Holding%	26.10%
3. Description of how there is significant influence	Holding more than 20% of shareholding
4. Reason why the associate/joint venture is not consolidated	As per MCA Circular G.S.R.723( E ) dt. 10.10.2014, consolidation of accounts for Associate Companies is exempted for the year 2014-15.
5. Net worth attributable to shareholding as per latest audited Balance Sheet	-N.A.-
6. Profit/Loss for the year	-N.A.-
i. Considered in Consolidation	
ii. Not Considered in Consolidation	



**FORM NO. AOC -2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis. - Not Applicable -
2. Details of material contracts or arrangement or transactions at arm's length basis:

Sl. No	(a) Name(s) of the related party and nature of relationship	(b) Nature of contracts/ arrangements/ transactions	(c) Duration of the contracts/ arrangements/ transactions	(d) Salient terms of the contracts or Transactions including the value, if any:	(e) Date(s) Of approval by the Board, if any:	(f) Amount paid as advances if any
1.	Sree Rayalaseema Alkalies and Allied Chemicals Ltd	Purchases Sales Rent Paid	Annual Contracts	1,20,79,606 3,53,69,558 3,39,000	30-05-2014	-
2.	TGV Projects & Investments Pvt Ltd	Purchases & others Sales Rent Paid	Annual Contracts	1,07,25,726 9,965 93,11,628	14-08-2014	-
3.	Gowri Gopal Hospitals Pvt Ltd	Purchases Sales Rent Paid	Annual Contracts	14,030 9,798 16,14,000	14-08-2014	-
4	Sree Rayalaseema Galaxy Projects Pvt Ltd	Purchases Sales	Annual Contracts	3,80,797 1,08,92,308	14-08-2014	-

**Note:** The above related party disclosures are only under Sec 188 read with Sec 134 of the companies Act, 2013.

For and on behalf of the Board

Sd/-

**T G Bharath**

Chairman & Managing Director  
DIN:00125087

Place : Kurnool

Date : 14th August, 2015



**Auditor's 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 31<sup>st</sup> March, 2015 as stipulated in clause 49 of the Listing Agreements of the said Company entered 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 of 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 above mentioned Listing Agreements.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as on 31<sup>st</sup> March, 2015, 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/-

**M.T. Sreenivasa Rao**  
Proprietor  
Membership No. 015635

Place : Kurnool  
Date : 14th August, 2015



**ANNEXURE - E**  
**Form No. MR - 3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 09 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Member,  
Sree Rayalaseema Hi-Strength Hypo Limited  
(CIN : L24110AP2005PLC045726)  
Gondiparla Kurnool 518004  
Kurnool Dist  
Andhra Pradesh

I, Geeta Serwani, Proprietor of Geeta Serwani and Associates, Practicing Company Secretary have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sree Rayalaseema Hi-Strength Hypo Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on March 31, 2015 complied with the Statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the provisions of;

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956(SCRA) and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-law framed hereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India, 1992 ('SEBI Act');
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;



- (c) The Securities and Exchange Board of India ( Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines , 1999;
- (e) The Securities and Exchange Board of India ( Issue and Listing of Debt Securities) Regulations, 2008 ;
- (f) The Securities and Exchange Board of India ( Registration to an Issue and Share Transfers Agents ) Regulations, 1993;
- (g) The Securities and Exchange Board of India ( Delisting of Equity Shares) Regulations, 2009;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

I have also examined compliance with the applicable clause of the following;

- I. The Secretarial Standards issue by the Institute of Company Secretaries of India.
- II. The Listing Agreements entered into by the Company with BSE Limited and The National Stock Exchange of India Limited .

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

All decision at Board Meetings and Committee Meetings are carried unanimously as recorded in the minutes of the Meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**Geeta Serwani & Associates**  
**(Practicing Company Secretary)**

**(Geeta Serwani)**  
Proprietor  
ACS: 24479  
CP: 8842

Date : 14<sup>th</sup> Aug 2015  
Place : Hyderabad

Note: This report is to be read with letter of even date which is annexed as "ANNEXURE A" and forms an integral part if this report.



**“ANNEXURE A” TO SECRETARIAL AUDIT REPORT**

To,  
The Member,  
**Sree Rayalaseema Hi-Strength Hypo Limited**  
(CIN : L24110AP2005PLC045726)  
Gondiparla Kurnool 518004  
Kurnool Dist  
Andhra Pradesh

Report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, we have obtained the Management representation about compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Geeta Serwani & Associates**  
**(Practicing Company Secretary)**

**(Geeta Serwani)**  
Proprietor  
ACS: 24479  
CP: 8842

Date : 14<sup>th</sup> Aug 2015  
Place : Hyderabad



## INDEPENDENT AUDITOR'S REPORT

To

The members of

Sree Rayalaseema Hi-Strength Hypo Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Sree Rayalaseema Hi-Strength Hypo Limited (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Profit and Loss Statement, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies, associate companies and jointly controlled companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors of the Company as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015, from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements.
    - ii. The Company has made Provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, and as required on long-term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**for S.T. Mohite & Co.,**  
Chartered Accountants  
Regn. No. 011410S  
Sd/-

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

Place: Kurnool  
Date : 29<sup>th</sup> May, 2015



### Annexure to Independent Auditors' Report

(referred to in Paragraph 1 of the section on "Report on other legal and regulatory requirements" of our Report of even date)

Sl. No.	Ref.to CARO	Report by Independent Auditors
1	3(i)	<b>Fixed Assets</b>
	3(i)(a)	The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
	3(i)(b)	As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
2	3(ii)	<b>Inventories</b>
	3(ii)(a)	As explained to us inventories have been physically verified during the year by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable.
	3(ii)(b)	In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
	3(ii)(c)	The Company has maintained proper records of inventories. As per the information and explanation given to us, no material discrepancies were noticed on physical verification.
3	3(iii)	<b>Loans to parties covered by Sec.189 of the Companies Act,2013</b>
		The Company has not granted any loans, secured or unsecured, but paid deposit of share application money to companies or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Hence clause 3(iii)(a) and (b) are not applicable.
4	3(iv)	<b>Adequacy of Internal control procedures</b>
		In our opinion and according to the information and explanations given to us, the Company has an adequate internal control system commensurate with its size and the nature of its business





Sl. No.	Ref.to CARO	Report by Independent Auditors
		for the purchase of inventory and fixed assets and for the sale of goods, energy and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.
5	<b>3(v)</b>	<b>Acceptance of public Deposits</b>
		According to the information and explanations given to us, the Company has not accepted any deposit from the public. Accordingly, the provisions of Clause (v) of paragraph 3 of the CARO 2015 are not applicable to the Company.
6	<b>3(vi)</b>	<b>Maintenance of cost records</b>
	<b>3(vi)(a)</b>	We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1)(d) of the Companies Act, 2013 and we are of the opinion that, prima facie, the prescribed accounts and cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7	<b>3(vii)</b>	<b>Statutory Dues</b>
	<b>3(vii)(a)</b>	The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2015 for a period of more than six months from the date of becoming payable.
	<b>3(vii)(b)</b>	According to the information and explanations given to us, there are no material dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute. However, the following dues of Excise duty, Service Tax and Income Tax have not been deposited by the company on account of pending disputes as detailed hereunder:.



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	364,324	2008-09	Appeal filed with Service Tax Dept. Pending before Comm. Appeals, Guntur
2	Central Excise Act, 1944	Disallowance of CENVAT Credit	3,219,175	2006-09	Appeal pending before Additional Commissioner Tirupati
3	Central Excise Act, 1944	Disallowance of CENVAT Credit	2,066,352	2009-10	Appeal pending before Additional Commissioner Tirupati
4	Central Excise Act, 1944	Disallowance of CENVAT Credit on input services	3,058,889	2010-11	Appeal pending before Additional Commissioner Tirupati
5	Service Tax, 1944	Non Payment of service tax on lease rentals	1,208,860	2010-11	Dept. Appeal pending before Commissioner Appeals, Guntur
6	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit on Customs duty	3,252,002	2010-11	Appeal pending before Additional Commissioner Tirupati
7	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit on input Services	2,764,347	2010-11	Appeal pending before Commissioner of Central Excise, Tirupati
8	Service Tax, 1944	Non Payment of service tax on lease rentals	473,819	2010-11	Appeal pending before Assistant Commissioner Kumool
9	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit on input Services	2,554,120	2011-2	Appeal pending before Commissioner of Central Excise, Tirupati
10	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit on input Services	4,083,289	2012-13	Appeal pending before Commissioner of Central Excise, Tirupati
11	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit in respect of various input Services	129,845	2012-13	Appeal pending before Assistant Commissioner Kumool
12	Service Tax, 1944	Alleged non Payment of service tax on lease rentals on leased assets	800,354	2011-12 2012-13	Appeal pending before Additional Comm. of Central Excise, Tirupati
13	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit on input Services	2,253,557	2012-13	Appeal pending before Additional Comm. of Central Excise, Tirupati
14	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit on input Services	4,021,464	2012-13 2013-14	Appeal pending before Additional Comm. of Central Excise, Tirupati
15	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit in respect of various input Services	825,993	2013-14	Appeal pending before Additional Comm. of Central Excise, Tirupati



