

05.10.2018

To  
BSE Limited  
DCS-CRD  
25<sup>th</sup> Floor, P J Towers  
Dalal Street  
MUMBAI- 400001.

Dear Sir

Sub: Submission of Annual Report as per regulation 34 of SEBI (LODR)  
Regulations, 2015

Ref: Scrip Code 532842

Pursuant to regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Please find enclosed Annual report duly approved and adopted by the shareholders in the 13<sup>th</sup> Annual General Meeting held on Friday, 28<sup>th</sup> September, 2018 at registered office : Gondiparla, Kurnool-518004 at 11.00 A.M.

Kindly take the same in your records.

Thanking you

Yours faithfully  
For Sree Rayalaseema Hi-Strength Hypo Limited



V Surekha  
Company Secretary





**Sree Rayalaseema Hi-Strength Hypo Limited**

(CIN : L24110AP2005PLC045726)

**13<sup>th</sup>**

**Annual Report**

**2017-18**



**BOARD OF DIRECTORS****Sri. T.G. Bharath****Chairman & Managing Director****Smt. D. S. Sai Leela****Sri Krishnamoorthy Chandraiah Naik****Sri. P.Ramachandra Gowd****Sri H. Gurunath Reddy****Sri.A.Kailashnath****REGISTERED OFFICE & WORKS**

Gondiparla, Kurnool - 518 004.

Andhra Pradesh - India

**G.M. & Company Secretary****Smt. V. Surekha****G.M. & Chief Financial Officer****Sri Shaik Ifthekhar Ahmed****Statutory Auditors****M/s. T. Adinarayana & Co.,**

Chartered Accountants

Hyderabad.

**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

**BANKERS**

State Bank of India

**CONTENTS****Page Nos.**

Notice .....	2
Directors' Report .....	10
Auditors' Report .....	42-50
Balance Sheet .....	51
Profit & Loss Account .....	52
Cash Flow Statement .....	53
Statement of changes in Equity .....	54
Notes to Financial statements .....	55-112

**NOTICE**

NOTICE is hereby given that the 13th 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 Friday, 28<sup>th</sup> September, 2018 at 11.00 A.M. to transact the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Financial statements of the Company for the financial year ended 31st March, 2018 comprising of Balance Sheet, statement of Profit & Loss and Cash flow statement including its schedules and the notes together with the Reports of Directors and Auditors thereon.
2. To declare dividend on equity shares for the financial year 2017-18.
3. To appoint a Director in place of Sri.H. Gurunath Reddy, who retires by rotation and being eligible offers himself for re-appointment.

**SPECIAL BUSINESS :**

4. To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2019 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, 2019, 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.”

5. **Approval of Material related party transactions with various related parties**

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

“RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 (“the Act”) read with the



Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any amendment, modification, variation or re-enactment to any of the foregoing), and subject to such other approvals, consents, permissions and sanctions of other authorities as may be necessary, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board), to approve all new/further contracts/ arrangements/ agreements/ transactions (including any modifications, alterations or amendments thereto), to be entered in the ordinary course of business and on arm's length basis with 'Related Parties' within the meaning of the Act and the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as more particularly enumerated in the explanatory statement to the Notice .

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents and writings, on an ongoing basis, as may be necessary, proper or expedient for the purpose of giving effect to the above resolution."

6. **Approval for continuation of Directorship of Sri. Krishnamoorthy Chandraiah Naik, Non- Executive Director.**

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

"RESOLVED that pursuant to Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, sanction be and is hereby accorded to Sri. Krishnamoorthy Chandraiah Naik (DIN: 06948531) Non-Executive Director of the Company to continue to hold office of Directorship notwithstanding that he has age of 84 years."

By Order of the Board

Sd/-

(V. Surekha)

Company Secretary

Place : Kurnool  
Date : 14<sup>th</sup> August, 2018

**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 Regulation 42 of SEBI(LODR) Regulations, 2015, the Register of Members and Share Transfer Books of the Company will remain closed for 7 days i.e. from 22.09.2018 to 28.09.2018 (both days inclusive).
5. Non-resident Indian Shareholders are requested to inform us immediately :
  - (i) the change in Residential status on return to India for permanent settlement.
  - (ii) the particulars of Bank NRE Account, if not furnished earlier.
- 6 **(a) Members are hereby requested to up-date Bank Mandate particulars (by submitting cancelled cheque) and PAN details to comply with SEBI Notification No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dt.20.04.2018 & SEBI/HO/MIRSD/DOS3/CIR/P/2018/115 dt.16.07.2018.**  
**(b) Members are hereby requested to note that as per SEBI Circular dated June 08, 2018 and BSE circular dated July 05, 2018 no Physical Share Transfers shall be accepted by listed companies w.e.f December 05, 2018 and shares which are lodged for transfer shall be in dematerialized form only. In view of this members are requested to dematerialize their shares by opening a demat account with a Depository Participant (DP).**

**7. E-Voting:**

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 13<sup>th</sup> 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 21.09.2018.



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

- (i) The voting period begins on 25.09.2018 at 9.00 A.M.(IST) and ends on 27.09.2018 at 5.00 P.M.(IST) . During this period shareholders' of the Company holding shares either in physical or in dematerialized form, as on 21.09.2018 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.

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**EXPLANATORY STATEMENT**

(Pursuant to Section 102 of the Companies Act, 2013)

**Item No. 4**

The Board on the recommendation of Audit Committee, has approved the appointment and remuneration of the Cost auditor of Rs. 50,000/- to conduct the audit of the cost records of the Company for financial year ending March 31, 2019.

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. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2019.

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.4 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

**Item No.5**

Pursuant to the provisions of Section 188 of the Companies Act, 2013 ("the Act"), read with the Companies (Meetings of Board and its Powers) Rules, 2014 ('Rules'), the Company is required to obtain consent of the Board of Directors, Audit Committee and prior approval of the members by way of ordinary resolution, in case certain transactions with related parties exceeds such criteria as is specified in the said Rules. The aforesaid provisions as per the Act and rules are not applicable to the Company in respect of transactions which are in the ordinary course of business and are on arm's length basis.

However, pursuant to Regulation 23 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), approval of the members through ordinary resolution is required for all material related party transactions, even if they are entered into in the ordinary course of business and on arm's length basis. For this purpose, a transaction is considered material, if the transaction/transactions to be entered into individually or taken together with previous transactions during a Financial Year exceeds 10% of the annual consolidated turnover of the Company, as per the last audited financial statements of the Company.

All the Related Party Transactions entered into by your Company are on arm's length basis and in the ordinary course of business and approval of the Audit Committee / Board is obtained, wherever required. However, they qualifies to be a Material Related Party transactions under Listing Regulations.

The value of transactions with related parties in respect of Financial Year 2018-19 and the estimated value of transaction from next financial year onwards to continue to exceed 10% of the annual consolidated turnover of the Company, based on the audited financial statements for year ended March 31, 2018.

The particulars of the contract / arrangement with related parties are as under:

(Rs. in Lakhs)

Sl. No.	Particulars	Actual for year 2017-18					For the year 2018-19 (Estimated)
		Purchases	Sales	Lease Rentals	Services received	Total	
1	TGV SRAAC Limited	10964.85	5215.01	4.69	0	16184.55	25000.00
2	Other related parties	18.81	104.18	171.04	456.42	750.45	1200.00
3	T G Venkatesh			13.07	109.00	122.07	280.00
	<b>Total</b>	<b>10983.66</b>	<b>5319.19</b>	<b>188.80</b>	<b>565.42</b>	<b>17057.07</b>	<b>26200.00</b>



Thus, these transactions would require the approval of the Members by way of ordinary resolution.

These transactions are covered by annual contract which are required for day to day operations of the Company which make the Company to run and are required to be continued in the long term interest and economic benefits of the Company.

None of the Directors and Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution, except Sri.T G Bharath, Chairman & Managing Director and Smt V.Surekha, Company Secretary (in case of transactions with TGV SRAAC Limited).

The Board recommends the Ordinary resolution as set out in Item No. 5 of this Notice for your approval.

#### Item No. 6

Sri. Krishnamoorthy Chandraiah Naik, Non-Executive Director was appointed on 14<sup>th</sup> August 2014 who is liable to retire by rotation in terms of Companies Act, 2013. At the time of appointment his age was 80 years. SEBI has amended the LODR, Regulations, 2015 vide circular dated 9th May 2018 which require reappointment/ continuance of any Non-Executive Director who has attained the age of 75 years to be approved by the shareholders by way of a Special Resolution. Hence this Special Resolution is placed before the shareholders for their approval. Considering his contributions to the company's performance and growth, the Board has recommended the Special Resolution for your approval.

No Director, Key Managerial Personnel or their relatives except Sri. Krishnamoorthy Chandraiah Naik to whom the resolution relates, is interested or concerned in the resolution.

Your Directors commend the resolution as set out in Item no. 6 for approval of the members.

By Order of the Board

Sd/-

(V. Surekha)

Company Secretary

Place : Kurnool

Date : 14<sup>th</sup> August, 2018

#### Details of Directors seeking appointment/reappointment at the forthcoming Annual General Meeting (Pursuant to regulation 36(3) of the SEBI(LODR) Regulations, 2015)

Name of the Director	H.Gurunath Reddy	Krishnamoorthy Chandraiah Naik
Date of Birth	10.06.1960	13.07.1934
Date of appointment	15.06.2015	14.08.2014
Expertise in specific functional areas	More than 30 years experience in chemical and paper industry	More than 50 years of experience in industrial sectors like chemicals and fertilizers
Qualifications	M.Sc (Chemistry)	H.S.C
Shareholdings in the Company	Nil	Nil
Directorship in other Listed Entities	Nil	Nil
Membership in committees in other Listed Entities	Nil	Nil

**DIRECTORS' REPORT**

To  
The Members

Your Directors have pleasure in presenting the Thirteenth Annual Report of the Company for the year ended 31<sup>st</sup> March, 2018.

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

Particulars	2017 - 2018	2016 - 2017
Profit before interest, Depreciation and Tax	6267.41	4555.46
Less : Interest	699.99	638.80
Depreciation	1866.07	2465.39
Profit before Tax	3701.35	1451.27
Provision for Taxation & Deferred Income Tax	40.72	(386.28)
Profit after Tax	3660.63	1837.55
Add: Balance brought forward from previous year	15513.20	14033.32
Other adjustments	(279.86)	(357.67)
Balance carried forward to next year	18893.98	15513.20

**2. Performance:**

During the year the Company achieved turnover of Rs. 555 crores against previous year turnover of Rs. 391 crores. The profit before tax stood at Rs.37.01 crores as against Rs. 14.51 crores for the previous year.

**3. Expansion of sulphuric acid plant :** The new sulphuric acid plant with 180 tonnes per day capacity was commenced in the month of January, 2018. Another plant with same capacity is under execution and civil, mechanical works at site are under progress. It is expected to be commissioned by December, 2018.

**4. Registration under Patent Act:** Hypo production process has been now registered under Patent Act which will safeguard our process and technology.

**5. Division / Segment Wise Operations**

- The net sales of Calcium Hypo Chloride during financial year 2017-18 is Rs. 224.83 crores as against 187.94 crores in previous year representing an increase of 16%.
- The net sales of Stable Bleaching Powder during financial year 2017-18 is Rs. 66.31 crores as against 41.01 crores in previous year representing an increase of 38%.
- The net sales Monochloro Acetic Acid during financial year 2017-18 is Rs. 0.74 crores as against 7.59 crores in previous year representing a decrease of 9.75 %.
- The net sales of Sodium Methoxide during financial year 2017-18 is 17.54 crores as against Rs. 17.53 crores during previous financial year and the net sales of Sodium Hydride during financial year 2017-18 is 24.83 crores as against Rs. 15.24 crores during previous financial year representing an increase of 38%.



- (e) The trading activity in coal had fetched an amount of Rs. 109.78 crores as against Rs. 13.06 crores during part of previous financial year.
- (f) The net sales of Sulphuric acid during financial year 2017-18 is 29.26 crores as against Rs. 21.73 crores during previous financial year representing an increase of 26%.
- (g) Total power generated, sold including captive through Thermal, Wind and Solar during the year under review is Rs.2732.44 lakhs.

#### 6. Dividend:

Your Directors have recommended a final dividend of Rs.2/- (i.e.,20%) per equity share of face value Rs.10/- each for the financial year ended 31<sup>st</sup> March, 2018. 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 2017-18 would aggregate Rs.3,26,13,160. The dividend will be paid to members whose names appear in the Register of Members as on 21.09.2018. The dividend payment date is 25.10.2018.

#### 7. Investor protection and Education Fund (IEPF):

Pursuant to the applicable provisions of the Companies Act, 2013 read with the IEPF Authority (Accounting, Audit, Transfer and Refund Rules) 2016, ('the Rules'), all unpaid and unclaimed dividends are required to be transferred by the Company to the IEPF established by the Government of India after the completion of seven years. Further, according to the Rules, the shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account of the IEPF authority. Accordingly, the Company has transferred unclaimed or unpaid dividend amounting to Rs. 19,49,114/- on 08.06.2018 relating to dividend declared in the year 2010-11. Further, 29,896 corresponding shares were transferred as per the requirements of the IEPF Rules. The details are made available on Company website, [www.tgvgroup.com](http://www.tgvgroup.com).

The following table provides list of years for which unclaimed dividends and their corresponding shares would become eligible to be transferred to the IEPF on the dates mentioned below:

Financial Year	Dividend Declared (%)	Date of declaration of dividend	Last date for claiming unpaid dividend	Unclaimed Dividend Amount*(Rs.)	Due date for transfer to the IEPF Account
2014-15	15%	30.09.2015	06.11.2022	27,11,272	07.11.2022
2015-16	15%	28.09.2016	04.11.2023	27,78,067	05.11.2023
2016-17	15%	27.09.2017	03.11.2024	27,27,310	04.11.2024

\* Amount unclaimed as on 30th June, 2018.

**8. Board Meetings:**

During the year 6(six) Board meeting and 5(five) Audit Committee Meetings were held and the details of which are mentioned in Corporate Governance Report.

**9. Transfer to Reserves**

Your Company did not transfer any sum to the General Reserve for the financial year under review.

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

The Company has no subsidiaries and joint ventures. In case of Associate Company TGV SRAAC LIMITED, it had been concluded that the Company is not exercising significant influence although it holds more than 20% of share capital. Hence Company ceased to account the investment in TGV SRAAC Limited as per equity method in Ind As-28, investment in associates and Joint Ventures with effect from 01.04.2016. The details of such entities of the Company formed/ acquired and /or companies during the year are provided in AOC-1 (Annexure-A) to this report.

**11. Insurance:**

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

**12. Fixed Deposits:**

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

**13. 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 2018-19.

**14. Safety and Environment Protection:**

Management considers safety as paramount and in this regard continuous effort is being put. There is total compliance of use of PPEs and work permit system. Frequent training of employees and contractors are also being arranged. More efforts are being put on housekeeping to avoid fire and tripping hazards. These are being monitored by all senior executives and directors on daily basis.

All vents and emission points are now connected to efficient wet scrubbing system. New and second Sulphuric acid plant is fitted with a full capacity caustic scrubber to avoid any start up gas escape. New sulphonation plant ensures conversion of chlorine bearing effluent into gypsum.

**15. Industrial Relations:**

Your Company's Industrial Relations continue to be harmonious and cordial.



## **16. Preferential Allotment :**

On 26.03.2018, the Company had allotted 8,15,329 Equity shares of Rs. 10/- each (at a premium of Rs. 88.19 per share) upon Conversion of warrants under 2<sup>nd</sup> tranche on preferential basis and necessary trading approvals in this regard were received from both stock exchanges i.e., BSE and National Stock Exchange of India Limited.

## **17. Directors and Key Managerial Personnel :**

Sri. H.Gurunath Reddy, Director is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. For continuation of directorship of Sri Krishnamoorthy Chandraiah Naik, Non-Executive Director who is 84 years old , Special resolution is placed for members approval.

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

## **18. Evaluation of board performance:**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of SEBI(LODR)Regulations, 2015, 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.

## **19. 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.

## **20. 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 .

## **21. Particulars of loans, guarantees or investments under section 186**

The Company had not given any loans , guarantees during the year 2017-18.

## **22. 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 material



significant related party transactions made by the Company . 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 . Form AOC-2 is annexed to this report **(Annexure-B)**.

### **23. 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.

### **24. 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.

### **25. Extract of Annual Return :**

The details forming part of the extract of Annual Return (Form-MGT-9) is annexed to this report **(Annexure-C.)**

### **26. 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, 2018 is annexed to this Report **(Annexure D)**.

### **27. Corporate Governance:**

A separate report on Corporate Governance is being enclosed to this report **(Annexure -E)** 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 regulation 34(3) read with Schedule V of SEBI(LODR) Regulations, 2015.

### **28. Management Discussion and Analysis Report :**

Further to comply with regulation 34(2) read with Schedule V of SEBI(LODR) Regulations, 2015, 'Management Discussion and Analysis ' has been annexed to this report **(Annexure -F )**.



**29. Corporate Social Responsibility :**

CSR Committee monitors the implementation of C.S.R. activities. During the year there is no change in the constitution of the CSR Committee. The members of the committee are Sri A Kailashnath as Chairman and Smt.D S Sai Leela , Sri P Ramachandra Gowd as members. Appropriate steps are taken by the company to integrate CSR activities for the development of areas surrounding the Company in particulars and other areas in general. During the financial year 2017-18 ,the company had spent Rs.43,80,317 as against this the Company had spent Rs. Rs. 44,22,424.Details of C.S.R. activities are annexed to this report **(Annexure – G).**

**30. Cost Auditors and their Report :**

As per section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audits) Rules, 2014 as ammended, the Board of Directors of your Company on recommendation of the Audit Committee appointed M/s. Kapardhi & Associates, Cost Accountants as the Cost Auditors to carry out the cost audit of products of the Company. The remuneration of cost auditors has been approved by the Board of Directors on the recommendation of Audit Committee and the requisite resolution for ratification of remuneration of cost auditors by the members has been set out in the notice of 13th Annual General Meeting of your Company.

The cost audit report for the financial report ended 31st March, 2017 issued by M/s Kapardhi & Associates, Cost auditors in respect of various products prescribed under Cost of Audit Rules does not contain any qualification, reservation and the same was filed with the Ministry of Corporate Affairs. The cost audit report for the financial year ended March 31st, 2018 is being submitted shortly.

**31. Statutory Auditors:**

M/s T. Adinarayana & Co., Chartered Accountants (Registration No.000041S), were appointed as Statutory Auditors of the Company at the Annual General Meeting held on 27<sup>th</sup> September, 2017 for a term of five consecutive years. As per the provisions of section 139 of Companies Act, 2013 , the appointment of Auditors is required to be ratified by members at every Annual General Meeting.

In accordance with the Companies Amendment Act, 2017 enforced on 7<sup>th</sup> May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.

The Auditors Report does not contain any qualification, reservation or any adverse remark.

**32. 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 re-appointed M/s. Geeta Serwani & Associates, Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the Financial Year 2017-18. The Report of the Secretarial Audit Report is annexed to this report **(Annexure- H )**. The report does not contain any qualification, reservation or any adverse remark.

**33. Disclosure as per Sexual Harassment 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 2017-18, the Company received no complaints on sexual harassment.

**34. 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 the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2018 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, 2018 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.

**35. 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.

**36. 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 .

### 37. 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.

### 38. 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, Chairman & Managing Director	85.64
Sri.A.Kailashnath, Director	0.14
Sri.H.Gurunath Reddy, Director	0.07
Smt.D.S. Sai Leela, Director	0.14
Sri.P.Ramachandra Gowd, Director	0.14
Sri.Krishnamoorthy Chandraiah Naik, Director	0.07

- (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, Chief Executive Officer	25.35%
Smt.V Surekha, Company Secretary	4.51%
Sri.Ifthekhar Ahmed, Chief Financial Officer	41%

- (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 - 400
- (v) 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 2017-18 was 5%. Percentage increase in the managerial remuneration for the year was 60%.

- (vi) Affirmation that the remuneration is as per the remuneration policy of the Company : YES

**39. 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, 2018

**ANNEXURE-A TO DIRECTORS' REPORT****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**

**Part "A": Subsidiaries : NIL****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	T G V SRAAC Limited
1. Latest audited Balance Sheet Date	-
2. Shares of Associate/Joint Ventures held by the company on the year end	
No.	2,05,44,496
Amount of Investment in Associates/Joint Venture	Rs. 19,32,48,989
Extend of Holding%	22.38 %
3. Description of how there is significant influence	No
4. Reason why the associate/joint venture is not consolidated	Although Company holds more than 20% of Share Capital in TGV SRAAC Limited . The Company does not exercise any control and or does not have significant influence over TGV SRAAC Limited and not considered as Associate of the Company as per Ind AS-109. The investments have been accounted as per AS-28- Investments.
5. Net worth attributable to shareholding as per latest audited Balance Sheet	-
6. Profit/Loss for the year	-
i. Considered in Consolidation	
ii. Not Considered in Consolidation	

**Entities formed/acquired or ceased during the financial year 2017-18**

(pursuant to section 134 read with Rule 8(5)(iv) of Companies (Accounts) Rules, 2014.)

- Subsidiaries formed/acquired : NIL
- Associate Companies formed /acquired : NIL

**ANNEXURE - B TO DIRECTORS REPORT****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: (Rs.)	(e) Date(s) Of approval by the Board, if any:	(f) Amount paid as advances if any (Rs.)
1.	TGV SRAAC Ltd	Purchases Sales Rent Paid	Annual Contracts	1,09,64,85,277 52,15,01,043 4,69,420	30.5.2018	-
2.	TGV Projects & Investments Pvt Ltd	Purchases Sales Rent Paid Services received	Annual Contracts	0 1,14,889 1,54,89,552 89,43,924		-
3.	Gowri Gopal Hospitals Pvt Ltd	Purchases Sales Rent Paid Services received	Annual Contracts	1,74,028 3,47,410 16,14,000 4,11,273		-
4	Sree Rayalaseema Galaxy Projects Pvt Ltd	Purchases Sales Services received	Annual Contracts	17,06,973 99,56,130 3,62,86,471		-
5	Sri T G Venkatesh	Rent Paid	Lease	13,07,250	15.06.2015	20,00,000

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

**ANNEXURE - C TO DIRECTORS REPORT****FORM NO. MGT-9**

**Extract of annual return as on the financial year ended on 31.03.2018 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, IV <sup>th</sup> Floor, Above ICICI Bank, Khairatabad, Hyderabad - 500004. Ph No. 040-23313842; Fax No. 040-23313875.
(vi) Whether listed Company Yes/No	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	50.09%
2	Stable Bleaching Powder	20119	10.93%

**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.	TGV SRAAC Limited	L24110AP1981 PLC003077	Associate	22.38%	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 (01-04-2017)				No of shares held at the end of the year (31-03-2018)				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
(1) Indian									
(a) Individual/HUF	1138692	0	1138692	7.35	1238692	0	1238692	7.60	0.25
(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.	7775403	0	7775403	50.19	8490732	0	8490732	52.07	1.88
(e) Banks/FI	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>8914095</b>	<b>0</b>	<b>8914095</b>	<b>57.54</b>	<b>9729424</b>	<b>0</b>	<b>9729424</b>	<b>59.67</b>	<b>2.13</b>
(2) Foreign									
(a) NRIS-Individual	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) Institutions/QFI	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>(A)=(A)(1)+(A)(2)</b>	<b>8914095</b>	<b>0</b>	<b>8914095</b>	<b>57.54</b>	<b>9729424</b>	<b>0</b>	<b>9729424</b>	<b>59.67</b>	<b>2.13</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
(a) Mutual funds	1322	928	2250	0.01	1322	928	2250	0.01	0.00
(b) Banks/FS	44417	0	44417	0.29	4493	0	4493	0.03	(0.26)
(c) Central/State Govts	0	0	0	0	0	0	0	0	0
(d) Venture Capital funds	0	0	0	0	0	0	0	0	0
(e) Insurance companies	0	0	0	0	0	0	0	0	0
(f) FIS 0	0	0	0	0	0	0	0	0	0
(g) Foreign Venture Capital									
Investors	0	0	0	0	0	0	0	0	0
(h) QFI 0	0	0	0	0	0	0	0	0	0
(i) Others....	0	0	0	0	0	0	0	0	0
<b>Sub-Total B(1)</b>	<b>45739</b>	<b>928</b>	<b>46667</b>	<b>0.30</b>	<b>5815</b>	<b>928</b>	<b>6743</b>	<b>0.04</b>	<b>(0.26)</b>
<b>2. Non Institutions</b>									
(a) Bodies Corp									
(i) Indian	309454	46481	355935	2.30	317778	46309	364087	2.23	(0.07)
(ii) Overseas	0	2593	2593	0.02	0	2593	2593	0.02	0
(b) Individuals									
(i) Individual shareholders holding nominal share capital up to Rs. 2 lakhs	2467380	1957772	4425152	28.57	2522948	1903469	4426417	27.14	1.43
(ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs	711029	0	711029	4.59	772781	0	772781	4.74	0.15
(c) Others(specify) NRIS	162665	873115	1035780	6.69	152735	851800	1004535	6.16	(0.53)
<b>Sub-Total (b)(2)</b>	<b>3650528</b>	<b>2879961</b>	<b>6530489</b>	<b>42.15</b>	<b>3766242</b>	<b>2804171</b>	<b>6570413</b>	<b>40.29</b>	<b>1.86</b>
<b>Total Public shareholding</b>									
<b>(B)= (B)(1)+(B)(2)</b>	<b>3696267</b>	<b>2880889</b>	<b>6577156</b>	<b>42.45</b>	<b>3772057</b>	<b>2805099</b>	<b>6577156</b>	<b>40.33</b>	<b>(1.54)</b>
<b>C. Shares held by custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>12610362</b>	<b>2880889</b>	<b>15491251</b>	<b>100</b>	<b>13501481</b>	<b>2805099</b>	<b>16306580</b>	<b>100</b>	<b>-</b>



**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (01-04-2017)			Shareholding at the end of the year (31-03-2018)			% 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	4.02	0	623053	3.82	0	(0.20)
2.	TGV Projects & Investments Pvt Ltd	1657294	10.70	0	2014958	12.36	0	1.66
3.	Sree Rayalaseema Dutch Kassenbouw Pvt Ltd	499422	3.22	0	499422	3.06	0	(0.16)
4.	Gowri Gopal Hospitals Pvt Ltd	2931854	18.93	0	3289519	20.17	0	1.24
5	Brilliant Industries Pvt Ltd	305042	1.97	0	305042	1.87	0	(0.10)
6	Sree Rayalaseema Galaxy Projects Pvt Ltd	1513989	9.77	0	1513989	9.28	0	(0.49)
7	Sree Rayalaseema Alkalies & Allied Chemicals Ltd	244749	1.58	0	244749	1.50	0	(0.08)
8	T G Bharath	315737	2.04	0	415737	2.55	0	0.51
9	T G Shilpa Bharath	399676	2.58	0	399676	2.45	0	(0.13)
10	T G Rajyalakshmi	415744	2.68	0	415744	2.55	0	(0.13)
11	Boda Mourya	488	0.00	0	488	0.00	0	0
12	Jyothsna S Mysore	7047	0.05	0	7047	0.04	0	(0.01)

**(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	8914095	57.54%	9729424	59.67%
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. Allotment / transfer / bonus / sweat equity etc.,)	Conversion of warrants into 8,15,329 equity shares under 2 <sup>nd</sup> tranche on Preferential issue			
	At the end of the year	9729424	59.67%		



**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 01.04.17 to 31.03.18)	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year (01.04.17) / end of the Year (31.03.18)	% of total shares of the Company			No. of Shares	% of total shares of the Company
1	BHAVESH DHIRESH BHAI SHAH	322435 <b>337852</b>	2.08	15417	purchase	337852	2.07
2	KALYANI P JAIN	90297 <b>96784</b>	<b>0.58</b>	6487	Purchase	96784	0.59
3.	VARSH B SHAH	82596 <b>85126</b>	0.53	2620	Purchase	85126	0.52
4.	ASHISH M AMIN	0 <b>69704</b>	0	69704	Purchase	69704	0.43
5.	MULCHANDBHAI S AMIN	0 <b>40642</b>	0	40642	Purchase	40642	0.25
6.	RAJESH HIRANANDANI	12600 <b>34500</b>	0.08	21900	Purchase	34500	0.21
7.	HARESH M HINDOCHA	0 <b>31200</b>	0	31200	Purchase	31200	0.19
8.	PREM NATH MAINI	21231 <b>24731</b>	0.14	3500	Purchase	24731	0.15
9.	PRAKASH JAIN	22244 <b>24244</b>	0.14	2000	Purchase	24244	0.15
10.	NIRANJAN BASAK	0 <b>24000</b>	0	24000	Purchase	24000	0.15



## (v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding specifying for increase / decrease (e.g., Allotment / Transfer / Bouns / Sweat Equity etc.) (during the year 01.04.17 to 31.03.18)	Reason	Cumulative shareholding during the year (01.04.17 to 31.03.18) No. of shares	% of total shares of the Company
		No. of Shares at the beginning of the year (01.04.17)/ end of the year (31.03.18)	% of total shares of the Company				
1.	Sri T.G. Bharath	315737	2.04	100000	Preferential Issue	415737	2.55
2.	Smt. D. Saileela	58	-	-	-	58	-
3.	Smt. V. Surekha	500	-	-	-	500	-
4.	Sri S. Ifthekhar Ahmed	500	-	-	-	500	-

## VI. Indebtedness

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebted-ness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	25,48,94,470	-	1,26,24,375	26,75,18,845
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>25,48,94,470</b>	<b>-</b>	<b>1,26,24,375</b>	<b>26,75,18,845</b>
<b>Change in Indebtedness during the financial year</b>				
• Additions	13,33,30,000	-	-	13,33,30,000
• Reduction	-8,62,63,052	-	-	-8,62,63,052
<b>Net Change</b>	<b>4,70,66,948</b>	<b>-</b>	<b>-</b>	<b>4,70,66,948</b>
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	30,19,61,418	-	1,26,24,375	31,45,85,793
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>30,19,61,418</b>	<b>-</b>	<b>1,26,24,375</b>	<b>31,45,85,793</b>



## VII. Remuneration of Directors and Key Managerial Personnel

### 1. 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	Rs.2,40,00,000
2.	Stock Options	—
3.	Sweat Equity	—
4.	Commission-as % of profit-others, specify....	—
5.	Others, please specify	—
	Total (A)	2,40,00,000
	Ceiling as per the Act	2,40,00,000

### 2. Remuneration to other Directors :

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		D.S. Sai Leela	P.Rama chandra Gowd	A.Kailash nath	
1.	Independent Directors. • Fee for attending board committee meetings • Commission • Others, please specify	40,500	40,500	40,500	1,21,500
	<b>Total (1)</b>	<b>40,500</b>	<b>40,500</b>	<b>40,500</b>	<b>1,21,500</b>
		K C Naik	H.Gurunath Reddy		
2.	Other Non-Executive Directors. • Fee for attending board committee meetings • Commission • Others, please specify	20,000	20,000		40,000
	<b>Total (2)</b>	<b>20,000</b>	<b>20,000</b>		<b>40,000</b>
	<b>Total(B)= (1+2)</b> Total Managerial Remuneration Overall Ceiling as per the Act				<b>1,61,500</b>



### 3. 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		6,43,000	6,76,000	13,19,000
	(b) Value of perquisites u/s 17(2) Income -tax Act, 1961		0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		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
	<b>Total</b>		<b>6,43,000</b>	<b>6,76,000</b>	<b>13,19,000</b>

### VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

There were no penalties / punishment / compounding of offences for breach of any section of Companies Act, 2013 against the Company or its Directors or other Officers in default, if any, during the year under review.

**ANNEXURE-D TO DIRECTORS REPORT****Conservation of energy, technology absorption, foreign exchange earnings and outgo :**

1. Installation of new No.2 Sulphuric acid plant with 2.38 MW cogeneration facility has resulted in generation of around 53,000 Kwh of power daily. After meeting internal requirements of Acid Plant no.1 and 2, MCA Plant and PGSBP Plant around 32,000 Kwh of power is being exported since January, 2018.
2. A Sulphuric Acid Plant No.3 Project is under execution. It is identical to the No.2 plant which was commissioned earlier this year. Civil and mechanical works at site are under progress. Plant is expected to be commissioned by December, 2018. We will be able to generate another 53,000 Kwh of power per day from this plant.
3. In order to reduce operating cost of Vapour Absorption Machines in the Chemical Complex, Centrifugal Compressor Chillers are being planned, which will result in completely eliminating the steam requirement for Chilling Plants. Totally 5 nos Vapour Absorption Machines will be maintained as standby keeping 2 nos Compressor Chillers in operation. These units are very highly efficient working on electricity resulting in huge financial savings. This shall be in place by December, 2018.
4. Company have started using molten sulphur for production of sulphuric acid. At present only partially molten sulphur is being used. Facility for consuming higher quantity of molten sulphur is being incorporated along with No.3 sulphuric acid plant. This will result in considerable steam and power savings and avoid handling loss.

**Research and Development (R & D)**

The company had been working consistently on various ideas for improvement of process and also development of new products. The company has collaborated with M/s National Metallurgical Laboratory, Jamshedpur a GoI CISR facility for production of sodium metal. The process was first developed in laboratory scale by CISR and now a pilot plant is being set up at factory to produce sodium metal. This will be scaled up to produce commercially.

Our laboratory has been engaged in various process development work and they developed sulphonation technique for dechlorination of effluent. A sulphonation plant has been set up producing gypsum from our waste water. Further work on the process is being pursued with the help of M/s National Chemical Laboratory, Pune a GoI CISR facility. Salt recovery for reuse from effluent is also being studied by the scientists from NCL Pune.

A pilot set up is installed for carrying out chlorination reaction for simulation of calcium hypo production trials.



### Continual Improvement Activities:

1. Premium Grade Stable Bleaching Powder production improved after the installation of larger Centrifuge.
2. In order to meet Market Demand another 180 tpd of Sulphuric Acid Plant is being planned, which is scheduled to be completed by December, 2018.
3. In order to meet Market Demand of Hi Grade Stable Bleaching Powder, one more stream in Calcium Hypo Chlorite Plant is being planned, which is scheduled to be completed by December, 2018.
4. Software of Acid Plant no. 1 and 2 DCS were updated.
5. Chloro Sulphonic Acid Plant capacity improvement purpose various equipment were ordered. At present its capacity is around 80tpd. This will be improved to 100tpd. This will be achieved by December, 2018.
6. Our Hypo production process has now been patented by Indian Patent. This will safeguard our Process and technology.