Sl. No.	Ref.to CARO	Report by Independent Auditors					
		Sl. No.	Name of the Statute	Nature of dues	Total Amount Rs.	Period to which the amt. relates	Forum where dispute is pending
		16	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit on input Services	2,936,292	2013-14	Appeal pending before Additional Comm. of Central Excise, Tirupati
		17	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit on input Services	1,497,273	2014-15	Appeal pending before Additional Comm. of Central Excise, Tirupati
		18	Service Tax, 1944	Non Payment of service tax on lease rentals	194,727	2013-14	Appeal pending before Assistant Commissioner Kurnool
		19	The income Tax Act, 1961	Disallowance of amount as expenditure under section 14A	304,719	2008-09	Appeal pending before CIT (appeals) Hyderabad
	3(vii)(c)	According to the records of the Company, there are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.					
8	3(viii)	<b>Erosion of Net worth &amp; Cash losses incurred</b>					
		The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.					
9	3(ix)	<b>Defaults in repayments to Financial Institutions/Banks/Debtenture holders</b>					
		Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks and debtenture holders.					
10	3(x)	<b>Guarantees given for loans to others</b>					
		The Company has given guarantees for loans taken by others from banks and financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.					
11	3(xi)	<b>End-use of funds from Term loans</b>					
		The Company has raised new term loans during the year. The term loans outstanding at the beginning of the year and those raised during the year have been applied for the purposes for which they were raised.					
12	3(xii)	<b>Frauds on or by the Company</b>					
		In our opinion and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.					

**for S.T. Mohite & Co.,**  
Chartered Accountants  
Regn. No. 011410S  
Sd/-

**M.T. Sreenivasa Rao**  
Proprietor  
Membership No. 015635

Place: Kurnool  
Date : 29th May, 2015



## BALANCE SHEET AS AT 31 st MARCH 2015

	Note	As At 31-03-2015 Rs.	As At 31-03-2014 Rs.
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share Capital	1	147166890	147166890
(b) Reserves and Surplus	2	1569937028	1345786542
(c) Money received against share warrants	3	-	-
		<b>1717103918</b>	1492953432
<b>(2) Share application money pending allotment</b>		-	-
<b>(3) Non-current liabilities</b>			
(a) Long-term borrowings	4	392415525	562912244
(b) Deferred tax liabilities (Net)	5	182823562	256175839
(c) Other Long term liabilities	6	9519105	18600750
(d) Long-term provisions	7	45535486	59814887
		<b>630293678</b>	897503720
<b>(4) Current liabilities</b>			
(a) Short-term borrowings	4	283596749	314291381
(b) Trade payables	8	464305436	412395182
(c) Other current liabilities	9	245484788	378579136
(d) Short-term provisions	10	242588882	177655903
		<b>1235975855</b>	1282921602
<b>TOTAL</b>		<b>3583373451</b>	3673378754
<b>II ASSETS</b>			
<b>(1) Non-current Assets:</b>			
(a) Fixed Assets	11		
(i) Tangible Assets		1943618043	1999548963
(ii) Intangible Assets		-	-
(iii) Capital work-in-progress		50724866	-
(iv) Intangible assets under development		-	-
		<b>1994342909</b>	1999548963
(b) Non-current investments	12	233085430	310708252
(c) Deferred tax assets(net)		-	-
(d) Long-term loans and advances	13	218369659	186810493
(e) Other non-current assets		-	-
<b>(2) Current Assets:</b>			
(a) Current investments	14	-	10000000
(b) Inventories	15	247966955	285489128
(c) Trade receivables	16	352527503	263737915
(d) Cash and Cash equivalents	17	61115974	73334750
(e) Short term loans and advances	18	310536016	491363378
(f) Other current assets	19	165429005	52385875
		<b>1137575453</b>	1176311046
<b>TOTAL</b>		<b>3583373451</b>	3673378754
Contingent liabilities	20	-	-
Significant Accounting Policies and Notes to Financial Statements	30	-	-

Notes 1 to 20 and Note 30 annexed form integral part of Balance Sheet

As per our report of even date attached.

For S.T.Mohite &amp; Co.,

Chartered Accountants (Regn.No.011410S)

For and on behalf of the Board

Sd/-

T.G.Bharath

Chairman &amp; Managing Director

Sd/-

D. Sai Leela

Director

Sd/-

M.T.Sreenivasa Rao

Proprietor/Membership No.15635

Place : Kurnool

Date : 29<sup>th</sup> May, 2015

Sd/-

V.Surekha

Company Secretary

Place : Kurnool

Date : 29<sup>th</sup> May, 2015



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2015

	Note	Year Ended 31-03-2015 Rs.	Year Ended 31-03-2014 Rs.
<b>Incomes:</b>			
<b>I Revenue from Operations ( Gross )</b>	<b>21</b>	<b>4,11,14,96,539</b>	<b>3,11,69,27,378</b>
Less : Excise Duty		<u>18,77,69,305</u>	<u>14,99,16,167</u>
Revenue from Operations (Net)		<u>3,92,37,27,234</u>	<u>2,96,70,11,211</u>
<b>II Other Income</b>	<b>22</b>	<b>2,00,61,018</b>	<b>9,21,15,725</b>
<b>III Total Revenue (I+II)</b>		<b>3,94,37,88,252</b>	<b>3,05,91,26,936</b>
<b>IV Expenses:</b>			
a) Cost of materials consumed	<b>23</b>	<b>2,27,20,68,128</b>	<b>1,60,69,98,112</b>
b) Purchases of Stock-in-Trade		<u>17,07,745</u>	<u>36,517</u>
c) Changes in inventories of finished goods work-in-progress and stock in trade	<b>24</b>	<b>1,53,65,077</b>	<b>(5,00,67,981)</b>
d) Employee benefits expenses	<b>25</b>	<b>16,45,05,973</b>	<b>14,60,48,403</b>
e) Finance costs	<b>26</b>	<b>11,60,97,483</b>	<b>13,56,76,539</b>
f) Depreciation and amortization expense	<b>11</b>	<b>9,75,77,172</b>	<b>14,91,07,793</b>
g) Other expenses	<b>27</b>	<b>1,08,47,00,089</b>	<b>95,47,28,322</b>
<b>Total Expenses</b>		<b>37,52,02,1667</b>	<b>2,94,25,27,705</b>
<b>V Profit before Exceptional and Extrordinary items and Tax (III - IV)</b>		<b>19,17,66,586</b>	<b>11,65,99,231</b>
<b>VI Exceptional Items</b>	<b>28</b>	<b>6,57,99,406</b>	<b>-</b>
<b>VII Profit before extraordinary items and Tax (V+VI)</b>		<b>25,75,65,991</b>	<b>11,65,99,231</b>
<b>VIII Extraordinary Items</b>		<b>-</b>	<b>-</b>
<b>IX Profit before tax and prior period expenses (VII-VIII)</b>		<b>25,75,65,991</b>	<b>11,65,99,231</b>
<b>X Prior period expenses</b>		<b>-</b>	<b>18,445</b>
<b>XI Profit before tax for the period ( IX-X )</b>		<b>25,75,65,991</b>	<b>11,65,80,786</b>
<b>XII Less: Tax Expenses</b>			
(a) Current tax		<u>3,67,89,244</u>	<u>2,33,25,192</u>
(b) Deferred tax		<u>2,70,68,103</u>	<u>1,88,97,393</u>
<b>Net Tax Expenses</b>		<b>6,38,57,347</b>	<b>4,22,22,585</b>
<b>XIII Profit for the period ( XI-XII )</b>		<b>19,37,08,644</b>	<b>7,43,58,201</b>
<b>XIV Earnings per equity share: face value Rs.10/- each</b>			
(a) Basic		<b>13.16</b>	<b>5.05</b>
(b) Diluted		<b>13.16</b>	<b>5.05</b>
(c) Face Value		<b>10.00</b>	<b>10.00</b>
<b>Notes to statement of profit and loss</b>	<b>29</b>		
Significant Accounting Policies and Notes to Financial Statements	<b>30</b>		

Notes 11, 21 to 30 annexed form integral part of Statement of Profit and Loss

As per our report of even date attached.