### Technology Absorption, Adoption and Innovation:

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

### 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-Calcium Hypo Chlorite.

- b) **Total Foreign Exchange used/earned**

	(Rs. in lakhs)
i. Foreign Exchanged earned	19,124.01
ii. Foreign Exchange used	9,483.49



## ANNEXURE-E TO DIRECTORS REPORT

### Report on Corporate Governance

#### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance in Sree Rayalseema Hi-strength Hypo Limited is a systematic process by which Company is directed and controlled to enhance its wealth generating capacity. Sree Rayalseema 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 SEBI(LODR) Regulations, 2015. The Board comprises of Six Directors and three 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	3	---
2.	Sri A. Kailashnath	Independent Director	6	Yes	---	---
3.	Smt. D.Sai Leela	Independent Director	6	No	---	---
4.	Sri.P.Ramachandra Gowd	Independent Director	6	Yes	---	---
5.	Sri.H.Gurunath Reddy	Non-Executive Director	6	Yes	---	---
6.	Sri.KrishnaMoorthy Chandraiah naik	Non-Executive Director	6	Yes	---	---





During the financial year ended 31<sup>st</sup> March, 2018, Six Board meetings were held on (1) 22.05.2017 (2) 30.05.2017 (3) 28.08.2017 (4) 14.09.2017 (5) 14.12.2017 (6) 14.02.2018.

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.A.Kailashnath as Chairman , Smt.D.Sai Leela 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 SEBI(LODR) Regulations, 2015.

The Audit committee Meetings were held on following dates :

(1) 30.05.2017 (2) 28.08.2017 (3) 14.09.2017 (4) 14.12.2017 (5) 14.02.2018 and all the members attended the meetings.

#### **NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee comprises of with Sri.A.Kailashnath as Chairman , Smt.D.Sai Leela 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 Committee in its meeting held on 14.12.2017 increased sitting fees payable for attending Board and committee meetings. The Non-Executive Directors will be paid sitting fee of Rs.5,000 /- per each meeting of Board and audit committee and Rs. 1500/- per each meeting of Stakeholders relationship Committee, Nomination and Remuneration Committee, Allotment Committee, CSR Committee. 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.)
Rs. 2,40,00,000	---	---	2,40,00,000

#### 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.A.Kailashnath as Chairman , Smt.D.Sai Leela 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 2017-18	Pending at the end of the year	No. of pending Share Transfer
27	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) 30.09.2015 (11 A.M.) (2)28.09.2016 (11 A.M.) and (3) 27.09.2017 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:

##### 2014-15

1. Appointment of Sri.P.Ramachandra Gowd as Independent Director
2. Appointment of Sri.H.Gurunath Reddy as Director liable to retire by rotation
3. Ratification of Cost auditor remuneration
4. To change name of the Company ( Not carried out)

##### 2015-16

1. Re-appointment of Chairman & Managing Director
2. Appointment of Sri.A.Kailashnath as Independent Director
3. Preferential issue of convertible warrants to promoters of the Company
4. Ratification of Cost auditor remuneration

##### 2016-17

1. Ratification of Cost auditor remuneration
2. Approval of material related party transactions with various related parties.



## 5. POSTAL BALLOT :

During the year, members had passed special resolution for amendment of objects clause of Memorandum of Association.

## 6. DISCLOSURES:

None of the transactions with any of the related parties were in conflict with the interest of the Company at large. The details of related party transactions are furnished under note no. 29 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 SEBI(LODR) Regulations, 2015 .

## 7. 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)

## 8. General Shareholder Information

### (a) Annual General Meeting:

Date 28<sup>th</sup> September, 2018

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, 2018 to 31<sup>st</sup> March, 2019.

Un-audited Financial Results for :

First Quarter	-	July/August, 2018
Second Quarter	-	October/November, 2018
Third Quarter	-	January/February, 2019
Fourth Quarter	-	April/May, 2019

### (c) Book Closure period : 22.09.2018 to 28.09.2018 (inclusive of both days)

### (d) Dividend Payment Date: 25.10.2018

### (e) Listing on Stock Exchanges: The shares of the Company are listed on BSE Limited & National Stock Exchange of India Ltd. Annual listing fee for the year 2018-19 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 2017-18:**

Month & Year	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2017	160.00	121.20	159.00	121.05
May, 2017	158.00	119.00	164.80	117.55
June, 2017	133.00	117.70	133.20	112.70
July 2017	155.00	121.00	156.00	120.00
August, 2017	136.95	118.50	138.50	118.00
September, 2017	154.65	136.55	155.00	136.10
October, 2017	263.50	144.40	264.25	143.15
November, 2017	258.85	206.20	257.10	210.00
December, 2017	250.00	214.40	251.80	211.40
January, 2018	250.00	180.05	238.90	185.60
February, 2018	209.00	153.25	210.00	160.05
March, 2018	172.00	141.00	171.00	140.95

**(h) Share Transfer Agents:**

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

**(i) Distribution of Shareholding as on 31<sup>st</sup> March, 2018 :**

Sl. No.	Category	Shares	Amount	%
1.	Promoters	9729424	9,72,94,240	59.67
2.	Mutual Funds	2250	22500	0.01
3.	Banks & Financial Institutions	4493	44930	0.03
4.	Bodies Corporate	366680	3666800	2.25
5.	Indian public	5199198	51991980	31.88
6.	NRI / OCBS	1004535	10045350	6.16
	<b>Total</b>	<b>1,63,06,580</b>	<b>16,30,65,800</b>	<b>100</b>

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

As on 31<sup>st</sup> March, 2018, 81.90 % of shares were held in Dematerialised form and rest in physical form.

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

In compliance of Regulation 17 (5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 "Code of Conduct" applicable to all members of board of Directors and Senior Management has been approved by the Board and the same has been placed on the company's website. Copy of the code of conduct circulated to all the concerned and obtained their affirmation.

**DECLARATION BY CEO**

As provided in Schedule-V (D) of SEBI(LODR) Regulations, 2015, the Directors and Senior Management personnel have confirmed compliance with code of conduct for the period ended 31.03.2018.

Place : Kurnool  
Date : 14<sup>th</sup> August, 2018

Sd/-  
**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 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 Hydraxide 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  
e-mail Id : info@aarthiconsultants.com
- (B) Sree Rayalaseema Hi-strength Hypo Limited  
No. 6-2-1012, II Floor, TGV Mansion  
Above ICICI Bank, Khairatabad  
Hyderabad – 500 004 (A.P.)  
Tel. Nos. 040-23313843, Fax No.: 040-23313875

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

For and on behalf of the Board

Sd/-

**T.G. BHARATH**  
Chairman & Managing Director  
DIN : 00125087

Place : Kurnool  
Date : 14<sup>th</sup> August, 2018



**Auditor's Certificate regarding compliance of conditions of Corporate Governance**

(Under Schedule-V (E) of SEBI(LODR)Regulation, 2015, the Auditor's Certificate is given as annexure to the Directors' Report.)

**Appendix to Annexure E 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, 2018 as stipulated under Schedule –V(E) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchange(s).

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 Regulations.

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, 2018, 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 T. Adinarayana & Co.**  
Chartered Accountants  
Regn. No. 000041S  
Sd/-

**Y. Pullarao**  
Proprietor

Membership No. 25266

Place : Kurnool

Date : 14<sup>th</sup> August, 2018

**ANNEXURE-F 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 through wind and thermal .

**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 Calcium Hypo Chloride (HSH), Stable Bleaching Powder (SBP), Chloro Sulphonic Acid (CSA), bottling of Hydrogen Gas, Sulphuric Acid, Sodium Hydride, Sodium Methoxide, Oleum and Power generation through Thermal energy . However, there was a slight decline in Mono Chloro Acetic Acid (MCA), Hydrochloric acid (HCL), Power generation through wind.

**D) Outlook:**

The Company is exploring possibilities of manufacturing sodium metal and initially at present Pilot Plant is under erection.

**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 2017-18 net profit before Tax is Rs.3701.35 lakhs against Rs. 1451.27 lakhs during the previous year. The Company provided Rs.(16.13) lakhs towards deferred tax and Rs. lakhs towards current tax. Due to this, the net profit after Tax is Rs. 3660.64 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 400 employees on its rolls.

**Annexure G-Corporate Social Responsibility**

Sl. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or (2) Specify the State and District where projects or programs was undertaken	Amount outlay (Budget) project or programs wise (in Rs.)	Amount spent on the projects or programs Sub-heads: (1)Direct expenditure on projects or programs (2)Overheads (in Rs.)	Cumulative expenditure upto the reporting period (in Rs.)	Amount spent: Director or through implementing agency (in Rs.)
1	Drinking Water to people of nearby areas	Provision of Drinking Water	Local area	23,99,424	23,99,424	23,99,424	23,99,424
2	Education	Provision of Education	Local area	7,55,000	7,55,000	7,55,000	7,55,000
3	Animal Welfare	Provision of Animal Welfare	Local area	12,68,000	12,68,000	12,68,000	12,68,000
			<b>Total Rs.</b>	<b>44,22,424</b>	<b>44,22,424</b>	<b>44,22,424</b>	<b>44,22,424</b>

For and on behalf of the Board

**T.G. Bharath**

Chairman & Managing Director

DIN:00125087

Place : Kurnool

Date : 14<sup>th</sup> August, 2018





**ANNEXURE - H TO DIRECTORS' REPORT:**

**Form No. MR - 3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017**

[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, 2018 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, 2018 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');The Securities and Exchange Board of India( Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (a) The Securities and Exchange Board of India ( Prohibition of Insider Trading) Regulations, 1992;
  - (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines , 1999;



- (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (e) The Securities and Exchange Board of India (Registration to an Issue and Share Transfers Agents) Regulations, 1993;
- (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (g) 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 National Stock Exchange of India Limited and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Accordingly, the Industry specific major Acts as applicable to the Company are complied.

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.

I further report that during the audit period the Company had following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

- a) The Company has issued 24,48,132 convertible warrants in the financial year 2016-2017 of which 815,329 warrants were converted in to equity shares of Rs. 10/- each at premium of Rs.88.19/- in the ratio of 1:1 in the second tranche on 26.03.2018.
- b) During the year company has alter the Object clause of Memorandum of association by Alteration of Sub-clause 4 of Clause III(A) of Memorandum of Association of the Company.

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

Sd/-  
**(Geeta Serwani)**  
Proprietor  
ACS: 24479  
CP: 8842

Date : 14<sup>th</sup> August, 2018  
Place : Hyderabad

Note : This report is to be read with letter of even date which is annexed as "ANNEXURE" 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)

Sd/-

**(Geeta Serwani)**

Proprietor

ACS: 24479

CP: 8842

Date : 14<sup>th</sup> August, 2018

Place : Hyderabad

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



## **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 (the Company), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, statement of changes in Equity and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information for the year then ended.

### **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 prescribed under section 133 of the Act, as applicable.

This 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; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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. In conducting 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 and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements 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. 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, 2018, and its profit and its cash flows and the changes in equity for the year ended on that date.



### Other Matters

The previous year's comparative financial information of the Company for the year ended March 31, 2017 and the transition date balance sheet as at April 01, 2016 (the Comparative financial information) prepared and restated in compliance of provisions as per Indian Accounting Standards (Ind AS) read with the Companies (Indian Accounting Standards) Rules, 2015 are included in these financial statements. The comparative financial information are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 ('Previous GAAP') audited by predecessor auditor for the year ended March 31, 2017 and March 31, 2016 ('said financial information') and expressed an unmodified opinion on those statutory financial statements, and these have been restated to comply with Ind AS. Required adjustments made to the previously issued said financial information prepared in accordance with the Previous GAAP to comply with Ind AS have been audited by us.

Our opinion on the financial statements is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. 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 and statement of changes in equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) There are no pending litigations which would impact the financial position of the company;
  - (ii) The Company has no foreseeable losses on long-term contracts and has no derivative contracts outstanding as at 31st March, 2018;
  - (iii) The company has no dues required to be transferred to the Investor Education and Protection Fund;

2. As required by the Companies (Auditor's Report) Order, 2016 (the Order) issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **T. Adinarayana & Co.**  
Chartered Accountants  
Regn. No. 000041S  
Sd/-

Place: Kurnool  
Date : 30<sup>th</sup> May, 2018

**Y. Pullarao**  
Proprietor  
Membership No. 25266

**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

We have audited the internal financial controls over financial reporting of Sree Rayalaseema Hi-Strength Hypo Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **T. Adinarayana & Co.**  
Chartered Accountants  
Regn. No. 000041S  
Sd/-  
**Y. Pullarao**  
Proprietor  
Membership No. 25266

Place: Kurnool  
Date : 30<sup>th</sup> May, 2018



## Annexure B 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)	Fixed Assets				
	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.				
	3(i)(c)	According to the information and explanations given to us and the records examined by us and based on the examination of sale deeds, conveyance deeds, encumbrance certificates verified to us, we report that, the title deeds comprising all the immovable properties of lands and buildings which are free hold, are in the name of the company as at the balance sheet date except the following:				
		Sl No.	Particulars of immovable property, location & other details	Gross block as at the Balance sheet date	Net Block as at the balance sheet date	Remarks
	1	Land located at Gondiparla, Kurnool Survey No. 16 admeasuring 2.02 acres	2,37,576	2,37,576	As per the information given to us, this was received in scheme of amalgamation. Change of title is under process.	
2	Land located at manjawadi, Laxmapuram,Tamilnadu Survey No. 38/1A, 38/5A, 38/3A1, 143P.Ac admeasuring 6.340 acres	3,57,772	3,57,772	As per the information given to us, this was received in scheme of amalgamation. Change of title is under process.		
3	Land located at kaluvekkam, Tiruporur, Tamilnadu Survey No. 245-2B, 217 admeasuring 3.0 acres	14,92,627	14,92,627	As per the information given to us, this was received in scheme of amalgamation. Change of title is under process.		
4	Land located at Konapapapeta,U.Kothapally Mandal,East Godavari District Survey No.263/2,263/3 admeasuring 16.60acres	23,30,990	23,30,990	As per the information given to us, this was received in scheme of amalgamation. Change of title is under process.		
5	Land located at Nenam Village, East Godavari District Survey No. 306, 301, 301/1, 301/2, 302/2 admeasuring 51.858 acres	42,54,639	42,54,639	As per the information given to us, this was received in scheme of amalgamation. Change of title is under process.		





Sl. No.	Ref.to CARO	Report by Independent Auditors
2	3(ii)	<b>Inventories</b>
		As explained to us, the inventories has been physically verified during the year by the management at regular intervals .In our opinion, the frequency of such verification is reasonable.
3	3(iii)	<b>Loans to parties covered by Sec.189 of the Companies Act,2013 ("The Act)</b>
	3(iii)(a)	According to the information and explanation given to us, the company has, during the year, not granted any loans, secured or unsecured to companies, firms, limited liability partner ships firms or other parties covered in the register required to be maintained U/s 189 of the Act. Accordingly paragraph 3(iii) of the Order is not applicable to the company.
	3(iii)(b)	
	3(iii)(c)	
4	3(iv)	<b>Loans, guarantees, securities to and investments in other companies</b>
		In our opinion and according to the information and explanation given to us, the company has no transactions for compliance u/s 185 and complied with the provisions of Sec. 186 of the Act with respective investments and guarantees.
5	3(v)	<b>Acceptance of deposits</b>
		The company has not accepted any deposits and hence paragraph 3(5) of the order is not applicable to the company.
6	3(vi)	<b>Maintenance of cost records</b>
		The maintenance of cost records as specified by the Central Government Under Section 148(1) of the Companies Act, 2013('The Act') is applicable to the company for the Financial Year ending 31.03.2018. We have broadly verified the cost records maintained by the company under Section 148(1)of the Act and we are of the opinion that, prima facie, the prescribed accounts and cost records have been maintained. We are , however, not required to and not carred out any a detailed examination of such accounts and records with a view to determining whether they are or complete or accurate.
7	3(vii)	<b>Statutory Dues</b>
	3(vii)(a)	According to the records examined by us, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Employee state insurance, Sales tax, Service tax, Customs duty, Excise duty, Value added tax, cess and other statutory dues where ever applicable. According to the iformation and explanation given to us no undisputed arrears of statutory dues were outstanding except Advance Income tax as on the last date of the financial year for a period of more than six months from the date they became payable.