**For S.T.Mohite & Co.,**

Chartered Accountants (Regn.No.011410S)

**For and on behalf of the Board****Sd/-****T.G.Bharath**

Chairman &amp; Managing Director

**Sd/-****D. Sai Leela**

Director

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

Proprietor/Membership No.15635

Place : Kurnool

Date : 29<sup>th</sup> May, 2015**Sd/-****V.Surekha**

Company Secretary

Place : Kurnool

Date : 29<sup>th</sup> May, 2015


**Cash Flow Statement For The Year Ended 31.03.2015 As Per Clause 32 of Listing Agreement**

Rs. in Lakhs

	<b>Year Ended 31-03-2015</b>	<b>Year Ended 31-03-2014</b>
<b>A Cash Flow From Operating Activities</b>		
Net Profit before Tax and extraordinary items	2,575.66	1,165.81
Depreciation	2,255.26	1,491.08
Interest Paid	1,160.97	924.13
Interest Received	(36.61)	(50.07)
Profit or loss on sale of assets/Investments	17.58	-
Loss on sale of assets	4.91	-
Profit on sale of investments	(871.00)	-
<b>Operating Profit before Working capital changes</b>	<b>5,106.77</b>	<b>3,530.95</b>
Adjustments for:		
Trade and Other receivables	(138.40)	1598.23
Inventories	375.22	(733.14)
Trade payable & Other Current Liabilities	(550.22)	(1105.83)
	(313.40)	(240.73)
<b>Cash generated from operations</b>	<b>4,793.37</b>	<b>3,290.21</b>
Interest Paid	(1,160.97)	(924.13)
Interest Received	36.61	50.07
Direct Taxes	(638.57)	(422.23)
<b>Cash Flow From Operating Activities</b>	<b>3,030.44</b>	<b>1,993.93</b>
Extra ordinary items	569.31	-
<b>Net Cash Flow From / (used in ) Operating Activities</b>	<b>3,599.75</b>	<b>1,993.93</b>
<b>B Cash Flow From Investing Activities</b>		
Purchase/Sales of Fixed Assets	(2,208.11)	(779.99)
Purchase/Sales of Investments	1,729.65	(131.95)
<b>Net cash flow from / (used in) Investing Activities</b>	<b>(478.46)</b>	<b>(911.94)</b>
<b>C Cash Flow From Financing Activities</b>		
Proceeds from long term borrowings	(2,245.06)	(1,060.69)
DTL	(733.52)	(18.03)
DIV. PAID	(264.89)	219.76
Increase of share capital	-	-
Increase of share premium	-	-
<b>Net cash flow from / (used in) Financing Activities</b>	<b>(3,243.47)</b>	<b>(858.96)</b>
<b>Net increase in cash &amp; cash equivalents (A+B+C)</b>	<b>(122.18)</b>	<b>223.04</b>
<b>Cash &amp; Cash equivalents as at 01-04-2014(op.B/s)</b>	<b>733.35</b>	<b>510.31</b>
<b>Cash &amp; Cash equivalents as at 31-03-2015(cl.B/s)</b>	<b>611.16</b>	<b>733.35</b>

**For and on behalf of the Board**

Sd/-

**T.G.Bharath**

Chairman &amp; Managing Director

Sd/-

**D. Sai Leela**

Director

Sd/-

**V.Surekha**

Company Secretary

Place : Kurnool

Date : 29<sup>th</sup> May, 2015**CERTIFICATE**

We have examined the above cash flow statement for the year ended 31st March, 2015. The statement has been prepared by the company in accordance with Clause 32 of the Listing Agreement executed with the Stock Exchanges and is based on and in agreement with the corresponding Statement of Profit & Loss and Balance Sheet of the Company covered by our Report of 29<sup>th</sup> May, 2015 to the members of the Company.

**for S. T. Mohite & Co.,**  
Chartered Accountants  
Regn No. 011410S  
Sd/-

Place: Kurnool  
Date : 29<sup>th</sup> May, 2015

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



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

	As At 31-03-2015 Rs.	As At 31-03-2014 Rs.
<b>1 Share Capital</b> (item I (1) (a) of Balance sheet)		
<b>1.1 Equity Share Capital</b>		
<b>a) Authorised:</b>		
4,90,00,000 (Previous year 4,90,00,000)		
Equity shares of Rs.10/- each	<b>49,00,00,000</b>	4,90,00,000
<b>b) Issued, subscribed and fully paid-up</b>		
1,47,16,689 - Equity shares of Rs.10/- each	<b>14,71,66,890</b>	14,22,41,830
0 - Preferential allotment during the year	-	49,25,060
0 - Issued to the members of transferor companies (Refer note 1.8 below)	-	-
<u>1,47,16,689</u>	<u>14,71,66,890</u>	<u>14,71,66,890</u>
<b>Total</b>	<b>14,71,66,890</b>	<b>14,71,66,890</b>
<b>1.2 Reconciliation of number of shares outstanding</b>		
Equity shares	No. of shares	No. of shares
*At the beginning of the year	<b>1,47,16,689</b>	1,42,24,183
Add: Preferential Issue during the year	-	4,92,506
Add: Issued during the year in share capital suspense at the end of the year	-	-
<b>*Total</b>	<b>1,47,16,689</b>	<b>1,47,16,689</b>
*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 subjected to recommendations of Board of Directors and share holders in Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company in proportionate to their share holdings.

**1.4 List of shareholders holding more than 5% Equity Shares**

Equity Shares	As At 31-03-2015		As At 31-03-2014	
	%	No. of shares	%	No. of shares
Gowri Gopal Hospitals Pvt Ltd	17.77	<b>26,14,580</b>	10.80	15,89,291
Sree Rayalaseema Galaxy Projects Pvt Ltd	10.29	<b>15,13,989</b>	10.29	15,13,989
TGV Projects & Investments Pvt. Ltd	8.97	<b>13,20,013</b>	8.97	13,20,013
Shares held by beneficiary for the Company	0.00	<b>0</b>	6.97	10,25,289



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

**1.5** The Company has no Subsidiaries or Holding Company or associate companies holding shares in the company as on the date of Balance sheet

**1.6** Of the above 1,47,16,689 issued shares, 24,86,028 Equity shares of Rs. 10/- each fully paid were issued for consideration for constructions with out payment received in cash as per terms of amalgamation.

**1.7 Utilised of issue proceeds**

	As At 31-03-2015 Rs.	As At 31-03-2014 Rs.
Gross value of issue by preferential allotment during the year	-	2,01,73,035
Less: Utilised for the object up to 31st Mar, 2014	-	2,01,73,035
Unused Balance represented in Bank Current Account	-	-

	As At 31-03-2015 Rs.	As At 31-03-2014 Rs.
<b>2 Reserves and Surplus</b> (item I (1) (b) of Balance sheet)		
<b>2.1 Capital Reserve</b>		
<b>(a) Central/Capital Subsidy</b>		
Balance as per last Balance Sheet	58,20,690	58,20,690
Add : Additions during the year	-	-
	58,20,690	58,20,690
<b>(b) Securities Premium Reserve</b>		
Balance as per last balance sheet	8,67,58,174	6,47,82,556
Add: On Preferential issue during the year	-	2,19,75,618
	8,67,58,174	8,67,58,174
<b>2.2 General Reserve</b>		
<b>(a) General Reserve</b>		
Balance as per last balance sheet	51,84,797	51,84,797
Add : Transfer from Profit and loss account	96,85,432	-
	1,48,70,229	51,84,797
<b>(b) Amalgamation Reserve</b>	24,28,66,501	24,28,66,501
<b>(c) Surplus i.e. balance in statement of Profit and Loss</b>		
Balance as per last balance sheet	1,00,51,56,380	93,07,98,178
Add: Profit for the year	19,37,08,644	7,43,58,202
Transferred to General Reserve	(96,85,432)	-
Proposed Dividend	(2,20,75,034)	-
Dividend distribution tax	(44,13,708)	-
Reversal of Deferred Tax Liability of Prior Years	5,69,30,584	-
	1,21,96,21,434	1,00,51,56,380
<b>Total</b>	1,56,99,37,028	1,34,57,86,542