Sl. No.	Ref.to CARO	Report by Independent Auditors					
7	<b>3(vii)(b)</b>	According to the information and explanation given to us there are no material dues of statutory dues of Income tax, sales tax, Service tax, Customs duty, Excise duty, Value added tax, cess and other dues 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 here under.					
		Sl. No.	Name of the Statute	Nature of dues	Total Amount Rs.	Period to which the amt. relates	Forum where dispute is pending
		1	Central Excise Act,1944	Alleged Wrong availment of CENVAT credit for some input Services	3,64,324	2008-09	Appeal filed with Service Tax Dept. Pending before Comm. Appeals, Guntur
		2	Central Excise Act,1944	Disallowance of CENVAT Credit on input services	30,58,889	2010-11	Appeal pending before Additional Commissioner, Tirupati
		3	Service Tax, 1944	Non Payment of service tax on lease rentals	12,08,860	2010-11	Dept. Appeal pending before Commissioner Appeals, Guntur
		4	Central Excise Act,1944	Alleged Wrong availment of CENVAT credit on input Services	27,64,347	2010-11	Appeal pending before Commissioner of Central Excise, Tirupati
		5	Service Tax, 1944	Non Payment of service tax on lease rentals	4,73,819	2010-11	Appeal pending before Assistant Commissioner, Kurnool
		6	Central Excise Act,1944	Alleged Wrong availment CENVAT credit on receipt of various input Services	1,29,845	2012-13	Appeal pending before Assistant Commissioner, Kurnool
		7	Central Excise Act,1944	Non Payment of service tax on lease rentals	8,00,354	2011-12	Appeal pending before Addi. Commissioner, Tirupati



Sl. No.	Name of the Statute	Nature of dues	Total Amount Rs.	Period to which the amt. relates	Forum where dispute is pending
8	Central Excise Act, 1944	Alleged non Payment of service tax on lease rentals on leased assets	22,53,557	2012-13	Appeal pending before Additional Comm. of Central Excise, Tirupati
9	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit on input Services	8,25,993	2013-14	Appeal pending before Additional Comm. of Central Excise, Tirupati
10	Central Excise Act, 1944	Non Payment of service tax on lease rentals	1,94,727	2013-14	Appeal pending before Assistant Commissioner, Kurnool
11	Central Excise Act, 1944	Non Payment of service tax on lease rentals	9,185	2014-15	Appeal pending before Assistant Commissioner, Kurnool
12	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit on input Services Alleged Wrong	30,37,489	2014-15	Appeal pending before Additional Comm. of Central Excise, Tirupati
13	Service Tax, 1944	Alleged Wrong availment of CENVAT credit in respect of various input Services	3,97,789	2014-15	Appeal pending before Additional Comm. of Central Excise, Tirupati
14	Service Tax, 1944	Alleged Wrong availment of CENVAT credit in respect of various input Services	3,34,030	2014-15	Appeal pending before Additional Commissioner of Central Excise, Tirupati
15	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit in respect of various input Services	25,07,767	2014-15	Appeal pending before Assistant Commissioner, Kurnool
16	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit in respect of various input Services	3,08,243	2014-15	Appeal pending before Additional Commissioner of Central Excise, Tirupati
17	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit in respect of various input Services	1,71,676	2014-15	Appeal pending before Additional Commissioner of Central Excise, Tirupati
18	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit in respect of various input services	46,291	2017-18	Appeal pending before Assistant commissioner, Kurnool
19	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit in respect of various input services	45,22,064	2017-18	Appeal pending before Assistant commissioner, Kurnool



Sl. No.	Ref.to CARO	Report by Independent Auditors
8	3(viii)	<b>Defaults in repayments to Financial Institutions/Banks/Debenture holders</b> The company has borrowed Term loans and working capital loans from banks and has not issued any debentures. According to the information and explanation given to us and based on our verification the company, in our opinion has not defaulted in the payment/repayments of loans or borrowings to the banks.
9	3(ix)	<b>Initial public offer/further offer</b> In our opinion and according to the information and explanation given to us, the company has not made any initial public offer or further public offer of securities (including debt instruments) and the term loans have been applied by the company during the year for the purposes for which they are raised.
10	3(x)	<b>Frauds by or on the company</b> Based upon the audit procedures performed and to the best of our knowledge and according to the information and explanation given to us by the management, we report that no fraud by the company and no material fraud on the company by its officers or employees has been noticed or reported during the course of our audit.
11	3(xi)	<b>Managerial Remuneration</b> The company has paid/provided managerial remuneration to its whole time director during the year and in our opinion and according to the information and explanation given to us such managerial remuneration is according with the provisions of section 197 of the Act read with schedule V to the Act.
12	3(xii)	<b>Nidhi company</b> In our opinion and according to the information and explanation given to us, the company is not a nidhi company and hence paragraph 3(xii) of the order is not applicable to the company.
13	3(xiii)	<b>Transactions with Related parties</b> As explained to us and as per records of the company, in our opinion the transactions with related parties are in compliance with provisions of section 177 and section 188 of the Act and the details have been disclosed in the financial statements as required by the applicable accounting standards.
14	3(xiv)	<b>Preferential allotment u/s 62 or private placement u/s 42 of the Act</b> According to the information and explanation given to us, the company has made an preferential allotment of 24,48,132 convertible warrants u/s 62 of the Act in last year convertible in to equal number of equity shares in three tranches. Out of the outstanding share warrants, 8,15,329 warrants are converted into equal number of equity shares during the year as per the terms of issue. The amounts raised through preferential allotment of equity have been applied by the company for the purposes for which the funds were raised.
15	3(xv)	<b>Non-cash transactions with directors u/s 192 of the Act</b> According to the records of the company, the company has not entered during the year in to any non cash transactions with directors or directors of its subsidiaries or persons connected with him and hence provisions of Sec 192 of the Act and paragraph 3(xv) of the Order is not applicable to the company.
16	3(xvi)	<b>Registration u/s 45-1A of Reserve Bank of India Act, 1934</b> The company is not required to be registered under section 45-1A of the Reserve bank of India Act, 1934 and hence paragraph 3(xvi) of the order is not applicable to the company.

For T. Adinarayana & Co.  
Chartered Accountants  
Regn. No. 000041S  
Sd/-

Y. Pullarao  
Proprietor  
Membership No. 25266

Place : Kurnool  
Date : 30th May, 2018

**Balance sheet as at 31st March, 2018***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)*

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, plant and equipment	3	19,435.67	17,656.33	18,914.21
(b) Capital work-in-progress	3	0.00	847.87	185.45
(c) Investment properties	4	0.00	551.52	551.52
(d) Financial assets				
i) Investments	5(i)	10,524.81	4,324.26	3,551.68
ii) Other financial assets	5(ii)	990.87	222.90	228.78
(e) Other non-current assets	6	1,152.07	1,218.16	1,237.90
<b>Total Non-current assets</b>		<b>32,103.42</b>	<b>24,821.04</b>	<b>24,669.54</b>
<b>Current assets</b>				
(a) Inventories	7	3,652.25	2,878.75	2,215.82
(b) Financial assets				
i) Trade receivables	8(i)	5,706.51	3,039.47	5,321.36
ii) Cash and cash equivalents	8(ii)	297.87	907.54	67.63
iii) Bank balances other than Cash and cash equivalents	8(iii)	659.71	567.97	508.64
iv) Loans	8(iv)	125.03	89.07	72.49
v) Other financial assets	8(v)	14.53	14.36	147.38
(c) Current Tax Assets (Net)	16	-	136.78	-
(d) Other current assets	9	4,207.14	2,744.05	2,264.82
<b>Total Current assets</b>		<b>14,663.04</b>	<b>10,377.99</b>	<b>10,598.14</b>
<b>TOTAL ASSETS</b>		<b>46,766.46</b>	<b>35,199.03</b>	<b>35,267.68</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share capital	10(i)	1,630.66	1,549.13	1,471.67
(b) Other equity	10(ii)	30,168.02	22,200.06	18,788.68
<b>Total Equity</b>		<b>31,798.68</b>	<b>23,749.19</b>	<b>20,260.35</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
(a) Financial liabilities				
i) Borrowings	11(i)	2,169.28	2,023.38	2,477.24
ii) Others	11(ii)	126.24	126.24	215.99
(b) Deferred tax liabilities (Net)	12	1,550.39	1,564.22	1,954.92
(c) Deferred Government grants	13	113.94	-	-
(d) Provisions	15(i)	81.23	68.91	59.01
<b>Total Non-current liabilities</b>		<b>4,041.08</b>	<b>3,782.75</b>	<b>4,707.16</b>
<b>Current liabilities</b>				
(a) Financial liabilities				
i) Borrowings	11(i)	4,792.37	2,944.08	4,611.88
ii) Trade payables	11(iii)	2,285.87	3,469.69	2,706.83
iii) Other financial liabilities	11(iv)	1,866.90	1,063.62	1,868.15
(b) Other current liabilities	14	1,558.94	135.61	652.56
(c) Provisions	15(ii)	85.08	54.09	47.79
(d) Current tax liability (Net)	16	337.54	-	412.96
<b>Total Current liabilities</b>		<b>10,926.70</b>	<b>7,667.09</b>	<b>10,300.17</b>
<b>TOTAL LIABILITIES</b>		<b>14,967.78</b>	<b>11,449.84</b>	<b>15,007.33</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>46,766.46</b>	<b>35,199.03</b>	<b>35,267.68</b>
General information	1			
Summary of significant accounting policies	2			
Notes forming part of financial statements.	26 - 39			

As per our report of even date attached.

**For T. Adinarayana & Co.,**

Chartered Accountants (Regn.No.0000415)

**Sd/-****C.A. Y. Pulla Rao**

Proprietor

Membership No.25266

Place : Kurnool

Date : 30<sup>th</sup> May, 2018**For and on behalf of the Board****Sd/-****Sri T.G.Bharath**  
Chairman & Managing Director**Sd/-****Smt. D. S. Sai Leela**  
Director**Sd/-****Smt. V.Surekha**  
Company Secretary**Sd/-****Sri S. Iftheekhar Ahmed**  
Chief Financial Officer

Place : Kurnool

Date : 30<sup>th</sup> May, 2018



**Statement of Profit and Loss for the year ended 31st March, 2018**

*(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)*

Particulars	Note No.	Yearended31st March, 2018	Year ended 31st March, 2017
<b>I Revenue from operations</b>	17	55,546.64	39,099.86
<b>II Other income</b>	18	346.15	156.84
<b>III Total revenue (I + II)</b>		<b>55,892.79</b>	<b>39,256.70</b>
<b>IV Expenses</b>			
Cost of materials consumed	19(i)	28,843.72	20,530.35
Purchase of stock-in-trade	19(ii)	11,274.98	1,252.13
Changes in inventories of finished goods, work in progress and stock-in-trade	19(iii)	(829.88)	(32.14)
Excise duty on sale of goods		441.15	2,451.47
Employee benefit expense	20	1,905.73	1,578.51
Finance cost	21	699.99	638.80
Depreciation and amortisation expense	3	1,866.07	2,465.39
Other expense	22	9,538.16	8,537.05
<b>Total expenses (IV)</b>		<b>53,739.92</b>	<b>37,421.56</b>
<b>V Profit/(loss) before exceptional items and tax (III-IV)</b>		2,152.87	1,835.14
<b>VI Exceptional items</b>	4(i)	(1,548.48)	383.87
<b>VII Profit/(loss) before tax (V-VI)</b>		<b>3,701.35</b>	<b>1,451.27</b>
<b>Tax expense</b>			
Current tax	23	789.38	543.42
Deferred tax	23	(16.13)	(387.50)
Earlier year tax adjustments		-	34.68
Mat credit entitlement		(732.54)	(576.88)
<b>VIII Tax expense</b>		40.72	(386.28)
<b>IX Profit/(loss) for the period After Tax (VII-VIII)</b>		<b>3,660.63</b>	<b>1,837.55</b>
<b>X Other comprehensive income</b>	24		
Items not to be reclassified to profit or loss in subsequent periods:			
Net gain / (Losses) on FVTOCI Financial Instruments		6,214.79	1,149.77
Re-measurement gains/ (losses) on defined benefit plans		6.60	(9.25)
Tax effect		(2,153.10)	(394.71)
Other comprehensive income/(loss) for the year		4,068.29	745.81
<b>XI Total comprehensive income for the period (IX+X)</b>		<b>7,728.92</b>	<b>2,583.36</b>
<b>XII Earnings per equity share</b>	25		
a) Basic		22.45	11.86
b) Diluted		21.33	10.71
General information	1		
Summary of significant accounting policies	2		
Notes forming part of financial statements.	26-39		

As per our report of even date attached.

**For T. Adinarayana & Co.,**

Chartered Accountants (Regn.No.000041S)

**Sd/-**

**C.A. Y. Pulla Rao**

Proprietor

Membership No.25266

Place : Kurnool

Date : 30<sup>th</sup> May, 2018

**For and on behalf of the Board**

**Sd/-**

**Sri T.G.Bharath**  
Chairman & Managing Director

**Sd/-**

**Smt. V.Surekha**  
Company Secretary

**Sd/-**

**Smt. D. S. Sai Leela**  
Director

**Sd/-**

**Sri S. Ifthekhar Ahmed**  
Chief Financial Officer

Place : Kurnool

Date : 30<sup>th</sup> May, 2018

**Cash flow statement for the year ended March 31, 2018**

(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Cash flow from operating activities</b>		
Profit before tax from continuing operations	3,701.35	1,451.27
<b>Profit before exceptional items and tax</b>	3,701.35	1,451.27
<b>Non-cash adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation and amortisation expenses	1,866.07	2,465.39
Interest received	(32.96)	(36.13)
Allowance for expected credit loss on trade receivables	1.77	(3.35)
Interest paid	699.99	638.80
Interest expense due to amortisation of processing fees	3.13	6.57
Interest income & expenses due to amortisation of rent deposits	(2.22)	(1.03)
Income due to government grant recognised	(6.00)	-
Fair value changes through profit and loss of mutual funds	(36.57)	-
Profit on sale of investments/property	(1,548.48)	(0.10)
<b>Operating profit before working capital changes</b>	4,646.08	4,521.42
<b>Working capital adjustments:</b>		
(Decrease)/Increase in trade payables	(1,183.82)	762.86
(Decrease)/Increase in other current liabilities	2,226.61	(1,321.49)
(Decrease)/Increase in short term provisions	30.09	6.30
(Decrease)/Increase in long term provisions	18.92	0.65
(Increase)/Decrease in non-current financial asset	(752.27)	20.38
(Increase)/Decrease in other non-current assets	49.48	(0.30)
(Increase)/Decrease in trade receivables	(2,668.81)	2,285.24
(Increase)/Decrease in inventories	(773.49)	(662.94)
(Increase)/Decrease in other current assets	(1,463.09)	(479.22)
(Increase)/Decrease in financial assets	(36.14)	116.44
<b>Cash generated from operating activities</b>	93.56	5,249.94
Direct taxes paid (net)	417.48	(550.95)
<b>Net cash flow from operating activities (A)</b>	<b>511.04</b>	<b>4,698.39</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including CWIP	(2,797.55)	(1,869.92)
Purchase of investment	(2,100.00)	(20.64)
Government grant	119.94	-
Sale of investment property	2,100.00	-
Interest received	32.96	36.13
Redemption/(Investment) of margin money deposit	(63.98)	(31.57)
Earmarked for dividend	(27.26)	(27.75)
<b>Net cash flow from/ (used in) investing activities (B)</b>	<b>(2,736.38)</b>	<b>(1,913.75)</b>
<b>Cash flows from financing activities</b>		
Proceeds from equity	600.43	1,171.36
Interest paid	(699.99)	(638.80)
(Repayment)/Proceeds of long term borrowings	145.90	(543.61)
(Repayment)/Proceeds from short term borrowings	1,848.29	(1,667.80)
Dividend paid	(279.86)	(265.88)
<b>Net cash flow from/ (used in) in financing activities (C)</b>	<b>1,614.77</b>	<b>1,944.73</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>(610.57)</b>	<b>839.91</b>
Cash and cash equivalents at the beginning of the year	907.54	67.63
<b>Cash and cash equivalents at the end of the year</b>	<b>296.97</b>	<b>907.54</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	2.12	11.35
Balances with banks		
- in Current Account	295.75	896.19
<b>Total cash and cash equivalents (Note 8(b))</b>	<b>297.87</b>	<b>907.54</b>

**Note:**

The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Ind AS -7 "Statement of Cash Flows". Previous Year's figures have been regrouped / rearranged to conform to the current years presentation, wherever necessary.

As per our report of even date attached.

**For T. Adinarayana & Co.,**

Chartered Accountants (Regn.No.0000415)

**Sd/-****C.A. Y. Pulla Rao**

Proprietor

Membership No.25266

Place : Kurnool

Date : 30<sup>th</sup> May, 2018**For and on behalf of the Board****Sd/-****Sri T.G.Bharath**

Chairman &amp; Managing Director

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

Director

**Sd/-****Smt. V.Surekha**

Company Secretary

**Sd/-****Sri S. Iftekhar Ahmed**

Chief Financial Officer

Place : Kurnool

Date : 30<sup>th</sup> May, 2018



### Statement of Changes in equity

(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)

a. Equity share capital		Note	Amount	Reserves and Surplus					Other Comprehensive income		
As at 1st Apr 2016			1471.67								
Changes in equity share capital during the year		10(i)	77.46								
As at 31st Mar 2017			1549.13								
Changes in equity share capital during the year		10(i)	81.53								
As at 31st Mar 2018			1630.66								
b. Other Equity											
Particulars	Note	Securities premium Reserve	Retained earnings	Other reserve (see note 10(b))	FVOCI - equity & preference instruments	OCI - Actuarial gain/loss on gratuity	Money received against share warrants	Total other equity			
Balance at 1st April, 2016	10(b)	867.58	14033.32	2,670.96	1,216.82	-	-	18788.68			
Changes in equity for the period ended 31st March 2017											
Preferential issue during the year	10(ii)(i) (v)										
Transfer to general reserve	10(ii)(ii)	683.09	(91.79)				410.82	1093.91			
Transfer from retained earnings	10(ii)(iii)			91.79				(91.79)			
Equity instruments through other comprehensive income	10(ii)(iv)				751.86			751.86			
Gains/(losses) on arising from actuarial gain/loss on gratuity	10(ii)(ii)		1837.55			(6.05)		(6.05)			
Profit for the year	10(ii)(ii)		(265.88)					1837.55			
Proposed dividend	10(ii)(ii)							(265.88)			
Balance at 31st March, 2017		1,550.67	15513.20	2,762.75	1,968.67	(6.05)	410.82	22200.07			
Changes in equity for the period ended 31st March 2018											
Preferential issue during the year	10(ii)(i) (v)										
Transfer to general reserve	10(ii)(ii)	719.04	-				200.14	518.09			
Transfer from retained earnings	10(ii)(iii)							-			
Equity instruments through other comprehensive income	10(ii)(iv)				4,063.97			4,063.97			
Gains/(losses) on arising from actuarial gain/loss on gratuity	10(ii)(ii)		3660.63			4.32		4.32			
Profit for the year	10(ii)(ii)		(279.86)					3660.63			
Proposed dividend	10(ii)(ii)							(279.86)			
Balance at 31st March, 2018		2,269.71	18893.98	2,762.75	6,032.65	(1.73)	210.68	30168.02			



**Notes to financial statements for the year ended 31st March, 2018**

*(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)*

**Note 1: General Information**

Sree Rayalaseema Hi – Strength Hypo Limited incorporated on 28<sup>th</sup> March, 2005 It is the leading producer of Calcium Hypo Chloride, Stable Bleaching Powder, Sulphuric Acid and other chemicals.

The Company is a public limited company domiciled in India. The address off its registered office and principal place of business are disclosed in the introduction to the Annual Report. The equity shares of the Company are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

The financial statements are approved for issue by the Company's Board of Director's on 30<sup>th</sup> May, 2018.

**Note 2: Significant Accounting Policies****2.1 Statement of Compliance**

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and Companies (Indian Accounting Standards) Amendment Rules, 2017.

Up to the year ended March 31, 2017 the Company prepared its financial statements in accordance with the requirements of the Standards notified under the Companies (Accounting Standards) Rules, 2006 deemed to have been notified U/s 133 of the Companies Act (Act). These are the Company's first Ind AS adopted financial statements prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015 notified U/s 133 of the Act and other applicable provisions of the Act. The date of transition to Ind AS is April 1, 2016. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has adopted mandatory exceptions and optional exemptions and presented a reconciliation to provide effect of transition to Ind AS for the financial statements under earlier Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Shareholders' equity as at March 31, 2017 and April 1, 2016 and of the Balance Sheet and total comprehensive net income for the year ended March 31, 2017.

**2.2 Basis of preparation and presentation of financial statements**

Financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transaction that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 Inventories or value in use in Ind AS 36 Impairment of Assets.



## Notes to financial statements for the year ended 31st March, 2018 (Contd...)

(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)

### 2.3 Use of estimates and judgements

The preparation of the financial statements requires that the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The recognition, measurement, classification or disclosure of an item or information in the financial statements is made relying on these estimates.

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Actual results could differ from those estimates.

Any revision to accounting estimates is recognised prospectively in current and future periods.

### 2.4 Operating cycle.

operating cycle is the time between the acquisition of assets for processing and their in cash and cash equivalents. The company has ascertained its operating cycle as twelve months for the purpose of current/non current classification of assets and liabilities.

### 2.5 Current and Non-Current Classification.

The company presents assets and liabilities in the balance sheet based on current and non classification. An asset is treated as current when it is :

- Expected to be realized or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of business.
- Expected to be realized with in twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The company classifies all the other assets as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of business.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The company classifies all other liabilities as non-current.

Deferred tax asset and liability are classified as non-current asset and liability

### 2.6 Critical Accounting Judgements and Key source of estimation uncertainty operating cycle:

In the application of the company's accounting policies, the management of the company are required to make judgements, estimates, and assumptions about the carrying amounts of the asset and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.


**Notes to financial statements for the year ended 31st March, 2018 (Contd...)**

*(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods in the revision effects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

**Provision and contingent liability**

On an ongoing basis, Company reviews pending cases, claims by third parties and other. For contingent losses that are considered probable an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

**Useful lives of depreciable assets**

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2017 management assessed that the useful lives represent the expected utility of the assets to the company. Further, there is no significant change in the useful lives as compared to previous year.

**2.7 Functional Currency:**

The Financial Statements are prepared in Indian Rupees, which is the functional currency of the company, functional currency of an entity is the currency of the primary economic environment in which the entity operates.

All amounts in the financial statements are stated in Indian Currency unless otherwise stated.

**2.8 Investments in associates and joint ventures**

An associate is an entity over which the Company has significant influence. Significant influence is the power to nominate Director or participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Company's share of losses of an associate or a joint venture exceeds the Company's interest in that associate or joint venture (which includes any long-term interests that, in

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)**

*(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)*

substance, form part of the Company's net investment in the associate or joint venture), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

After application of the equity method of accounting, the Company determines whether there any is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate or a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Company's investment in an associate or a joint venture.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Company retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Company measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109 (Financial Instruments). The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Company accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Company continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Company reduces its ownership interest in an associate or a joint venture but the Company continues to use the equity method, the Company reclassifies to profit or


**Notes to financial statements for the year ended 31st March, 2018 (Contd...)**

*(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)*

loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Company entity transacts with an associate or a joint venture of the Company, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Company's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Company.

**2.9 Non-current assets held for sale/ distribution to owners and discontinued operations**

The Company classifies non-current assets and disposal Company's as held for sale/ distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale/ distribution will be made or that the decision to sell/ distribute will be withdrawn. Management must be committed to the sale/distribution expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale/ distribution classification is regarded met only when the assets or disposal Company is available for immediate sale/ distribution in its present condition, subject only to terms that are usual and customary for sales/distribution of such assets (or disposal Company's), its sale/ distribution is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale/ distribution of the asset or disposal Company to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal Company),
- An active programme to locate a buyer and complete the plan has been initiated,
- The asset (or disposal Company) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale/for distribution to owners and disposal Company s are measured at the lower of their carrying amount and the fair value less costs to sell/ distribute. Assets and liabilities classified as held for sale/distribution are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortised.

A disposal Company qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and



## Notes to financial statements for the year ended 31st March, 2018 (Contd...)

(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

Additional disclosures are provided in Note 30. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

### 2.10 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

#### Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales of goods that result in award credits for customers, under the Company's Maxi-Points Scheme, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value – the amount for which the award credits could be sold separately. Such consideration is not recognised as revenue at the time of the initial sale transaction – but is deferred and recognised as revenue when the award credits are redeemed and the Company's obligations have been fulfilled.

#### Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;
- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold; and


**Notes to financial statements for the year ended 31st March, 2018 (Contd...)**

*(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)*

- revenue from time and material contracts is recognised at the contractual rates as labour hours and direct expenses are incurred.

**Royalties**

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

**Dividend and interest income**

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**Rental income**

The Company's policy for recognition of revenue from operating leases is described in note no. 2.13 as stated below

**Other Operating Income and Other Income:**

Revenue with respect to Other Operating Income and Other Income including incentives are recognised when a reasonable certainty as to its realisation exists.

**Construction contracts**

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

The outcome of a construction contract is considered as estimated reliably when (a) all critical approvals necessary for commencement of the project have been obtained; (b) the stage of completion of the project reaches a reasonable level of development i.e. the expenditure incurred on construction and development costs is atleast 25% of the construction and development costs; (c) atleast 25% of the saleable project area is


**Notes to financial statements for the year ended 31st March, 2018 (Contd...)**

*(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)*

secured by contracts or agreements with buyers; and (d) atleast 10% of the contract consideration as per the agreements of sale are realised at the reporting date and it is reasonably expected that the counterparty will comply with the payment terms in the agreements.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

**2.11 Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**The Company as lessor**

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

**The Company as lessee**

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.





## Notes to financial statements for the year ended 31st March, 2018 (Contd...)

(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### 2.12 Foreign currencies

In preparing the financial statements of each individual Company entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

### 2.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 2.14 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

### 2.15 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.



## Notes to financial statements for the year ended 31st March, 2018 (Contd...)

(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)

### iii) Retirement benefit define benefit plan.

The Company provides for only gratuity as define benefit plan. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Disclosures for defined contribution plan and defined benefit plan as required under Ind AS 19, Employee Benefits, are submitted in Notes to accounts.

## 2.16 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated [statement of profit or loss and other comprehensive income/ statement of profit or loss] because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that


**Notes to financial statements for the year ended 31st March, 2018 (Contd...)**

*(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)*

taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**Current and deferred tax for the year**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**2.17 Property, plant and equipment**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated Balance Sheet at cost less accumulated depreciation and accumulated impairment losses. Free hold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.


**Notes to financial statements for the year ended 31st March, 2018 (Contd...)**

*(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)*

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight- line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

For transition to Ind AS, the Company as elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1st, 2016 (Transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**Depreciation and amortisation**

The Company depreciates property, plant and equipment over their estimated useful lives as specified in Schedule II to the Companies act, 2013 using the straight-line method.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and under construction) less their residual values over their useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The useful life as prescribed under Schedule II of the Companies Act have been followed except in respect of the following categories of assets, in whose case the life of the assets has been assessed asunder based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Thermal power plant	8 years
New Hypo Plant	6 years

**2.18 Investment property**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 requirements for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the



## Notes to financial statements for the year ended 31st March, 2018 (Contd...)

(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)

difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

For transition to Ind AS, the Company has elected to continue with the carrying value of its investment property recognised as of April 1st, 2016 (transition date) measured as per the previous GAAP and used that carrying value as its deemed cost as of the transition date.

### 2.19 Intangible assets

#### Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

#### Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

#### Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).



## Notes to financial statements for the year ended 31st March, 2018 (Contd...)

(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

### Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

## **2.20 Impairment of tangible and intangible assets other than goodwill**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## **2.21 Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average cost basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Carrying value of inventories pledged as securities against loans are disclosed.

## **2.22 Provisions and contingencies**

### **Provisions**

A Provision is recognised when the company has a present obligation (legal or constructive) as a result of past event i.e., it is probable that an outflow of resources embodying



### Notes to financial statements for the year ended 31st March, 2018 (Contd...)

(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)

economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### Contingencies

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.
- Contingent liabilities and assets are not recognised in financial statements. A disclosure of the contingent liability is made when there is a possible or a present obligation that may, but probably will not, require an outflow of resources.

#### 2.23 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### Financial assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of financial asset. Purchase or sales of financial assets that requires delivery of asset with in the time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset

##### Subsequent Measurement

For purpose of subsequent measurement, financial assets are classified in to four categories:

- Debt instruments at amortised cost
- Equity instruments measured at FVTPL

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into



## Notes to financial statements for the year ended 31st March, 2018 (Contd...)

(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)

account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Debt instruments included within the FVTOCI category are measured at amortised initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned while holding FVTOCI debt instrument is reported as interest income using the EIR method.

Equity instruments at fair value through profit or loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL, category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

### 2.24 Earning per equity share

Basic earnings per equity share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per equity share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. In computing the diluted earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

### 2.25 Segment Reporting

The management has assessed the identification of reportable segments in accordance with the requirements of Ind AS 108 'Operating Segments' and the company has disclosed only two reportable segments namely (i) Chemical Manufacturing and (ii) Power Generation. Further, the Board of directors have designated the Managing Director as Chief Operating Decision Maker ('CODM').

### 2.26 Cash flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the

Effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payment and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### 2.27 Estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.




**Notes to financial statements for the year ended 31st March, 2018 (Contd...)**

*(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)*

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Useful lives and residual value of property, plant and equipment:**

The Company reviews the useful life and residual value of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

**Allowance for expected credit losses:**

Describes the use of practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix. The expected credit allowance is based on the aging of the days receivables which are past due and the rates derived based on past history of defaults in the provision matrix.

**Fair value of investments:**

The Company has invested in the equity instruments of various companies. However, the percentage of shareholding of the Company in such investee companies is very low and hence, it has not been provided with future projections including projected profit and loss account by those investee companies. Hence, the valuation exercise carried out by the Company with the help of available historical annual reports and other information in the public domain.

**Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**Contingent liability judgement:**

Note 27 describes claims against the Company not acknowledged as debt. Contingencies may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum of contingencies inherently involve the exercise of significant judgement and the use of estimates regarding the outcome of future events.

**2.28 Standards issued but not yet effective**

The standards issued, but not effective up to the date of issuance of Financial Statements is disclosed below:

**a. Ind AS 115 – Revenue from contracts with customers**

In March, 2018, the Ministry of Company Affairs has notified Ind AS 115, 'Revenue from contracts with customers', which is effective for accounting periods beginning on or after 1 April 2018. This comprehensive new standard will supersede existing revenue recognition guidance, and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)**

*(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)*

goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

Ind AS 115 is effective for annual reporting periods beginning on or after April 1, 2018. The company intends to adopt Ind AS 115 effective April 1, 2018, using the modified retrospective method. The adoption of Ind AS 115 is not expected to have a significant impact on the Company's recognition of revenues.

**b. Other amendments to Indian Accounting Standards;**

The Ministry of Corporate Affairs (MCA), on 28 March 2018, issued certain amendments to Ind AS. The amendments relate to the following standards:

Ind AS 21, The Effects of Changes in Foreign Exchange Rates – The amendment lays down the principle regarding advance payment or receipt of consideration denominated or priced in foreign currency and recognition of non-monetary prepayment asset or deferred income liability.

Ind AS 12, Income Taxes - The amendment explains that determining temporary differences and estimating probable future taxable profit against which deductible temporary differences are assessed for utilization are two separate steps and the carrying amount of an asset is relevant only to determining temporary differences.

Ind AS 28, Investments in Associates and Joint Ventures – The amendment clarifies when a venture capital, mutual fund, unit trust or similar entities elect to initially recognize the investments in associates and joint ventures.

Ind AS 112, Disclosure of Interests in Other Entities – The amendment clarifies that disclosure requirements for interests in other entities also apply to interests that are classified as Held for sale or discontinued operations in accordance with Ind AS 105.

Ind AS 40, Investment Property – The amendment clarifies when a property should be transferred to / from investment property.

The amendments are effective 1 April 2018. The company believes that the aforementioned amendments will not materially impact the financial position, performance or the cash flows of the Company.



**Notes to financial statements for the year ended 31st March, 2018 (Contd...)**  
*(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)*

**NOTE 3: PROPERTY, PLANT AND EQUIPMENT**

Particulars	land	Factory Buildings	Furniture and fixtures	Wind Power Plants	Plant and machinery	Office Equipments	Other Vehicles	Total
Closing gross carrying amount as at 31st March, 2016	2,466.51	3,432.73	51.81	7,407.72	15,455.98	239.17	27.49	496.26
<b>Carrying amount</b>								<b>29,577.85</b>
Gross carrying amount								
Deemed cost as at 1st April, 2016	2,466.51	3,432.73	51.81	7,407.72	15,455.98	239.17	27.49	496.26
Additions	160.16	-	144.57	-	749.51	-	-	153.26
Disposals	-	-	-	-	-	-	-	-
Closing gross carrying amount as at 31st March, 2017	2,626.67	3,432.73	196.38	7,407.72	16,205.49	239.17	27.49	649.52
Additions	135.98	-	-	-	3,505.45	0.87	-	4.78
Disposals	-	-	-	-	-	-	-	3.10
Closing gross carrying amount as at 31st March, 2018	2,762.66	3,432.73	196.38	7,407.72	19,710.95	240.04	27.49	651.20
<b>Accumulated depreciation</b>								<b>34,429.17</b>
As at 1st April, 2016	-	773.18	29.83	3,125.42	6,252.48	233.54	23.22	225.81
Depreciation charge during the year	-	467.45	4.72	290.07	1,634.46	0.61	2.13	65.95
Disposals	-	-	-	-	-	-	-	-
Closing Accumulated depreciation as at 31st March, 2017	-	1,240.63	34.54	3,415.48	7,886.94	234.14	25.36	291.76
Depreciation charge during the year	-	360.54	19.61	290.07	1,131.81	0.53	2.13	61.38
Disposals	-	-	-	-	-	-	-	1.44
Closing Accumulated depreciation as at 31st March, 2018	-	1,601.17	54.15	3,705.55	9,018.75	234.68	27.49	351.71
<b>Net Carrying amount as at 31st March, 2016</b>	<b>2,466.51</b>	<b>2,659.55</b>	<b>21.98</b>	<b>4,282.30</b>	<b>9,203.50</b>	<b>5.83</b>	<b>4.27</b>	<b>270.45</b>
<b>Net Carrying amount as at 31st March, 2017</b>	<b>2,626.67</b>	<b>2,192.10</b>	<b>161.84</b>	<b>3,992.24</b>	<b>8,318.55</b>	<b>5.03</b>	<b>2.13</b>	<b>357.76</b>
<b>Net Carrying amount as at 31st March, 2018</b>	<b>2,762.65</b>	<b>1,831.56</b>	<b>142.23</b>	<b>3,702.17</b>	<b>10,692.20</b>	<b>5.36</b>	<b>-</b>	<b>299.49</b>

**CAPITAL WORK IN PROGRESS:**

Particulars	Civil work in progress	Machinery under erection	Total
As at 01st April, 2016	0.00	185.45	185.45
As at 31st March, 2017	0.00	847.87	847.87
As at 31st March, 2018	0.00	0.00	0.00

- a) Title to some of the properties acquired by the company under Scheme of Arrangement are in the process of being transferred in the Company's name.
- b) Change in Accounting Estimate : During F.Y.2015-16 the Company, implemented Depreciation as per schedule - II of the Companies Act. The arrears of depreciation was provided after detailed review of asset life, residual values and impairments if any. During F.Y.2016-17 the company had a review and effected changes in estimated useful life of 10 MW Thermal Power Plant and New Hypo Plant (a chemical plant). For this year also it was reviewed and observed that there are no losses attributable for more than anticipated wear and tear. Hence it was decided that there is no revision in useful life impairment or additional depreciation to be provided.
- c) The land, Building and Plant & Machinery have been secured by a charge in favour of Lending Bank
- d) The vehicles have been hypothecated in favour of banks who have lent against these vehicles. The Company is not allowed to create further charge on these assets as security for other borrowings or to sell this to other entities.