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

	As At 31-03-2015 Rs.		As At 31-03-2014 Rs.	
<b>3 Money received against share warrants</b>				
Item 1 (1) C of Balance Sheet	<b>No. of Warrants</b>	<b>Rs.</b>	<b>No. of Warrants</b>	<b>Rs.</b>
Convertible Warrants issued at Rs.54.62/- (Including premium) per warrants for cash and convertible into equity shares of Rs.10/- each in the ratio of 1 : 1	-	-	4,92,506	2,69,00,678
Amount received on convertible warrants during the year	-	-	4,92,506	2,69,00,678
Warrant money adjusted against Conversion into equity shares @ 54.62	-	-	4,92,506	2,69,00,678
	-	-	-	-
<b>4 Borrowings</b>	<b>Long term</b>	<b>Short term</b>	<b>Long term</b>	<b>Short term</b>
<b>4.1 Secured</b>				
(a) Term loans from banks	36,68,73,882	19,48,22,558	54,99,57,324	16,35,82,000
(b) Term loans for vehicles from bank	1,40,42,268	33,50,521	7,15,545	7,77,744
(c) Loans repayable on demand from banks		28,35,96,749		31,04,07,326
<b>Total</b>	<b>38,09,16,150</b>	<b>48,17,69,828</b>	<b>55,06,72,869</b>	<b>47,47,67,070</b>
<b>4.2 Unsecured</b>				
(a) Deferred Sales Tax Liabilities	-	-	-	38,84,055
(b) Security deposits from customers	1,14,99,375	-	1,22,39,375	-
<b>Total</b>	<b>1,14,99,375</b>	<b>-</b>	<b>1,22,39,375</b>	<b>38,84,055</b>
<b>Total (Sec Note 4.3 below)</b>	<b>39,24,15,525</b>	<b>48,17,69,828</b>	<b>56,29,12,244</b>	<b>47,86,51,125</b>
<b>4.3 Disclosure in Balance sheet</b>				
a) Long term borrowings (item I (3) (a) of Balance sheet)	39,24,15,525	-	56,29,12,244	-
b) Short term borrowings under current liabilities (item I (4) (a) of Balance sheet)		28,35,96,749		31,42,91,381
c) Current maturities under other current liabilities		19,81,73,079		16,43,59,744
	<b>39,24,15,525</b>	<b>48,17,69,828</b>	<b>56,29,12,244</b>	<b>47,86,51,125</b>
<b>4.4 Additional information on borrowings</b>				
<b>1. Security</b>				
(a) The term loan and vehicle loans 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.				
<b>2. Defaults</b>				
There are no defaults/continuing defaults as on 31st Mar, 2015 in payment of interest and repayment of loans.				



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

**3. Repayments**

<b>Term of repayment</b>	<b>31.03.2015 Outstanding Rs.</b>	<b>31.03.2014 Outstanding Rs.</b>
<b>A. Term Loans</b>		
(a) Quarterly instalment of Rs. 29,00,000/- payable up to Jun,2015	<b>11,91,78,329</b>	22,63,50,204
(b) Monthly instalment of Rs. 29,49,000/- payable up to Feb,2016		
(c) Monthly instalment of Rs. 29,49,000/- payable up to Aug,2016		
(d) Monthly instalment of Rs. 40,00,000/- payable up to Feb,2017	<b>9,80,11,685</b>	15,16,40,089
(e) Quarterly instalment of Rs. 5,77,000/- payable up to Mar,2015		
(f) Monthly instalment of Rs. 6,00,000/- payable up to Dec,2015		
(g) Monthly instalment of Rs. 39,50,000/- payable up to Feb,2021	<b>30,23,78,446</b>	33,55,49,031
(h) Monthly instalment of Rs. 4,59,630/- payable up to Mar,2020	<b>2,11,39,000</b>	-
(i) Monthly instalment of Rs. 74,460/- payable up to Oct,2019	<b>31,37,974</b>	-
(j) Monthly instalment of Rs. 53,860/- payable up to Sep,2019	<b>22,38,721</b>	-
(k) Monthly instalment of Rs. 4,56,215/- payable up to Sep,2019	<b>1,89,62,807</b>	-
<b>B. Vehicle loans</b>		
(a) Monthly instalment of Rs. 65,420/- payable up to Nov, 2017	<b>1,40,42,268</b>	14,93,289
(b) Monthly instalment of Rs. 29,49,000/- payable up to May,2016		
(c) Monthly instalment of Rs. 29,49,000/- payable up to Feb,2016		
<b>C. Sales tax deferment (repaid during the year)</b>	<b>-</b>	<b>38,84,055</b>

<b>As At</b>	<b>As At</b>
<b>31-03-2015</b>	<b>31-03-2014</b>
<b>Rs.</b>	<b>Rs.</b>

**5. Deferred tax liability**

(Item I (3) (b) of Balance sheet)

Deferred tax liability	<b>25,61,75,839</b>	23,72,78,446
Less: Deferred tax adj. of previous years	<b>(5,69,30,584)</b>	
Less: Deferred tax during the year (Note 30.11)	<b>(1,64,21,693)</b>	1,88,97,393
Net Deferred tax liability	<b>18,28,23,562</b>	25,61,75,839

**6. Other long-term liabilities**

(Item I (3) (c) of Balance sheet)

Trade payables for capital assets	<b>95,19,105</b>	1,86,00,750
Amounts due to micro, small and medium enterprises ( Refer Note No.30.6)	<b>-</b>	-
	<b>95,19,105</b>	1,86,00,750

**7. Long-term provisions**

(Item I (3) (d) of Balance sheet)

Power charges - FSA and others	<b>4,09,79,705</b>	5,49,73,887
Gratuity provision	<b>45,55,781</b>	48,41,000
	<b>4,55,35,486</b>	5,98,14,887



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

	As At 31-03-2015 Rs.	As At 31-03-2014 Rs.
<b>CURRENT LIABILITIES</b>		
<b>8. Trade Payables</b>		
(item I (4) (b) of Balance sheet)		
Sundry creditors-Acceptances	20,61,89,580	19,14,44,641
Sundry creditors-Trade	23,31,05,800	19,51,80,936
Amounts due to micro, small and medium enterprises (refer Note No. 30.6)	2,50,10,056	2,57,69,605
	<u>46,43,05,436</u>	<u>41,23,95,182</u>
Note:		
(a) Trade payables include dues to related parties of Rs.5,97,05,481/-		
(b) Trade payables includes dues of Rs. 9,39,70,288/- covered by LC's from Banks (LCs are fully secured by charge on current assets )		
<b>9. Other current liabilities</b>		
(item I (4) (c) of Balance sheet)		
<b>Secured</b>		
(a) Current maturities of long term borrowings	19,81,73,079	16,43,59,744
(b) Interest accrued on loans	-	-
<b>Unsecured</b>		
(a) Advances from customers	1,17,15,462	11,65,76,338
(b) Un paid dividend	19,61,493	19,64,345
(c) Other liabilities	3,36,34,754	9,56,78,709
	<u>24,54,84,788</u>	<u>37,85,79,136</u>
<b>10. Short-term provisions</b>		
(item I (4) (d) of Balance sheet)		
Employee benefits	1,08,26,544	72,13,785
Provision for Income Tax	20,52,73,596	17,04,42,118
Proposed Dividend	2,20,75,034	-
Dividend Tax payable	44,13,708	-
	<u>24,25,88,882</u>	<u>17,76,55,903</u>



## Note to Accounts - Balance Sheet (Contd..)

(Item II (1) (a) of Balance sheet)

## 11. Fixed Assets

Amount in Rs.

Particulars	Gross Block			Depreciation			Net Block	
	Cost As At 01.04.2014	Additions	Deductions	Total Upto 31.03.2014	For the Period	Total Upto 31.03.2015	As at 31.03.2015	As at 31.03.2014
Land	92639350	131658263	-	50373302	17792379	-	224297613	92639350
Factory Buildings	393972160	-	3499505	420601637	159750234	-	322306974	343598858
Plant and Machinery	1467747630	29157091	-	254528270	29006693	-	916552850	1047145993
Plant & Machinery-WEG	740771628	-	-	1518329	1148752	-	457236665	486243358
Furniture and Fixtures	5181087	-	-	15377128	7945651	-	2514006	3662758
Office Equipment	23827537	27900	-	1904777	397482	-	532658	8450409
Other Equipment	2835799	-	86737	15181194	9484778	-	446803	931022
Vehicles	32058409	13579385	2231274	759484637	225525969	989926	19730474	16877215
<b>Total</b>	<b>2759075330</b>	<b>174422639</b>	<b>5817516</b>	<b>759484637</b>	<b>225525969</b>	<b>989926</b>	<b>1943618043</b>	<b>1999548663</b>
Capital Work-in-progress	-	-	-	-	-	-	-	-
Civil Work-in-progress	-	-	-	-	-	-	-	-
Machinery under erection	-	50724866	-	-	-	-	50724866	-
<b>Total</b>	-	<b>50724866</b>	-	-	-	-	<b>50724866</b>	-
<b>Grand Total</b>	<b>2759075330</b>	<b>225147505</b>	<b>5817516</b>	<b>759484637</b>	<b>225525969</b>	<b>989926</b>	<b>1994342909</b>	<b>1999548663</b>
Previous Year	2711945706	664496025	61740812	641287478	149107793	30910630	1999548663	-

Notes:

- Changes in Depreciation Accounting for the year:
  - Pursuant to sec 123 read with Schedule-II of the Companies Act 2013 (The Act), The Company has assessed useful lives of assets existing as on 01/04/2014 and additions from the date of purchase for determining the depreciation on fixed assets
  - A change in depreciation accounts is effected by implementation of the Act. Accordingly depreciation is determined for the year ended 31.03.2015 based on useful lives as specified in Schedule II of the Act. Had there been no change in the depreciation accounting, the depreciation would have been lower by Rs. 7,15,90,225/- and profit would have been higher by Rs. 7,15,90,225/-.
  - The assets with carrying value and residual life as on 01st April, 2014 are depreciated over remaining residual life after providing for 5% residual value. On additions during the year, depreciation as per Schedule-II is calculated as per prorate basis.
  - The Assets as on 01st April, 2014 with having carrying value with useful life nil are amortised as depreciation for the year by disclosing it as exceptional items in the statement of profit and loss by providing Deferred Tax Asset. This is in accordance with the recommendations given by ICAI in its Guidance Note on "Application Guide on the Provisions of Schedule II to The Companies Act, 2013"
  - The depreciation for the year Rs. 22,55,25,969/- is disclosed in the statement of profit and loss as under :
 

Total Depreciation	Rs.
Depreciation of assets with useful lives nil are amortised and shown under Exceptional Items (Schedule : 28-page no. 64)	22,55,25,969
Less: Carrying value in statement of profit and loss	(12,79,48,797)
	<u>9,75,77,172</u>
- Title to some of the properties acquired by the Co. under Scheme of Arrangement are in the process of being transferred in the Company's name.