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***Note 4: Investment property**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Cost or Deemed Cost</b>			
Opening gross amount	637.92	637.92	637.92
Additions	-	-	-
Disposal	(637.92)	-	-
<b>Closing gross amount</b>	-	637.92	637.92
<b>Accumulated depreciation</b>			
Opening accumulated depreciation	86.40	86.40	81.85
Depreciation charge	-	-	4.55
Depreciation reversed on disposal	(86.40)	-	-
Closing accumulated depreciation	-	86.40	86.40
<b>Net carrying amount</b>	-	<b>551.52</b>	<b>551.52</b>
<b>Fair Value</b>	<b>As at 31st March, 2018</b>	<b>As at 31st March, 2017</b>	<b>As at 1st April, 2016</b>
Investment properties	Sold during the year Refer note 4 (i) below	663.06	663.06

**Estimation of fair value**

The Company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company considers information from a variety of sources including:

Current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences

The main input used is the price per square metre as per state government's registration and stamps department rate for the property.

All resulting fair value estimates for investment properties are included in level 2.

**Note 4(i): Exceptional items**

Particulars	As at 31st March, 2018	As at 31st March, 2017
Sale of investment property	1,548.48	-
<b>Total</b>	<b>1,548.48</b>	<b>-</b>

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***Note 5: Financial assets****5(i) Non-current Investments**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Investment in Other Companies</b>			
<b>Investment in equity instruments at fair value through other comprehensive income (fully paid)</b>			
TGV SRACC Ltd*	7,661.43	3,664.68	2,821.00
2,05,44,496 (March 31, 2017:2,05,44,496			
1st April, 2016:2,05,44,496) Equity shares of Rs.10/- each			
(15,000 shares pledged as security)			
The South Indian Bank Ltd	116.42	109.94	63.47
7,07,000 (March 31, 2017:7,07,000 1st April, 2016:5,30,250)			
Equity shares of Rs.10/- each			
(3,18,000 shares pledged as security)			
Roopa Industries Ltd	138.91	128.41	80.66
13,72,455 (March 31, 2017:13,72,455 1st April, 2016:13,72,455)			
Equity shares of Rs.10/- each			
Kabson Industries Ltd	0.49	0.46	0.81
10,100 (March 31, 2017:10,100 1st April, 2016:10,100)			
Equity shares of Rs.10/- each			
Karnataka Bank Ltd	3.68	4.30	3.38
3,700 (March 31, 2017:3,700 1st April, 2016:3,700)			
Equity shares of Rs.10/- each			
(3,700 shares pledged as security)			
Lotus Chocolates Ltd	20.60	15.03	21.01
56,800 (March 31, 2017:56,800 1st April, 2016:56,800)			
Equity shares of Rs.10/- each			
NEPC Micon Ltd	0.02	0.00	0.00
200 (March 31, 2017:200 1st April, 2016:200)			
Equity shares of Rs.10/- each			
BNR Udyog Ltd	0.08	0.13	0.11
500 (March 31, 2017:500 1st April, 2016:500)			
Equity shares of Rs.10/- each			
Consom Biotech Ltd	0.03	0.02	0.02
300 (March 31, 2017:300 1st April, 2016:300)			
Equity shares of Rs.10/- each			
Neha International Ltd	0.08	0.08	0.07
1,700 (March 31, 2017:1,700 1st April, 2016:1,700)			
Equity shares of Rs.10/- each			
Indo Wind Energy Ltd	4.09	3.22	3.11
42,000 (March 31, 2017:42,000 1st April, 2016:42,000)			
Equity shares of Rs.10/- each			
<b>Investment in equity instruments at fair value through other comprehensive income (partly paid)</b>			
<b>Quoted</b>			
Surya Jyothi Spinning Mills Ltd	0.01	0.00	0.01
100 (March 31, 2017:100 1st April, 2016:100)			
Equity shares of Rs.10/- each			
<b>Total equity investments</b>	<b>7,945.84</b>	<b>3,926.27</b>	<b>2,993.65</b>

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***Note 5: Financial assets****5(i) Non-current Investments (Contd..)**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Investment in equity instruments at fair value through other comprehensive income (fully paid)</b>			
<b>Quoted</b>			
TGV SRAAC Ltd 59,06,504 (March 31, 2017:59,06,504 1st April, 2016:59,06,504) Equity shares of Rs.10/- each (15,000 shares pledged as security)	442.30	397.89	553.93
<b>Investment in mutual fund at fair value through Statement of Profit and loss</b>			
<b>Quoted</b>			
UTI floating rate fund - STP - regular - growth plan 75643.14 (March 31, 2017:NIL 1st April, 2016:NIL) Units	2,136.57	-	-
<b>Investment in subsidiaries carried at amortised cost</b>			
SRHHL Power Generation Private Limited NIL (March 31, 2017:NIL 1st April, 2016:10,000) Equity shares of Rs.10/- each	-	-	1.00
Sri Vibhu Infrastructure Development Private Limited NIL (March 31, 2017:NIL 1st April, 2016:10,000) Equity shares of Rs.10/- each	-	-	1.00
TGV Infrastructure & Industrial Parks Private Limited NIL (March 31, 2017:NIL 1st April, 2016:10,000) Equity shares of Rs.10/- each	-	-	1.00
SRHHL Infrastructure Private Limited NIL (March 31, 2017:NIL 1st April, 2016:10,000) Equity shares of Rs.10/- each	-	-	1.00
<b>Investment in government securities carried at amortised cost</b>			
<b>Unquoted</b>			
National Saving Certificates	0.10	0.10	0.10
<b>Total non-current investments</b>	<b>10,524.81</b>	<b>4,324.26</b>	<b>3,551.68</b>
Aggregate amount of quoted investments and market value thereof	10,524.71	4,324.16	3,547.58
Aggregate amount of un-quoted investments	0.10	0.10	4.10
Aggregate amount of impairment in the value of investments	-	-	-

\* The Company has 22.38% (as at 31march 2017: 23.55%, as at 31march 2016: 24.79%) holding in equity share capital of M/s TGV SRAAC LTD Ltd. It is clearly demonstrated by an agreement that there will not be any participation by the Company for voting in any policy-making/decision making processes of TGV SRAAC Ltd and also the Company learnt that the holding of the Company in TGV SRAAC LTD might be reduced to below 20%. As evidenced by such understandings, the Company does not exercise any control or have significant influence over the TGV SRAAC Ltd. Hence investment in TGV SRAAC Ltd is not considered as an associate of the Company for accounting investment under equity method under Ind-AS 28 "Investments in Associates and Joint Ventures".

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***5(ii) Other Non-Current Financial Assets**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Security Deposits with govt. depts.	750.27	27.89	49.46
Rental deposits	240.60	195.01	179.32
<b>Total</b>	<b>990.87</b>	<b>222.90</b>	<b>228.78</b>

**NOTE 6: Other Non-Current Assets**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Capital Advances	1117.07	1166.56	1166.25
Prepaid processing charges and rent expenses	35.00	51.60	71.65
<b>Total</b>	<b>1152.07</b>	<b>1218.16</b>	<b>1237.90</b>

**NOTE 7: Inventories**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Raw Materials	809.07	969.31	412.46
Work-in-progress	125.82	237.88	178.17
Finished Goods	1,330.29	529.61	842.40
Stores and spares, Chemicals, fuel and packing materials	960.58	856.73	592.48
Goods in transit	426.49	285.22	190.31
<b>Total</b>	<b>3,652.25</b>	<b>2,878.75</b>	<b>2,215.82</b>

**NOTE 8(i): Trade receivables**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Unsecured and considered good*	5706.51	3039.47	5321.36
Unsecured and considered doubtful	14.76	12.99	16.34
	5,721.27	3,052.46	5,337.70
Expected Credit Loss Allowance (allowance for bad and doubtful debts)	(14.76)	(12.99)	(16.34)
<b>Total trade receivables</b>	<b>5706.51</b>	<b>3039.47</b>	<b>5,321.36</b>

The Average credit period on sales is 60 days

No interest is charged on Trade Receivables for delay in payment beyond credit period from the due date of the Invoice.

**Notes to financial statements for the year ended 31st, March 2018 (Contd...)**

(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)

The Company has used a practical expedient by computing the expected credit loss allowance for Trade Receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates are given in the provision matrix. The provision matrix at the end of the Reporting Period is as follows :

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Before accepting any new customer, the company uses an external credit scoring system and other potential information to assess the customer credit quality and defines credit limit. The limit and scoring attributable to customer are reviewed periodically.

**Expected credit loss**

Ageing:	As at 31st March, 2018
With credit period	0.00%
Upto 60 days past due	0.25%
61-90 days past due	0.50%
91-180 days past due	0.75%
more than 180 days past due	1.00%

**Ageing of receivables**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
With credit period	2,937.74	1,198.33	2,332.73
Upto 60 days past due	1,251.36	508.10	989.86
61-90 days past due	544.33	236.17	975.90
91-180 days past due	387.90	223.24	561.20
more than 180 days past due	599.94	886.63	478.03
<b>Total trade receivables (before impairment allowance)</b>	<b>5,721.27</b>	<b>3,052.46</b>	<b>5,337.70</b>

**Movement in Expected Credit Loss Allowance :**

Particulars	As at 31st March, 2018	As at 31st March, 2017
Balance at beginning of the year	12.99	16.34
Movement in Expected Credit Loss Allowance on trade receivables calculated at lifetime expected credit losses	1.77	(3.35)
<b>Balance at end of the year</b>	<b>14.76</b>	<b>12.99</b>



**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***NOTE 8(ii): Cash and Cash Equivalents**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Balances with banks in : Current Account	295.75	896.19	56.80
Cash on hand	2.12	11.35	10.83
<b>Total</b>	<b>297.87</b>	<b>907.54</b>	<b>67.63</b>

**NOTE 8(iii): Bank Balances other than Cash and Cash Equivalents**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
LC-Margin deposit with bank	557.46	493.49	461.91
Balances with banks in Current Account earmarked for dividend	102.25	74.48	46.73
<b>Total</b>	<b>659.71</b>	<b>567.97</b>	<b>508.64</b>

**NOTE 8(iv): LOANS**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Loans / advances to Employees	125.03	89.07	72.49
<b>Total</b>	<b>125.03</b>	<b>89.07</b>	<b>72.49</b>

**NOTE 8(v): Other Financial Assets**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Other deposits	14.53	14.36	16.11
Insurance claim receivable	-	-	131.27
<b>Total</b>	<b>14.53</b>	<b>14.36</b>	<b>147.38</b>

**NOTE 9: Other Current Assets**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Brokerage receivable and tax advances	1,719.29	1,043.52	1,232.15
Advance to related parties	673.14	1,259.90	436.20
Advance to Suppliers	1,171.95	-	0.32
Prepaid Insurance and other Expenses	35.55	37.90	38.87
Export incentives receivable-DEPB, FMS and Target plus.	368.09	125.38	153.79
Short term advances	239.12	277.35	403.49
<b>Total</b>	<b>4,207.14</b>	<b>2,744.05</b>	<b>2,264.82</b>

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***NOTE 10: EQUITY SHARE CAPITAL AND OTHER EQUITY****10(i) Equity share capital**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>(a) Authorised Share Capital :</b> 4,90,00,000 Equity shares of Rs.10/- each (as at 31st March 2017 4,90,00,000 Equity shares of Rs.10/- each) (as at 1st April 2016 4,90,00,000 Equity shares of Rs.10/- each)	4,900.00	4,900.00	4,900.00
<b>(b) Issued:</b> 1,63,06,580 Equity shares of Rs.10/- each issued (as at 31st March 2017 1,54,91,251 Equity shares of Rs.10/- each issued (as at 31st March 2018 1,47,16,689 Equity shares of Rs.10/- each issued	1,630.66	1,549.13	1,471.67
<b>(c) Subscribed and fully paid</b> 1,63,06,580 Equity shares of Rs.10/- each fully paid (as at 31st March 2017 1,54,91,251 Equity shares of Rs.10/- each issued (as at 31st March 2018 1,47,16,689 Equity shares of Rs.10/- each issued	1,630.66	1,549.13	1,471.67
<b>Total</b>	<b>1,630.66</b>	<b>1,549.13</b>	<b>1,471.67</b>

**Reconciliation of the number of equity shares outstanding**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>At the beginning of the year</b>	154.92	147.17	147.17
Add: Issued during the year	8.15	7.75	-
<b>At the end of the year</b>	<b>163.07</b>	<b>154.92</b>	<b>147.17</b>

**Terms/ rights attached to equity shares**

The company has only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***Note 10 (i): Equity share capital and other equity (Contd..)****Details of shareholders holding more than 5% shares in the company**

Name of the shareholder	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
Gowri Gopal Hospitals Pvt Ltd	3,289,519	20.17%	2,931,854	18.93%	2,594,573	17.77%
Sree Rayalaseema Galaxy Projects Pvt Ltd	1,513,989	9.28%	1,513,989	9.77%	1,513,989	10.29%
TGV Projects and Investments Pvt Ltd	2,014,958	12.36%	1,657,294	10.70%	1,320,013	8.97%

As per records of the Company including its register of share holders/members and other declarations received from share holders regarding beneficial interest, the above share holding represents legal ownership of shares as at balance sheet date.

The Company declares and pays dividend in indian rupees. In the meeting held on 30th May 2018, the board had recommended a dividend as provided in the accounts is subject to approval of members at the ensuing Annual General Meeting, The Company had four wholly owned Subsidiaries which ceased to be subsidiaries from 29th August, 2016.

The Company has issued 24,48,132 convertible warrants in 2017 of which 8,15,329 warrants were converted into equity shares on 26th March, 2018 and 8,58,241 warrants will be converted on or before 30th September, 2018. As per terms of preferential allotment the outstanding 8,58,241 warrants be fully convertible into equal number of shares.

On 30th May, 2018 the Board of directors have proposed a dividend of Rs.2/- (Two) per equity share in respect of the year ended 31st March, 2018 subject to approval of the shareholders in the Annual General Meeting. If approved, dividend would be paid to shareholders on the record date resulting in a cash out flow of Rs.392.53 Lakhs inclusive of dividend distribution tax of Rs.66.40 Lakhs

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***10(ii) OTHER EQUITY**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Securities premium (i) as below	2,269.71	1,550.67	867.58
Retained earnings (ii) as below	18,893.97	15,513.20	14,033.32
Other reserve (iii) as below	2,762.75	2,762.75	2,670.96
Reserve for other comprehensive income items (iv) as below	6,030.91	1,962.62	1,216.82
Money received and outstanding against share warrants (v) as below	210.68	410.82	-
<b>Total</b>	<b>30,168.02</b>	<b>22,200.06</b>	<b>18,788.68</b>

**Reserves and Surplus****(i) Securities premium Reserve**

Particulars	As at 31st March, 2018	As at 31st March, 2017
Balance at the beginning of the year	1,550.67	867.58
Add: Addition on preferential issue during the year	719.04	683.09
<b>Closing balance</b>	<b>2,269.71</b>	<b>1,550.67</b>

**(ii) Retained earnings**

Particulars	As at 31st March, 2018	As at 31st March, 2017
Balance at the beginning of the year	15513.20	14033.32
Net profit for the period	3660.63	1837.55
Payment of dividend and dividend distribution tax	(279.86)	(265.88)
Transfer to General Reserve	-	(91.79)
<b>Closing balance</b>	<b>18893.97</b>	<b>15513.20</b>

**(iii) Other reserves****General Reserve**

Particulars	As at 31st March, 2018	As at 31st March, 2017
Balance at the beginning of the year	334.08	242.29
Add: Transfer from surplus in statement of profit & loss	-	91.79
<b>Closing balance</b>	<b>334.08</b>	<b>334.08</b>

**Amalgamation reserve**

Particulars	As at 31st March, 2018	As at 31st March, 2017
Balance at the beginning of the year	2,428.67	2,428.67
Add: Additions	-	-
<b>Closing balance</b>	<b>2,428.67</b>	<b>2,428.67</b>

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***10(ii) Other Equity (Continued)**

Particulars	As at 31st March, 2018	As at 31st March, 2017
<b>(iv) Reserve for other comprehensive income items</b>		
<b>Change in fair value of FVOCI - equity &amp; preference instruments (Net of taxes)</b>		
Balance at the beginning of the year	1,968.67	1,216.82
Net gains/(losses) on FVTOCI securities during the year	4,063.97	751.86
<b>Closing balance</b>	<b>6,032.64</b>	<b>1,968.68</b>
<b>Other Comprehensive income arising from actuarial gain/loss on defined benefit obligation (Net of taxes)</b>		
Balance at the beginning of the year	(6.05)	-
Gains/(losses) on arising from actuarial gain/loss on gratuity	4.32	(6.05)
<b>Closing balance</b>	<b>(1.73)</b>	<b>(6.05)</b>
<b>(v) Money received against share warrants</b>		
<b>Particulars</b>	<b>As at 31st March, 2018</b>	<b>As at 31st March, 2017</b>
Balance at the beginning of the year	410.82	-
Money received against share warrants	800.57	1171.36
Money used for allotting of Shares issued during the year	(1000.71)	(760.54)
<b>Closing balance</b>	<b>210.68</b>	<b>410.82</b>

**Nature and purpose of other reserves****Securities premium reserve**

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

**General Reserve**

The General Reserve is used from time to time to transfer profits from Retained Earnings for appropriation purpose. As General Reserve is created by a transfer from one component of Equity to another and is not an item of other comprehensive income, items included in the General Reserve will not be reclassified subsequently to profit or loss.

**FVTOCI intruments**

The Company has elected to recognise changes in the fair value of certain investments in equity and preference securities in other comprehensive income. These changes are accumulated within the FVTOCI investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant securities are derecognised.

**Money received against warrants**

The above amounts were received at 25% upfront for the share warrants issued pending conversion on or before 30th September, 2018 on payment of balance 75% of issue price.


**Notes to financial statements for the year ended 31st March, 2018 (Contd...)**
*(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)*
**NOTE 11(i): Borrowings**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Non-current borrowings</b>			
<b>Secured</b>			
<b>Term Loans</b>			
From banks	1,985.52	1,849.39	2,311.31
For vehicles from bank	183.76	173.99	165.92
<b>Total</b>	<b>2,169.28</b>	<b>2,023.38</b>	<b>2,477.24</b>
<b>Current borrowings</b>			
<b>Secured</b>			
Working capital demand loans	4,792.37	2,944.08	4,611.88
<b>Total</b>	<b>4,792.37</b>	<b>2,944.08</b>	<b>4,611.88</b>

There is no default as at 31st March, 2018, 31st March 2017, 31st March 2016 in repayment of loans and interest payments on Banks.

**Terms of Repayment**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>A. Term Loans</b>			
(a) Monthly EMI of 39,50,000/- payable up to Feb, 2020, ROI @ MCLR + 3.75 % (spread)	1457.56	2043.47	2528.93
(b) Monthly EMI of 4,59,630/- payable up to Mar, 2020, ROI @ 11%	98.61	140.39	177.83
(c) Monthly EMI of 74,460/- payable up to Oct, 2019, ROI @ 12%	12.83	19.76	25.92
(d) Monthly EMI of 53,860/- payable up to sep, 2019, ROI @ 12%	8.83	13.90	18.40
(e) Monthly EMI of 456,215/- payable up to sep, 2019, ROI @ 12%	74.81	117.73	155.83
(f) Monthly EMI of 64,812/- payable up to may, 2016 ROI @ 12%	0.00	0.00	1.28
(g) Monthly EMI of 17,28,224/- payable up to Jun, 2022, ROI @ 8.35%	708.54	0.00	0.00
(h) Monthly EMI of 8,30,060/- payable up to Sep, 2024, ROI @ 8.35%	474.67	0.00	0.00
<b>B. Vehicle Loans</b>			
(a) Monthly EMI of 65,420/- payable up to nov, 2017 ROI @ 9.60%	0.00	5.02	11.90
(b) Monthly EMI of 77,258/- payable up to Feb, 2021, ROI @ 9.60%	22.52	28.71	33.88
(c) Monthly EMI of 2,00,520/- payable up to Jul, 2021, ROI @ 9.36%	68.68	85.45	95.00
(d) Monthly EMI of 20,580/- payable up to Apr, 2020, ROI @ 10.25%	4.62	6.51	8.21
(e) Monthly EMI of 17,951/- payable up to Aug, 2021, ROI @ 10.25%	4.73	6.31	7.74
(f) Monthly EMI of 21,021/- payable up to Sep, 2021, ROI @ 10.25%	5.70	7.54	9.19
(g) Monthly EMI of 2,45,211/- payable up to Feb, 2020, ROI @ 12%	51.11	74.14	0.00
(h) Monthly EMI of 1,07,760/- payable up to Jun, 2020, ROI @ 8.50%	26.40	0.00	0.00

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***Security**

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

**NOTE 11(ii): Other Non-Current Financial Liabilities**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Security deposits from customers	126.24	126.24	215.99
<b>Total</b>	<b>126.24</b>	<b>126.24</b>	<b>215.99</b>

**NOTE 11(iii): Trade Payables**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Trade payables*	2,285.87	3,469.69	2,706.83
<b>Total</b>	<b>2,285.87</b>	<b>3,469.69</b>	<b>2,706.83</b>

\*(Refer Notes 33 for details of Dues to Micro, Small & Medium Enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act").

**NOTE 11(iv): Other Financial Liabilities**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Current maturities of long term debt*</b>			
<b>Secured</b>			
From Banks	850.34	525.57	1,197.56
<b>UnSecured</b>			
<b>Others</b>			
Trade payables for capital assets	95.19	95.19	95.19
Unpaid dividend	102.25	46.65	46.73
Security deposits - others	70.88	58.82	50.41
Dealers commission payable	60.67	37.45	25.06
Overseas commission	161.85	19.91	30.93
Payable towards services availed	520.31	272.58	374.49
Others	5.41	7.45	47.78
<b>Total</b>	<b>1,866.90</b>	<b>1,063.62</b>	<b>1,868.15</b>

\*Represents repayments falling due in next twelve months.

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***NOTE 12: Deferred Tax Liability**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
The balance comprises temporary differences attributable to:			
<b>Deferred tax liabilities</b>			
Property, plant and equipment	1,544.97	1,563.52	1,954.44
Borrowing costs measured at amortised cost	-	-	6.14
Provision for Expected Credit Loss (ECL)	-	1.16	-
Unwinding of interest on assets discounted	0.77	5.02	-
Deferred government grant	4.06	-	-
Provision for gratuity	2.28	-	-
<b>Less:</b>			
<b>Deferred tax assets</b>			
Borrowing costs measured at amortised cost	(1.08)	(2.27)	-
Provision for Expected Credit Loss (ECL)	(0.61)	-	(5.66)
Provision for gratuity	-	(3.20)	-
<b>Net deferred tax liability</b>	<b>1,550.39</b>	<b>1,564.23</b>	<b>1,954.92</b>

**Reconciliation of net deferred tax liabilities**

Particulars	As at 31st March, 2018	As at 31st March, 2017
Opening balance as at the beginning of the year	1,564.22	1,954.92
Recognised in Statement of profit and loss during the period	(16.13)	(387.50)
Recognised in Other comprehensive income during the period	2.28	(3.20)
<b>Closing balance as at end of the year</b>	<b>1,550.37</b>	<b>1,564.22</b>

**NOTE 13: Government Grants**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Capital subsidy	113.94	-	-
<b>Closing balance</b>	<b>113.94</b>	<b>-</b>	<b>-</b>

**NOTE 14: Other Current Liabilities**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Advances from customers	1,425.26	-	558.25
Statutory Dues towards:			
GST, TDS etc	133.68	135.61	94.31
<b>Total</b>	<b>1,558.94</b>	<b>135.61</b>	<b>652.56</b>



**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***NOTE 15: (i) Long-Term Provisions**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Provision for Gratuity	81.23	68.91	59.01
<b>Total</b>	<b>81.23</b>	<b>68.91</b>	<b>59.01</b>

**NOTE 15: (ii) Short-Term Provisions**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Employee benefits	85.08	54.09	47.79
<b>Total</b>	<b>85.08</b>	<b>54.09</b>	<b>47.79</b>

**NOTE 16: Current Tax Liability/(Asset) (Net)**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Current tax liability</b>			
Provision for income tax	1,918.52	1,180.74	2,030.02
<b>Current tax asset</b>			
Tax deducted at source & Advance tax	(1,580.98)	(1,317.52)	(1,617.06)
<b>Closing balance liability/(asset) (Net)</b>	<b>337.54</b>	<b>(136.78)</b>	<b>412.96</b>

**NOTE 17: Revenue from Operations**

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Sale of Manufactured Products (Net of Returns / Reversals)	40909.57	32353.98
Excise duty	441.14	2,451.47
Trading sales	10,978.60	1,333.94
Sale of Energy	2,732.44	2,541.74
Other operating revenue		
Sale of Scrap	91.88	57.88
Export Incentives	393.01	360.85
<b>Total</b>	<b>55,546.64</b>	<b>39,099.86</b>

**NOTE 18: Other Income**

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Insurance claim received	208.30	-
Net gains/(losses) on FVTPL equity securities	36.57	-
Interest on Bank and other deposits from customers	32.96	36.13
Lease Rent Receipts	18.96	38.86
Unwinding of interest on assets discounted	15.70	14.52
Net gain/loss on sale of investments	-	0.10
Deferred govt grant income	6.00	-
Other non operating Incomes	27.66	67.23
<b>Total</b>	<b>346.15</b>	<b>156.84</b>

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***NOTE 19(i): Cost of Materials Consumed**

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Consumption of raw materials	24,200.79	17,893.90
Consumption of stores,spares,Chemicals & Packing Materials	4,642.93	2,636.45
<b>Total</b>	<b>28,843.72</b>	<b>20,530.35</b>

**NOTE 19(ii): Purchase of Stock-in-Trade**

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Purchase of stock-in-trade	11,274.98	1,252.13
<b>Total</b>	<b>11,274.98</b>	<b>1,252.13</b>

Note : During the year trading in coal was made for the full year, compare to trading for part period in previous year hence there is large increase in purchase of traded goods and accretion inventories

**NOTE 19(iii): Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade**

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
<b>Closing Stock</b>		
Finished Goods	1,756.78	814.83
Stock-in-process	125.81	237.88
<b>Total Closing Stock (a)</b>	<b>1,882.59</b>	<b>1,052.71</b>
<b>Opening Stock</b>		
Finished goods	814.83	842.40
Stock-in-process	237.88	178.17
<b>Total Opening Stock (b)</b>	<b>1,052.71</b>	<b>1,020.57</b>
<b>Total changes in inventories of work-in-progress, stock-in-trade and finished goods (a-b)</b>	<b>829.88</b>	<b>32.14</b>

**NOTE 20: Employee Benefit Expense**

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Salaries, Wages,Bonus and Allowances	1,495.56	1,316.23
Contribution to ESI & Provident Fund	65.72	55.64
Staff Welfare expenses	344.45	206.64
<b>Total</b>	<b>1,905.73</b>	<b>1,578.51</b>

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***NOTE 21: Finance Cost**

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Interest expenses		
On Term loans	168.00	338.19
On Working capital Loans/Cash credits	251.19	135.15
On Others	280.80	165.46
<b>Total</b>	<b>699.99</b>	<b>638.80</b>

**NOTE 22: Other Expenses**

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Repairs and Maintenance to :		
a) Buildings	787.25	650.56
b) Plant & Machinery	946.44	879.84
c) Others	123.64	118.92
Insurance	136.03	124.12
Rents	213.27	206.11
Travelling and conveyance	88.24	151.85
Printing and stationery	16.81	18.67
Postage Telegrams and Telephones	34.71	48.62
Freight outward & Incidental Expenses	4,293.08	3,226.83
Commission on sales	381.39	212.25
Advertisement	10.49	8.17
Fee and Expenses	117.28	85.22
Statutory Auditors fees & Expenses		
Statutory audit fees	2.00	2.00
Out of pocket expenses	0.52	0.43
Tax audit fees	-	1.00
Tax Audit Fee	1.00	-
Cost audit fees	0.50	0.50
Secraterial audit fees	0.60	0.60
Bank Charges	207.12	174.24
Security & other Service Charges	608.46	602.35
Legal Expenses	23.55	23.23
Power and Fuel	31.46	469.95
Other Expenses	897.98	812.95
Donations	1.85	6.05
Directors sitting fee	1.62	0.98
Expected Credit Loss allowance	1.77	(3.35)
Amortization of prepaid lease expense	13.48	13.48
Shortages and Price differences	497.91	617.66
Other Selling expenses	99.71	83.82
<b>Total</b>	<b>9,538.16</b>	<b>8,537.05</b>

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***NOTE 23: Tax Expenses**

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
<b>a) Income tax expense</b>		
Current tax on profits for the year	789.38	543.42
Earlier year tax adjustment	-	34.68
MAT credit entitlement	(732.54)	(576.88)
<b>Total current tax expenses</b>	<b>56.85</b>	<b>1.21</b>
<b>b) Deferred tax</b>		
Decrease/(Increase) in deferred tax assets	3.78	0.18
(Decrease)/Increase in deferred tax liabilities	(17.63)	(390.88)
<b>Total Deferred tax expense/(benefit)</b>	<b>(13.84)</b>	<b>(390.70)</b>
<b>Recognised in Other comprehensive income</b>	<b>2.28</b>	<b>(3.20)</b>
<b>Income tax expenses</b>	<b>40.72</b>	<b>(386.29)</b>

During the Current Year, the Tax Liability under normal Provisions of the Income Tax Act, 1961 is less than the Tax Liability under MAT Provisions of Income Tax Act, 1961 as detailed below. Hence, the Company is required to pay the tax under MAT Provisions of Income Tax Act, 1961. Accordingly, MAT credit Entitlement reflects the difference between the normal tax and tax under MAT Provisions.

The income tax expense for the year can be reconciled to the accounting profit as follows :

**Tax under normal provision of Income Tax Act, 1961**

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Net profit before taxes		
<b>Increase/decrease in net profit before</b>		
<b>Net profit before taxes</b>	<b>2,152.87</b>	<b>1,835.14</b>
<b>Exceptional items</b>	<b>1,548.48</b>	<b>(383.87)</b>
<b>(A) Total Net profit before taxes</b>	<b>3,701.35</b>	<b>1,451.27</b>
(B) Applicable tax rate under normal provisions	33.063%	34.608%
(C) Tax payable under under provisions as per applicable rate = (A*B)	<b>1,223.78</b>	<b>502.26</b>
<b>(D) Increase/decrease in tax on account of :</b>		
Exempt income	(0.94)	(1.20)
Depreciation as per books	616.98	853.22
Depreciation as per income tax act, 1961	(598.59)	(461.82)
Income considered separately	(511.98)	-
Expenses disallowed	13.58	1.86
Investment allowance	(167.89)	-
Deduction under section 80IA	(513.05)	(349.39)
Ind AS adjustments	(11.01)	(1.51)
<b>Tax as per normal provision under</b>		
<b>Income Tax (C+D)</b>	<b>50.90</b>	<b>543.41</b>

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***Tax under provision of MAT**

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
<b>Net profit before taxes</b>	<b>2,152.87</b>	<b>1,835.14</b>
<b>Exceptional items</b>	<b>1,548.48</b>	<b>(383.87)</b>
<b>(A) Total Net profit before taxes</b>	<b>3,701.35</b>	<b>1,451.27</b>
(B) Applicable tax rate under MAT provisions	21.34%	21.34%
(C) Tax payable under provisions as per applicable rate = (A*B)	789.93	309.72
<b>(D) Increase/decrease in tax on account of :</b>		
Exempt income	(0.60)	(1.20)
1/5 of the transition amount u/s 115JB (2C)	0.06	-
<b>Tax as per MAT provisions under Income Tax (C+D)</b>	<b>789.38</b>	<b>308.52</b>
<b>Income tax expense recognised in statement of profit and loss at effective rate of 21.33% (31 March, 2017:37.44%)(Tax as per normal provisions or Tax as per MAT provisions whichever is higher)</b>	<b>789.38</b>	<b>543.42</b>

**NOTE 24: Other Comprehensive Income (OCI)**

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Re-measurement gains/(losses) on defined benefit plan	6.60	(9.25)
Tax effect on gains/(losses) on defined benefit plan	(2.28)	3.20
Net gains/(losses) on FVTOCI equity securities	6,214.79	1,149.77
Tax effect on FVTOCI equity securities	(2,150.81)	(397.91)
<b>Total</b>	<b>4,068.29</b>	<b>745.81</b>

**NOTE 25: Earning Per Share (EPS)**

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
<b>Basic Earning per Share</b>		
Net Profit After Tax available for Equity Shareholders	3,660.63	1,837.55
Weighted Average Number of Equity Shares of Rs.10/- each	163.07	154.91
Basic Earning per Share	22.45	11.86
<b>Diluted Earning per Share</b>		
Weighted Average Number of Equity Shares of Rs.10/- each	171.65	171.65
Diluted Earning per Share	21.33	10.71

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***26. Employee Benefits:****A) Defined Contribution Plans**

Employers contribution to provident fund and Employees state insurance are recognized as expenditure in statement of profit and loss account, as they are incurred. There are no other obligation other than the contribution payable to aforesaid respective Trust/ Government Authorities

**B) Defined Benefit Plan**

The Company's obligation towards the Gratuity Fund is a defined benefit plan and is funded with Life Insurance Corporation of India. The following table sets out the funded status of the defined benefits scheme and the amount recognised in financial statements as per Actuarial Valuation:

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017	Year Ended 31st March, 2016
<b>1. Changes in present value of Obligations</b>			
Present value at the beginning of the year	168.35	148.46	126.47
Interest cost	13.03	11.89	10.12
Current Service	15.27	12.15	10.44
CostPSC - Vested	15.90	0.00	0.00
Benefits paid	(6.31)	(5.61)	(10.15)
Actuarial (gain)/loss on obligations	(6.72)	1.46	(3.86)
Present value at the end of the year	199.52	168.35	148.46
<b>2. Changes in fair value of planned assets</b>			
Fair value of plan assets at the beginning of the year	99.43	89.45	80.82
Expected return on plan assets	8.06	7.78	7.59
Contributions	17.34	15.59	12.28
Benefits paid	(6.31)	(5.61)	(10.51)
Actuarial (gain)/loss on planned assets	(0.12)	(7.78)	(0.73)
Fair value of plan assets at the end of the year	118.40	99.43	89.45
<b>3. Amount recognized in the balance sheet*</b>			
Present value of obligations as at the end of year	199.52	168.35	148.46
Fair value of plan assets as at the end of year	(118.40)	(99.43)	(89.45)
Net asset/(liability) recognized in balance sheet	81.12	68.92	59.01
<b>4. Expenses recognized in Statement of Profit and Loss</b>			
Current service cost	15.27	12.15	10.44
Interest cost	13.03	11.89	10.12
Expected return on plan assets	(8.06)	(7.78)	(7.59)
Total Actuarial Gain/Loss.	(6.60)	9.25	11.2
PSC – Non vested	15.90	0.00	20.00
<b>5. Amount recognised in Other Comprehensive Income*</b>			
Actuarial (gain)/ loss on obligations	6.72	7.57	-
Actuarial (gain)/loss - plan assets	(0.12)	1.68	-
Actuarial (gain)/loss recognized in the year	6.60	9.25	-

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***27. Contingent Liabilities and Commitments:**

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017	Year Ended 31st March, 2016
<b>Contingent Liabilities</b>			
a) Claims against company not acknowledged as debts	203.71	188.41	428.38
b) Guarantees issued by banks on behalf of the company and outstanding at end of the year	88.24	98.09	314.89
<b>Commitments :</b>			
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	0.00	0.00	0.00
b) Uncalled liability on shares and other investments partly paid	0.005	0.005	0.005
<b>Other commitments</b>			
a) Consumers cheques/bills discounted with Banks	330.86	430.25	14.79
b) Unexpired Letters of Credit established by the Company	5034.39	2646.42	1451.57

**Operating lease:**

The Company has taken a portion of factory land, office premises and movable assets (hydrogen cylinders) on operating lease. And the company has given a portion of land, hatchery unit on operating lease. The expenses on such lease rentals recognized in the statement of profit and loss for the year ended 31st March, 2018 are given hereunder.