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

	As At 31-03-2015 Rs.	As At 31-03-2014 Rs.
<b>12 Non current investments (at cost unless otherwise specified)</b>		
(Item II (1) (b) of Balance sheet)		
<b>12.1 Investments in equity shares</b>		
<b>12.1.1. Quoted - Fully paid up</b>		
<b>12.1.1.1.Trade</b>		
Sree Rayalaseema Alkalies and Allied Chemicals Ltd (Associate co.), 2,05,44,496 (Previous year 19544496)Equity shares of Rs10/- each ( 15000 shares pledged as security)* (10,00,000 warrants converted to shares during the year)	<b>19,32,48,989</b>	18,32,48,989
Sree Rayalaseema Hi-Strength Hypo Ltd. (Shares held in trust) 0 (Previous year 10,25,289) Equity shares of Rs.10/- each)	-	1,20,60,206
<b>12.1.1.2.Others</b>		
The South Indian Bank Ltd 530250 (Previous year 530250 Equity shares of Rs.1/- each) ( 318000 shares pledged as security)*	<b>7,05,675</b>	7,05,675
Roopa Industries Ltd 1372455 (Previous Year 1372455 Equity shares of Rs.10/- each)	<b>41,17,150</b>	41,17,150
Kabson Industries Ltd 10100 (Previous Year 10100 Equity shares of Rs.10/- each)	<b>43,935</b>	43,935
Karnataka Bank Ltd 3700 (Previous Year 3700 Equity shares of Rs.10/- each) ( 3700 shares pledged as security)*	<b>2,59,691</b>	2,59,691
Lotus Chcolates Ltd 56800 (Previous Year 56800 Equity shares of Rs.10/- each) ( 56800 shares pledged as security)*	<b>5,96,400</b>	5,96,400
NEPC Micon Ltd 200 (Previous Year 200 Equity shares of Rs.10/- each)	<b>750</b>	750
BNR Udyog Ltd 500 (Previous Year 500 Equity shares of Rs.10/- each)	<b>500</b>	500
Consom Biotech Ltd 300 (Previous Year 300 Equity shares of Rs.10/- each)	<b>270</b>	270
Neha International Ltd 1700 (Previous Year 1700 Equity shares of Rs.10/- each)	<b>2,890</b>	2,890
Indo Wind Energy Ltd 42000 (Previous Year 42000 Equity shares of Rs.10/- each)	<b>6,00,000</b>	6,00,000
Ess Dee Aluminium Ltd 0 (Previous year 6886 Equity shares of Rs.10/- each)	-	50,94,996



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

	As At 31-03-2015 Rs.	As At 31-03-2014 Rs.
<b>12.1.2. Quoted - Partly paid up (Non Trade)</b>		
Surya Jyothi Spinning Mills Ltd	330	330
100 (Previous Year 100 Eq.shares of Rs.10/- each) - paid Rs. 5/ per share		
<b>12.1.3. Unquoted - Fully paid up</b>		
<b>12.1.3.1. Trade</b>		
TGV Projects and Investments Pvt.Ltd	-	1,37,32,000
0 (previous year 13,73,200 Equity shares of Rs.10/- each Associate company)		
<b>12.1.3.2. Others</b>		
Brilliant Ind.Pvt. Ltd	-	81,37,764
0 (previous year 7,34,304 Equity Shares Rs. 10/-each Associate company)		
Brilliant Bio Pharma Pvt. Ltd	-	3,04,35,236
0 (previous year 2746297 Equity Shares Rs. 10/-each. Associate company)		
Sree Maruthi Agrotech Ltd	-	21,53,620
0 (previous year 2,15,362 Equity Shares of Rs.10/- each. Associate company)		
Gowri Gopal Hospital Pvt.Ltd	-	19,90,000
0 (previous year 8,49,000 Equity shares of Rs.10/- each Associate company)		
Sree Rayalaseema Dutch Kassenbow Pvt.Ltd	-	1,40,04,000
0 (previous year 12,84,344 Equity shares of Rs.10/- each Associate company)		
Kurnool Power Projects Ltd	-	15,000
0 (previous year 15000 Equity shares of Rs.1/- each )		
<b>12.2. Investments in preference shares</b>		
<b>12.2.1.Trade - Quoted - Fully paid up</b>		
Sree Rayalaseema Alkalies and Allied Chemicals Limited	3,34,98,850	3,34,98,850
59,06,504 @ 0.01 % Cumulative Redeemable Pref.shares Rs.10/- each		
<b>12.3. Investments in Govt securities</b>		
National Saving Certificates	10,000	10,000
(Deposited with Sales Tax and other Govt. Departments)		
<b>Total</b>	<b>23,30,85,430</b>	<b>31,07,08,252</b>
<b>Aggregate Book value of</b>		
- Quoted Shares	19,95,76,580	24,02,30,632
- Unquoted Shares	3,35,08,850	7,04,77,620
<b>Aggregate Market value of Quoted shares</b>	<b>29,49,65,100</b>	<b>21,62,65,867</b>



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

	As At 31-03-2015 Rs.	As At 31-03-2014 Rs.
<b>13 Long term Loans and advances</b>		
(item II (1) (d) of Balance sheet)		
<b>Unsecured and considered good</b>		
(a) Advances for capital assets	14,35,45,895	8,19,36,925
(b) Security Deposits with APCPDCL and other govt. depts.	40,76,023	73,68,498
(c) Mat credit entitled	4,34,13,991	-
(d) Advances to Related parties:		
- for investment in shares	60,20,000	7,64,51,820
- Rent Deposit	-	2,10,48,500
(e) Other Rent Deposits	2,13,13,750	4,750
<b>Total</b>	<b>21,83,69,659</b>	<b>18,68,10,493</b>

**CURRENT ASSETS****14 Current Investments**

(item II (2) (a) of Balance sheet)

Convertible Warrants

0 (Previous year) 3739240 Fully convertible warrants in SRAAC Ltd  
convertible on 05-04-2014

0	1,00,00,000
0	1,00,00,000

**15 Inventories**

(item II (2) (b) of Balance sheet)

(a) Raw Materials	8,06,16,510	7,14,06,537
(b) Work-in-progress	1,87,50,595	2,40,62,399
(c) Finished Goods	4,86,43,161	3,25,64,608
(d) Stores and spares, Chemicals, fuel and packing materials	3,98,07,855	7,11,74,924
(e) Goods in transit	6,01,48,834	8,62,80,660

**TOTAL**

<b>24,79,66,955</b>	<b>28,54,89,128</b>
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**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	4,38,08,876	1,92,08,215
(b) Others	30,87,18,627	24,45,29,700
	<b>35,25,27,503</b>	<b>26,37,37,915</b>



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

	As At 31-03-2015 Rs.	As At 31-03-2014 Rs.
<b>17 Cash and cash equivalents</b>		
(Item II (2) (d) of Balance sheet)		
(a) Cash on hand	15,79,297	6,08,027
(b) Balances with banks in current accounts	1,66,38,475	3,29,82,046
(c) Deposit with banks under lien as margin	4,28,98,202	3,97,44,677
	<b>6,11,15,974</b>	<b>7,33,34,750</b>
<b>18 Short term loans and advances</b>		
(Item II (2) (e) of Balance sheet)		
Unsecured and considered good		
(a) Advance to related parties	-	2,68,34,560
(b) Advances to others		
(i) Advance to Suppliers	8,10,89,670	2,32,80,114
(ii) Advance to Employees	73,12,854	66,48,065
(iii) Prepaid Insurance and other Expenses	51,47,357	57,47,408
(iv) Export incentives receivable- FMS and SHIS.	3,54,60,446	2,97,36,101
(v) Advance Income tax and TDS	16,26,37,650	12,70,82,705
(vi) Other Deposits	16,08,548	15,27,42,565
(vii) Short term advances	1,72,79,491	11,92,91,860
	<b>31,05,36,016</b>	<b>49,13,63,378</b>
<b>19 Other current assets</b>		
(Item II (2) (f) of Balance sheet)		
(i) Service tax , brokerage receivable and sales tax advance.	16,54,29,005	5,23,85,875
	<b>16,54,29,005</b>	<b>5,23,85,875</b>
<b>20 Contingent liabilities and Commitments</b>		
Contingent liabilities: (to the extent not provided for)		
a) Claims against company not acknowledged as debts	3,57,04,682	10,20,24,054
b) Corporate Guarantees outstanding	97,40,000	2,30,20,816
c) Other money for which company is contingently liable	-	-
<b>Commitments :</b>		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	3,61,43,574
b) Uncalled liability on shares and other investments partly paid	500	500
c) Other commitments		
1) Income tax appeal pending against ITO AO	3,04,714	3,04,714
2) Consumers cheques / bills discounted with Banks	14,39,81,914	16,88,48,875
3) Unexpired Bank Guarantees provided on behalf of the Company.	3,38,11,382	1,06,01,216
4) Unexpired Letters of Credit established on behalf of the Company.	27,29,42,422	27,14,50,919





## NOTE TO ACCOUNTS - PROFIT AND LOSS STATEMENT

	Year ended 31-03-2015 Rs.	Year ended 31-03-2014 Rs.
<b>21 Revenue from Operation</b> (Item I of Statement of Profit and Loss)		
Sale of Manufactured Products	3,80,91,25,603	2,98,02,37,808
Sale of Wind Energy	24,25,49,744	8,65,74,160
Other operating revenues :		
Sale of Scrap	1,04,84,678	61,79,153
Export Incentives	4,93,36,514	4,39,36,257
	<b>5,98,21,192</b>	<b>5,01,15,410</b>
<b>TOTAL</b>	<b>4,11,14,96,539</b>	<b>3,11,69,27,378</b>
<b>22 Other Incomes</b> (Item II of Statement of Profit and Loss)		
Interest on Bank and other deposits and customers	36,60,983	50,06,756
Rent Receipts	1,19,86,747	15,00,000
Other non operating Incomes	44,13,288	8,56,08,969
<b>TOTAL</b>	<b>2,00,61,018</b>	<b>9,21,15,725</b>
Note on Dividend : Accumulated dividend of Rs. 59,065/- on cumulative preference share is not accounted pending declaration and payment by the investee company		
<b>23 Cost of material consumed</b> (Item IV (a) of Statement of Profit and Loss)		
Opening stock of Raw Material	7,14,06,537	4,24,97,506
Add: Purchase of Raw Material	2,14,47,01,336	1,55,30,37,304
Less: Closing stock of Raw Material	8,06,16,510	7,14,06,537
Raw Materials Consumed	2,13,54,91,363	1,52,41,28,273
Stores, Spares, Chemicals & Packing Materials Consumed	13,65,76,765	8,28,69,839
<b>TOTAL</b>	<b>2,27,20,68,128</b>	<b>1,60,69,98,112</b>
<b>24 Change in inventories of Work in process &amp; Stock in Trade</b> (Item IV (c) of Statement of Profit and Loss)		
<b>Opening stock</b>		
a Finished goods	11,88,45,268	8,01,44,208
b Stock-in-process	2,40,62,399	1,26,95,479
<b>TOTAL</b>	<b>14,29,07,667</b>	<b>9,28,39,687</b>
<b>Closing stock</b>		
a Finished goods	10,87,91,995	11,88,45,268
b Stock-in-process	1,87,50,595	2,40,62,399
<b>TOTAL</b>	<b>12,75,42,590</b>	<b>14,29,07,667</b>
<b>Net increase or decrease in stock</b>	<b>1,53,65,077</b>	<b>(5,00,67,980)</b>
<b>25 Employee benefits expenses</b> (Item IV (d) of Statement of Profit and Loss)		
Salaries, Wages, Bonus and Allowances	13,72,93,890	12,22,76,788
Contribution to ESI and Provident Fund	51,52,463	46,83,042
Contribution to Gratuity	12,64,785	4,78,493
Staff Welfare expenses	2,07,94,835	1,86,10,080
<b>TOTAL</b>	<b>16,45,05,973</b>	<b>14,60,48,403</b>
<b>26 Finance cost</b> (Item IV (e) of Statement of Profit and Loss)		
Interest expenses		
On Term Loans	6,79,73,023	9,56,28,343
On Working capital limits	1,85,03,673	1,32,84,128
Foreign currency fluctuations	2,77,46,113	2,09,35,345
On Others	18,74,674	58,28,723
	<b>11,60,97,483</b>	<b>13,56,76,539</b>



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

	Year ended 31-03-2015 Rs.	Year ended 31-03-2014 Rs.
<b>27 Other expenses</b>		
(item IV (g) of Statement of Profit and Loss)		
Rents	1,22,05,378	1,11,17,072
Rates & Taxes	5,85,805	8,04,391
Repairs & Maintenance		
a) Buildings	4,55,79,040	2,42,07,438
b) Plant & Machinery	27,95,13,081	19,18,18,874
c) Others	84,25,148	1,20,49,077
	<b>33,35,17,269</b>	<b>22,80,75,389</b>
Insurance	1,71,01,608	1,39,44,365
Excise duty (Refer Note below)	(381)	862,398
Travelling and conveyance	1,23,70,465	1,06,21,634
Printing and stationery	14,26,491	9,21,727
Postage Telegrams and Telephones	39,10,172	32,69,857
Directors sitting fee	1,00,400	73,000
Remuneration to Managing Director	1,20,00,000	43,07,566
Auditors Remuneration	3,96,079	1,93,182
Freight outward & Incidental Expenses		
Ocean Freight	29,82,61,456	20,40,62,766
Container freight	9,56,36,257	6,17,26,093
Clearing and forwarding Charges	1,77,41,811	1,32,40,865
Freight on Sales	1,00,46,072	94,87,715
	<b>41,96,85,596</b>	<b>28,85,17,439</b>
Discounts and Commission on sales	75,12,830	1,34,40,785
Shortages & Price differences	6,76,66,908	4,97,32,519
Other Selling expenses	92,32,042	93,22,219
Advertisement	2,61,124	3,41,392
Fee and Expenses	86,12,175	62,07,061
Bank Charges	2,10,78,423	1,94,85,311
Security & other Service Charges	1,00,00,484	86,31,256
Legal Expenses	19,12,882	29,71,789
Power and Fuel	5,02,28,224	20,61,17,514
Other Expenses	9,44,79,999	7,55,11,073
Donations	4,16,116	2,59,383
	<b>1,08,47,00,089</b>	<b>95,47,28,322</b>
<b>(Note : Excise duty represents difference in duty liability on opening and closing stock of finished goods. )</b>		
<b>28 Exceptional Items</b>		
(item VI of Statement of Profit and Loss)		
Adjustment of Fixed asset value with usefull life nil (see note 11)	(12,79,48,797)	-
Less Deferred Tax Adjustment on above	4,34,89,796	-
	<b>(8,44,59,001)</b>	<b>-</b>
Mat Credit Recognised	4,34,13,991	-
Excess Provision writtenback (R&C provision)	2,19,93,762	-
Profit on sale of investments/Assets (Net)	8,48,50,854	-
	<b>6,57,99,406</b>	<b>-</b>
	<b>6,57,99,406</b>	<b>-</b>

**29. Additional Notes to statement of profit and loss:****29.1 Remuneration to Auditors**

( Amount in Rs.)

Particulars	2014-15	2013-14
Statutory Auditors		
Audit fees	2,00,000	1,25,000
Tax audit fees	50,000	25,000
Out of pocket expenses	41,079	43,182
Secretarial Audit fees	60,000	0
Cost Audit fees	45,000	35,000

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

Year		2014-2015		2012-2014	
Particulars	Unit	Qty	Rs. In lakhs	Qty	Rs. In lakhs
Caustic Soda Lye	Ton	15398	4,319.41	13628	3,801.67
Chlorine	Ton	45474	1,256.76	36384	1,112.82
H2 Gas	Cum	4364085	1,098.86	4465937	1,121.77
Acetic Acid	Ton	3507	1,523.34	2730	1,022.63
Hydrated Lime	Ton	34907	3,669.73	27250	2,305.52
Sulphur	Ton	20682	2,437.95	17715	1,720.86
Others			7,048.87		4,156.01
<b>Grand Total</b>			<b>21,354.92</b>		<b>15,241.28</b>

**b) Goods Purchased**

	Year ended 31 <sup>st</sup> March 2015 (Rs. In Lakhs)	Year ended 31 <sup>st</sup> March 2014 (Rs. In Lakhs)
Chemicals	17.08	0.36

**29.3 Details of Work in progress**

	Year ended 31 <sup>st</sup> March 2015 (Rs. In Lakhs)	Year ended 31 <sup>st</sup> March 2014 (Rs. In Lakhs)
Bulk chemicals in process	187.51	240.62

**29.4 a) Value of imports on CIF basis**

	Year ended 31 <sup>st</sup> March 2015 (Rs. In Lakhs)	Year ended 31 <sup>st</sup> March 2014 (Rs. In Lakhs)
Raw materials	1,850.50	1,592.89
Plant and Machinery	128.17	127.52
Packing & Spares	0.41	10.37

**b) Expenses incurred in foreign currency**

(Rs. In Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2015	Year ended 31 <sup>st</sup> March 2014
Travelling Expenses	4.03	5.62
Overseas Sales commission	54.90	33.95
Freight/Demurrages	2,273.40	509.40
Fee and charges	10.21	8.99
Printing and stationery	-	0.24
Subscriptions	-	3.44

**c) Raw Material Consumed**

(Rs. In Lakhs)

Particulars	2014-2015		2013-2014	
	Value	%	Value	%
Imported	1,886.00	8.83	2,015.27	13.22
Indigenous	19,468.91	91.17	13,226.01	86.78
<b>Total</b>	<b>21,354.91</b>	<b>100.00</b>	<b>15,241.28</b>	<b>100.00</b>

**d) Dividends remitted in Foreign Currency****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 31 <sup>st</sup> March 2015 (Rs. In Lakhs)	Year ended 31 <sup>st</sup> March 2014 (Rs. In Lakhs)
FOB value of exports	17,757.44	13,633.77

**30. Notes forming part of financial statements:****30.1 Corporate Information**

Sree Rayalaseema Hi-Strength Hypo Limited is a public company domiciled in India and is Incorporated under the provisions of the companies Act, 1956. The company's principal business is manufacturing and sale of industrial chemicals and generation and distribution of power. The company caters to both domestic and Indian markets.

**30.2 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 transaction 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.

**30.3 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.

**30.4 Presentation and disclosure in Financial Statements:**

For the year ended 31<sup>st</sup> Mar, 2015, the newly enacted Companies Act, 2013 is applicable w.e.f. 01<sup>st</sup> April, 2014 to the company for presentation and disclosure in financial statements. The company's financial statements are in accordance with Schedule-III of the companies act 2013 and rules made there under and reclassifies the previous years figure accordingly.

**30.5) 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. Spares which are used only in connection with a particular item of asset of the company and use is expected to be irregular are capitalized at cost (net of cenvat to be claimed). The fixed assets acquired as per scheme of arrangement are merged into company are accounted as per book values of the demerged / transferor company.



- Expenditure / Income during construction period including barrowing cost are included in cost work in progress and the same is allocated to respective fixed assets on the completion

#### **b) Depreciation**

Depreciation is a systematic allocation of depreciable amount of an asset over its useful life in straight line method.

Change in Accounting policy for depreciations with effect from 01<sup>st</sup> April, 2014 a change in accounting policy for depreciation is made effective by law and the useful lives of assets as prescribed in Schedule -II of the companies Act 2013 are adopted for determining depreciation account. Depreciable amount is historical cost minus 5% residual value over useful lives. The carrying amount for assets as on 01<sup>st</sup> April, 2014 and having residual lives are depreciated on straight line method over remaining residual lives after providing for 5% residual value. Deviation from schedule II as to useful life if any, will be disclosed in accounts suitably. Depreciation on additions is provided at prorata basis from the month of installation or date of commencement of commercial production.

#### **c) Investments**

##### **Classification:**

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

##### **Carrying amounts in books:**

- i) Current Investments are carried at lower of cost and fair value determined on an individual investment basis.
- ii) Non current 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 not deducted from gross revenue but shown separately as other miscellaneous expenditure in statement of Profit and Loss.

**f) Cenvat**

Cenvat benefit is accounted for on exclusion method by reducing the excise duty from purchase cost of the material and shown as cenvat receivable and adjusted against the excise duty amount payable by the Company on sale dispatches.

**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. The gross sales and net sales (deducting excise duty) are disclosed on the face of statement of Profit & Loss.

#### **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:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue is recognized when significant risks and rewards of ownership of goods have passed to the buyer. Accordingly domestic sales are accounted as sale on dispatch of product to the customer as per terms and export sales are accounted on the basis of documents like Bill of Lading etc evidencing passing of risk and rewards depending up on terms of export sales.



**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) Other Incomes':**

Export incentives such as Focus Market Scheme. Licenses are calculated based on exports made during the year. Interest income is recognized on time proportion basis taking in to account the amount outstanding and rate of interest.

**k) Impairment**

The carrying amounts of assets are reviewed at each Balance Sheet date whether there are 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.

Borrowing cost include interest, amortization of ancillary costs incurred in connection with borrowings and includes exchange fluctuations arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

**m) Taxes on income:**

- Tax expenses comprise of current tax and deferred tax. Provision for current tax is made on the basis of estimated taxable income for the current year in accordance with Income Tax Act, Deferred Tax for the timing difference between book profit & tax profits is accounted for by



using tax rates and laws on the balance sheet date. Deferred Tax Asset arising from the timing difference are recognized to the extent there is reasonable certainty that they would be realized in future.

- Deferred Tax Asset and Deferred Tax Liability are offset if a legally enforceable right exist to set off. If there is unabsorbed depreciation or carry forward tax losses, The Deferred Tax Asset are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against adequate future taxable profits.
- The Carrying amounts of Deferred Tax Asset are reviewed at each balance date. The company write down the carrying amount of Deferred Tax Asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable profits will be available against which Deferred Tax Asset can be realized.
- Minimum Alternate Tax (MAT) is recognized as an asset only when and to the extent there is convincing evidence that the company will be required to pay regular income tax during specific period resulting is utilization of MAT. In accordance with Guidance Note of ICAI, the MAT credit is recognized as asset is created as MAT entitlement by way of credit to statement of profit and loss of the subsequent review of balance sheet dates if there is no longer carrying evidence, MAT entitled will be written down to that extent.

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

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

#### **q) Leases:**

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



### 30.6 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 31-03-2015 and remaining unpaid to any Micro, Small and Medium Enterprises is Rs. 2,50,10,056/- and the said amounts are due for less than 45 days as on 31-03-2015. 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.

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

- 1) Cash flow statement according to AS3, Cash flow and related party disclosure as per AS18 are furnished as part of these financial statements.
- 2) Loans and Advances

Loans and Advances to associates are Rs.0/- outstanding as on 31.03.2015.

### 30.8 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:

	2014-15 (Rs.)	2013-14(Rs.)
Employers contribution to Provident fund	29.91	29.47

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 31-03-2015. 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 31-03-2015. The disclosures in respected of funded and unfunded defined benefit obligations as required by AS 15 are as below.

**I. Changes and reconciliation of obligation for the year ended 31-03-2015**

	<b>Gratuity Rs. in Lakhs</b>	
	<b>Funded (Rs.)</b>	<b>Unfunded (Rs.)</b>
Present value of defined obligation at Beginning of year	70.54 (62.40)	45.26 (46.62)
Current service cost	10.28 (9.63)	0.00 (0.00)
Interest cost	5.64 (4.99)	3.63 (3.74)
Past service cost	70.54 (62.40)	45.55 (46.09)
Net actuarial (gain)/loss on obligations	2.89 (3.17)	-3.34 (-6.69)
Present value of define benefit obligation at the end of year	80.82 (72.03)	45.55 (43.77)

**II. Changes and reconciliation in fair value of plan asset as on 31-03-2015.**

Opening fair value of plan assets	69.71 (62.40)	00.00 (00.00)
Expected return on plan assets	6.53 (5.84)	00.00 (0.00)
Contribution	13.03 (9.63)	00.00 (0.00)
Benefits paid	-8.53 (-8.16)	00.00 (00.00)
Acturial valuation (gain)/loss on plan assets	0.08 (0.00)	00.00 (00.00)
Closing fair value of plan assets	80.82 (69.71)	00.00 (00.00)

**III. Assets recognized in Balance Sheet**

Present value of liability	80.82 (72.03)	45.55 (43.77)
Fair value and plan assets	-80.82 (-69.72)	0.00 (0.00)
Net liability	0.00 (2.32)	45.55 (46.09)

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

Current service cost	10.28 (9.63)	0.00 (0.00)
Interest on define benefit obligation	5.64 (4.99)	3.63 (3.74)
Expected return as plan assets	-6.53 (-5.84)	0.00 (0.00)



Past service cost	0.00	0.00
	(0.00)	(0.00)
Net actuarial loss/gain	2.96	-3.34
	(3.17)	(-6.69)
<b>V. Movement in Net liability</b>		
Net liability at the beginning of the year	70.54	45.26
	(62.40)	(46.62)
Expenses	12.36	0.29
	(11.95)	(-2.95)
Net liability at the close of the year	69.87	45.55
	(64.72)	(43.67)
<b>VI. Actuarial on plan assets</b>		
Expected return on plan assets	6.53	0.00
	(5.84)	(0.00)
Actuarial gain / loss	0.08	0.00
	(0.0)	(0.00)
Actual return on plan assets	6.61	0.00
	(5.84)	0.00

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

Fund with LIC under a policy

Percentage of total plan assets 100%

**VIII. Principal actuarial assumptions:**

**Demographic assumptions**

a) Retirement age of employees of the company are assumed at 58 years and average age is 39 years.

b) The Mortality is as per the published rates of Life Insurance Corporation of India (1994-96).

Mortality table (ultimate), which is considered as a Standard Table.

c) Average past service: 9.46 years

d) Withdrawal rate: to 3% depending upon age

**Financial assumptions**

a) Discount rate(p.a.) 8.00%

b) Expected rate of return(p.a.) 9.50%

c) Salary escalation rate(p.a.) 7.00%

**30.7 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.

### Segment information for the year ended 31st March, 2015

#### Information about Primary Business Segment.

Rs. in Lakhs

S.No.	Particulars	Year Ended 31-03-2015	Year Ended 31-03-2014
<b>1. Segment Revenue</b>			
a) Chemicals	36797.85	28661.32	
b) Power generation	6014.50	947.00	
	<u>42812.35</u>	<u>29608.32</u>	
Less : Intersegment revenue	3575.08	0.00	
	<u>39237.27</u>	<u>29608.32</u>	
<b>2. Segment Results</b>			
a) Chemicals	1717.53	2889.17	
b) Wind Power	1361.11	(496.99)	
Total	<u>3078.64</u>	<u>2392.18</u>	
<b>3. Interest (Net)</b>			
a) Chemicals	568.69	436.21	
b) Wind Power	592.29	487.92	
Total	<u>1160.97</u>	<u>924.13</u>	
4. Profit before tax	2575.66	1165.81	
5. Capital Employed			
a) Chemicals	13582.80	17879.06	
b) Wind Power	9776.18	10027.87	
Total	<u>23358.98</u>	<u>27906.93</u>	
Segment information for the year ended 31st March, 2015			
Information about Secondary Business Segments			
Revenue by Geographical Market :			
In India	17586.05	14413.72	
Out side India	21651.22	16177.55	
<b>Total</b>	<u>39237.27</u>	<u>30591.27</u>	

**30.8 Disclosure under AS-18, Related Party Disclosure.**

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

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

<b>Name of the Related Party</b>	<b>Transactions during the year</b>
a) Sree Rayalaseema Alkalies and Allied Chemicals Ltd.,	Yes
b) Sree Maruthi AgroTech Ltd,	No

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

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

**(C) Key Management Personnel :**

<b>Name of the Related Party</b>	<b>Nature of Relationship</b>	
a) Mr. T G Bharath	Chairman & Managing Director	Yes

<b>(D) Relatives of Key Management person</b>	<b>Relationship to Key Management person</b>
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a) Sri T G Venkatesh	Father
b) Smt.T G Rajyalakshmi	Mother
c) Smt.T G Shilpha Bharath	Wife

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

	<b>31.03.2015 Rs in Lakhs</b>	<b>31.03.2014 Rs in Lakhs</b>
<b>(i) Transactions with Associate Companies</b>		
(a) Goods/ Equipment sold	<b>353.69</b>	811.70
(b) Goods/Containers purchased	<b>7110.85</b>	7790.63
(c) Rents paid	<b>03.39</b>	109.71
(d) Rents received	-	15.00
(e) Investments made during the year	-	454.92
(f) Assets Purchased	-	14.94
<b>(ii) Transaction with key management personnel:</b>		
Managerial remuneration to Chairman & Managing Director		
Salary & allowances	<b>120.00</b>	33.52
Contribution to Provident Fund	<b>0.71</b>	0.71
Commission	-	9.55
<b>Total</b>	<b>120.71</b>	43.78



<b>(iii) Outstanding balances as on</b>	<b>31.03.2015</b>	<b>31.03.2014</b>
In loans and advances-other advances	-	737.95
In current liabilities-Acceptances	<b>2061.89</b>	1852.80
In current liabilities-Sundry Creditors	<b>597.05</b>	378.41
In advance for investments	<b>60.20</b>	2891.00
For dues under corporate guarantees given	<b>97.40</b>	370.75

### **30.9 Disclosure under AS-19 Accounting for Lease. 2014-15**

	<b>Rs.in Lakhs</b>	<b>Rs.in Lakhs</b>
<b>a. Future Lease rental payments</b>		
(i) Not later than one year	<b>116.85</b>	62.43
(ii) Later than one year and not later than five years	<b>492.83</b>	10.80
(iii) Later than five years	<b>48.80</b>	-
<b>b. Lease rentals receivables</b>		
(i) Not later than one year	-	-
(ii) Later than one year and not later than 5years	-	-
(iii) Later than five years	-	-
<b>c. Lease payments recognized in the Profit and Loss account</b>	<b>112.65</b>	109.71
<b>d. Lease receipts recognized in the Profit and Loss account</b>	-	15.00
<b>e. General description of the leasing arrangement</b>		
(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.		

### **30.10 Disclosure under AS-20 Earnings per share.**

	<b>31.03.2015</b>	<b>31.03.2014</b>
I. Net Profit as per Profit and Loss Account available to equity share holders	<b>19,37,08,644</b>	7,43,58,201
II. No. of shares for computation of Earnings per share	<b>1,47,16,689</b>	1,47,16,689
III. Earnings per share (Rs.) (Basic)	<b>13.16</b>	5.05

### **30.11 Disclosure under AS-22 Taxes on income.**

Deferred tax liability:

The company has accounted for Deferred tax in accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountant of India and has charged the net profit and loss account with the deferred tax liability relating to the year net of Rs.164,21,693/-





As a result of the adoption of this policy, the profit for the year is higher by Rs.

	2014-2015 Rs.	2013-2014 Rs.
I. Deferred Tax Liabilities:		
Depreciation differences	7,96,35,489	5,82,44,392
Others - preliminary exp.	-	-
	7,96,35,489	5,82,44,392
II. Deferred Tax Assets:		
Depreciation (As per Sch-II of Co. Act 2013)	12,79,48,797	-
Others	-	-
Net Deferred Tax (I-II)	4,83,13,308	5,82,44,392
Tax liability at current rates	1,64,21,693	1,88,97,393

### 30.12 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.

### 30.13 Regrouped/ Rearranged/ Reclassified.

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

### 30.14 Rounding off.

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

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Signature to note 1 to 30

As per our report of even date attached.

**For S.T.Mohite & Co.,**

Chartered Accountants (Regn.No.011410S)

**For and on behalf of the Board**

**Sd/-**

**M.T.Sreenivasa Rao**

Proprietor/Membership No.15635

Place : Kurnool

Date : 29<sup>th</sup> May, 2015

**Sd/-**

**T.G.Bharath**

Chairman & Managing Director

Place : Kurnool

Date : 29<sup>th</sup> May, 2015

**Sd/-**

**D. Sai Leela**

Director

**Sd/-**

**V.Surekha**

Company Secretary



## SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

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

**CIN : L24110AP2005PLC045726**

**FORM NO. MGT - 11**

### **PROXY FORM**

Pursuant to section 105 (6) of the Companies Act, 2013 read with Rule 19 (3) of the Companies (Management and Administration) Rules, 2014.

Client ID : \_\_\_\_\_ Regd. Folio No.: \_\_\_\_\_

DP ID : \_\_\_\_\_ No. of Shares held : \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ in the

district of \_\_\_\_\_ being a Member/

Members of the above name Company hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_ in

the district of \_\_\_\_\_ as my/our Proxy to vote

for me/us and on my/our behalf at the 10th Annual General Meeting of the

Company held at the Registered Office of the Company on Wednesday, the 30th

September, 2015 at 11.00 A.M. or at any adjournment thereof.

Affix 1  
Rupee  
Revenue  
Stamp

Signature

Note : 1. The Proxy form duly completed should be deposited at the 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.)

**CIN : L24110AP2005PLC045726**

### **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 10th Annual General Meeting on Wednesday, the 30th September, 2015 at 11.00 A.M.

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

Signature of Member / Proxy

**Sree Rayalaseema Hi-Strength Hypo Limited**

T.G.V. Mansion, 6-2-1012, 2nd Floor,

Above ICICI Bank, Khairatabad,

Hyderabad - 500 004.

Telangana State. India.