**A. The total future commitments on Lease Payments are detailed hereunder:**

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017	Year Ended 31st March, 2016
(i) Not later than one year	232.10	163.95	143.02
(ii) Later than one year and not later than five years	928.40	655.80	535.17
(iii) Later than five years	0.00	0.00	0.00

**B. The total future Receivables on Lease Receipts are detailed hereunder:**

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017	Year Ended 31st March, 2016
(i) Not later than one year	19.20	14.70	35.03
(ii) Later than one year and not later than five years	76.80	11.70	6.12
(iii) Later than five years	0.00	0.00	0.00

C. Lease Payments recognized in the Profit and Loss Account is Rs.204.57 Lakhs during the year 2017-18.

D. Lease Receipts recognized in the Profit and Loss Account is Rs.14.82 Lakhs during the year 2017-18.

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***28. Segment Reporting:**

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
<b>Segment Revenue</b>		
a) Chemicals	52,852.08	36,665.10
b) Power generation	7,354.38	5,703.16
c) unallocated	346.15	38.51
<b>TOTAL</b>	<b>60,552.60</b>	<b>42,406.77</b>
Less: Inter segment revenue	4,659.82	3,150.07
<b>Net Sales/Income from Operations</b>	<b>55,892.79</b>	<b>39,256.70</b>
<b>Segment Results Profit/(Loss) Before tax and interest:</b>		
a) Chemicals	3,060.82	1,235.09
b) Power generation	994.38	816.47
c) unallocated	346.15	38.51
<b>TOTAL</b>	<b>4,401.35</b>	<b>2,090.07</b>
Less: I) a) Interest Expenses	(699.99)	(638.80)
<b>Total Profit before Tax</b>	<b>3,701.35</b>	<b>1,451.27</b>
<b>Segment Assets</b>		
a) Chemicals	27,833.43	19,540.32
b) Power generation	8,259.73	9,726.63
c) Others	10,673.30	5,932.08
<b>TOTAL</b>	<b>46,766.46</b>	<b>35,199.03</b>
<b>Segment Liabilities</b>		
a) Chemicals	11,822.27	7,560.01
b) Power generation	1,595.13	2,325.61
c) Others	1,550.38	1,564.22
<b>TOTAL</b>	<b>14,967.78</b>	<b>11,449.84</b>



**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***Note No. 29. Related Party Disclosures**

As required under Ind As 24, Related Party Disclosures, the following are the related parties identified, transactions with such related parties during the year ended 31st March, 2018 and the balances as on that date are given below:

**Related party Transactions:**

1.	Related Parties	Transactions during the year
1.1	<b>Person has control or significant influence on the Company</b> Sri T G Bharath	Yes
1.2	<b>Close members of family of T G Bharath</b>	
	Sri T G Venkatesh – Father	Yes
	Smt T G Rajyalakshmi – Mother	No
	Smt T G Shilpa Bharath – Wife	No
	Smt Jyothsna S Mysore – Sister	No
	Smt Boda Mourya - Sister	No
1.3	<b>Entities controlled by T G Bharath and close members of his family</b>	
	TGV SRAAC Limited	Yes
	T G V Projects & Investments Private Limited	Yes
	Sree Rayalaseema Galaxy Projects Private Limited	Yes
	Gowri Gopal Hospitals Private Limited	Yes
	Brilliant Bio-Pharma Private Limited	No
	Brilliant Industries Private Limited	No
	Sree Guru Raghavendra Film Exhibitors Private Limited	No
	T G V Securities Private Limited	No
	Vibhu Cement Private Limited	No
	Sree Maruthi Agrotech Private Limited	No
	Nectar Laboratories Private Limited	No
	Sree Maruthi Marine Industries Limited	No
	Sree Rayalaseema Dutch Kassenbouw Private Limited	No
	GGICU LLP	No
1.4	<b>Key Managerial Personnel</b>	
	Sri T G Bharath – CMD ( Relations as per 1.2 above)	Yes
	Smt V Surekha – Company Secretary	Yes
	Sri Shaik Iftekhar Ahmed – Chief Financial Officer	Yes

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***Note No. 29. Related Party Disclosures (Contd...)****a. Transactions during the year :**

Particulars	1.1	1.2	1.3	1.4
Purchase of tangible or intangible assets	Nil	Nil	Nil	Nil
Purchase / subscriptions in investments	Nil	Nil	Nil	Nil
Sale / redemption of investments	Nil	Nil	Nil	Nil
Net loans and advances given / received	Nil	Nil	Nil	Nil
Revenue from operations	Nil	Nil	5,319.19	Nil
Other income	Nil	Nil	Nil	Nil
Purchase of raw material / Material consumed	Nil	Nil	10,983.65	Nil
Electricity sale/ supply /fuel/water	Nil	Nil	Nil	Nil
Hire charges	Nil	Nil	Nil	Nil
Employee benefits	240.71	Nil	Nil	254.25
Sales and distribution	Nil	Nil	Nil	Nil
Rent	3.00	13.07	175.72	Nil
Professional Fee	Nil	Nil	Nil	Nil
Donations	Nil	Nil	Nil	Nil
Fuel Costs	Nil	Nil	Nil	Nil
Services Received	Nil	109.00	456.40	Nil
Rental Deposit	30.00	Nil	Nil	Nil

**b. Outstanding balances****(Rs.in.Lakhs)**

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
Other Current Assets - Advances to Related Parties	673.14	1259.90	436.20
Other Current Financial Liability	48.15	119.90	168.19
Other Non Current Assets	9.11	9.11	9.11
Trade Payables	6.90	14.01	5.58
Trade Receivables	128.36	130.02	0.00
Vehicle Loans	0.54	1.02	1.50
Rental Deposit to Key Managerial Personnel (KMP) and Relative of KMP	50.00	20.00	20.00

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***Note No. 29. Related Party Disclosures (Contd...)****c) Summary of transactions with the above related parties is as follows :****Enterprises where significant influence of key managerial personnel or their relatives exists:**

Name of the party	Nature of Transaction	For the year ended 31.03.18	For the year ended 31.03.17	For the year ended 31.03.16
TGV SRAAC Ltd	Purchases Sales Lease Rentals	10,964.85 5,215.01 4.69	7,846.81 2,548.04 03.89	6,899.27 564.01 3.39
Gowri Gopal Hospitals Pvt Limited	Purchases Sales Lease Rentals Services Received	1.74 3.47 16.14 4.11	1.75 1.47 18.48 6.36	2.28 4.23 16.14 1.78
TGV Projects and Investments Pvt Ltd.,	Purchases Sales Lease Rentals Services Received	0.00 1.15 154.89 89.43	0.00 0.99 166.98 122.81	0.019 0.393 119.45 129.32
Sree Rayalaseema Galaxy Projects Ltd.,	Purchases Sales Services Received	17.06 99.56 362.86	19.72 95.71 380.38	66.30 96.99 410.21
Shri TG Venkatesh,	Rent paid Services Received	13.07 109.00	12.92 125.35	9.00 0.00
Shri. TG BHARATH, Chairman and Managing Director	Remuneration Employers Contribution to P.F.	240.00 0.71	191.47 0.71	120.00 0.71
Smt. V. Surekha Company Secretary	Remuneration Employers Contribution to P.F.	6.43 0.20	6.04 0.19	5.81 0.18
Sri S Ifthekhar Ahmed Chief Financial Officer	Remuneration Employers Contribution to P.F.	6.76 0.15	4.92 0.14	4.99 0.12

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***Note 30: Capital Management & Risk management****Capital management**

The Company being in a capital intensive industry, its objective is to maintain a strong credit rating healthy capital ratios and establish a capital structure that would maximise the return to stakeholders through optimum mix of debt and equity. The Company's capital requirement is mainly to fund its capacity expansion, repayment of principal and interest on its borrowings. The principal source of funding of the Company has been, and is expected to continue to be, cash generated from its operations supplemented by funding from bank borrowings. The Company is not subject to any externally imposed capital requirements. The Company regularly considers other financing and refinancing opportunities to diversify its debt profile, reduce interest cost and align maturity profile of its debt commensurate with life of the assets, and closely monitors its judicious allocation amongst competing capital expansion projects to capture market opportunities at minimum risk.

**Gearing ratio**

The Company monitors its capital using gearing ratio as given below:

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Total Debt*</b>	<b>3,019.61</b>	<b>2,548.94</b>	<b>3,674.80</b>
Equity share capital	1,630.66	1,549.13	1,471.67
Other equity	30,168.02	22,200.07	18,788.68
<b>Total equity</b>	<b>31,798.68</b>	<b>23,749.19</b>	<b>20,260.35</b>
<b>Total debt to Total equity ratio</b>	<b>0.09</b>	<b>0.11</b>	<b>0.18</b>

\*Total Debt is defined as secured long-term including current maturities of borrowings.

**Financial risk management and objectives and policies**

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact in the financial statements.

A Special Team with Senior Executives having exposure in various fields has been formed to assist Chief Financial Officer (CFO) in :

(a) Overseeing and approving the Company's enterprise wide risk management framework, and

(b) Overseeing that all the risks that the organisation faces such as market risk (including currency risk, interest rate risk and other price risk), Credit risk and liquidity risk have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks. The CFO, monitors and reports on the principal risks and uncertainties that can impact the company and its ability to achieve strategic objectives. The Company's management systems, organisational structures, processes, standards, code of conduct and behaviors together form the Management and business of the Company.

**A. Market risk**

The Company is exposed to market risk through changes in foreign currency exchange rates and changes in interest rates. Financial assets/liabilities affected by this risk are borrowings, letter of credits and trade receivables.

The Company's investments in equity securities are susceptible to price risk arising from uncertainties about future value of the investment securities. The Company's non-current investment in equity shares are strategic investments and hence are considered as Fair Value through Other Comprehensive Income. The company's Board of Directors reviews and approves all equity investment decisions.

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)**

(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)

**Foreign Currency risk management**

The Company operates internationally and is exposed to foreign currency risk arising from foreign currency transactions, primarily with respect to the US\$. Foreign exchange risk arises from import as well as exports of goods. The risk is measured through a forecast of highly probable foreign currency cash flows.

The special team as mentioned above analysis the options for hedging. Based on the analysis the management takes decision regarding hedging of foreign currency exposures. Currently, the Company has not hedged any of the foreign currency transactions in the view of the natural hedging. The natural hedging is sufficient to manage the current foreign currency risk management.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are restated at the end of each reporting period. The same at the end of the reporting period are as follows :

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	Currency	Amount in FC	Currency	Amount in FC	Currency	Amount in FC
Receivables for export	USD	19.78	USD	10.00	USD	12.06
Payables for imports	USD	5.31	USD	3.34	USD	2.39

**Foreign Currency Sensitivity Analysis**

The Company is mainly exposed to US Dollar.

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

	As at 31st March, 2018	As at 31st March, 2017
<b>Impact on profit before tax</b>		
<b>USD Sensitivity</b>		
Impact due to increase by 5%	46.67	21.55
Impact due to decrease by 5%	(46.67)	(21.55)

**Interest Rate Risk Management**

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating base interest rates. Based on the interest rate sensitivity the Company decides on the management of interest rate risk. The Company manages by having a balanced portfolio of variable and fixed interest rate borrowings.

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***Interest Rate Sensitivity:**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating base rate borrowings, as follows:

	As at 31st March, 2018	As at 31st March, 2017
	<b>Impact on profit before tax</b>	
<b>Increase/decrease in base points</b>		
50 base points higher	(2.74)	(1.22)
50 base points lower	2.74	1.22

**B. Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is operating through network of dealers based at different locations. Regular monitoring of the receivables is undertaken by the Marketing Department and in case the limits are exceeded, steps will be taken by the Marketing departments and after discussing with the management the Company will decide whether to stop or not further supplies to the concerned dealer till the amount outstanding is recovered. For the export made by the Company, the sales are backed by letters of credit or advance receipts. The internal risk management committee of the Company meets regularly to discuss the dealers and credit risks, measures taken to address them and the status and level of risk after the measures taken. Export sales are fully secured through letters of credit or against advance receipts. (refer Note No.8(a) for Trade Receivables outstanding).

**C. Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company maintains flexibility in funding by maintaining availability under committed credit lines.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***(i) Financing arrangements**

The table below provides details regarding the remaining contractual maturities of financial liabilities as at reporting date

Particulars	On demand	< 1 year	1 - 5 years	5 + years	Total
<b>As at 31st March, 2018</b>					
Bank borrowings	-	-	2,169.28	138.21	2,307.49
Others - Security deposits	126.24	-	-	-	126.24
<b>Total non-current financial liabilities</b>	<b>126.24</b>		<b>2,169.28</b>	<b>138.21</b>	<b>2,433.73</b>
Current borrowings	-	4,792.37	-	-	4,792.37
Trade payables	-	2,285.87	-	-	2,285.87
Other current financial liabilities	-	1,866.90	-	-	1,866.90
<b>Total current financial liabilities</b>	<b>-</b>	<b>8,945.14</b>	<b>-</b>	<b>-</b>	<b>8,945.14</b>
<b>Total</b>	<b>126.24</b>	<b>8,945.14</b>	<b>2,169.28</b>	<b>138.21</b>	<b>11,378.88</b>
<b>As at 31st March, 2017</b>					
Bank borrowings	-	-	2,023.38	-	2,023.38
Others - Security deposits	126.24	-	-	-	126.24
<b>Total non-current financial liabilities</b>	<b>126.24</b>		<b>2,023.38</b>	<b>-</b>	<b>2,149.62</b>
Current borrowings	-	2,944.08	-	-	2,944.08
Trade payables	-	3,469.69	-	-	3,469.69
Other current financial liabilities	-	1,063.62	-	-	1,063.62
<b>Total current financial liabilities</b>	<b>-</b>	<b>7,477.39</b>	<b>-</b>	<b>-</b>	<b>7,477.39</b>
<b>Total</b>	<b>126.24</b>	<b>7,477.39</b>	<b>2,023.38</b>	<b>-</b>	<b>9,627.01</b>
<b>As at 1st April, 2016</b>					
Bank borrowings	-	-	2,477.24	-	2,477.24
Others - Security deposits	215.99	-	-	-	215.99
<b>Total non-current financial liabilities</b>	<b>215.99</b>		<b>2,477.24</b>	<b>-</b>	<b>2,693.23</b>
Current borrowings	-	4,611.88	-	-	4,611.88
Trade payables	-	2,706.83	-	-	2,706.83
Other current financial liabilities	-	1,868.15	-	-	1,868.15
<b>Total current financial liabilities</b>	<b>-</b>	<b>9,186.86</b>	<b>-</b>	<b>-</b>	<b>9,186.86</b>
<b>Total</b>	<b>215.99</b>	<b>9,186.86</b>	<b>2,477.24</b>	<b>-</b>	<b>11,880.09</b>

The following table shows summary of the sources of risk which the entity is exposed to and how the entity manages the risk and the impact in the financial statements:

Exposure arising from	Risk	Measurement	Management
Foreign currency transactions	Market risk - foreign exchange	Cash flow forecasting	Natural hedging
Borrowings with floating interest rates	Market risk - interest rate	Sensitivity analysis	Balanced variable and fixed interest rates
Cash and cash equivalents, trade receivables, financial instruments, financial assets measured at amortised cost.	Credit risk	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit Availability of committed credit lines and borrowing facilities
Borrowings and Financial liabilities	Liquidity risk	Rolling cash flow forecasts	

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***NOTE 31: Fair Value Measurements****a) Financial instruments by category**

The carrying value of financial instruments by categories as of March 31, 2018 is as follows :

Particulars	FVTPL	FVTOCI	Amortised cost	Total
<b>Financial assets</b>				
Investments				
Equity instruments	-	7,945.84	-	7,945.84
Preference shares	-	442.30	-	442.30
Government securities	-	-	0.10	0.10
Mutual funds	2,136.57	-	-	2,136.57
Trade receivables	-	-	5,706.51	5,706.51
Cash and cash equivalents	-	-	297.87	297.87
Bank balances other than				
Cash and cash equivalents	-	-	659.71	659.71
Loans	-	-	125.03	125.03
Other financial assets	-	-	1,005.40	1,005.40
<b>Total Financial assets</b>	<b>2,136.57</b>	<b>8,388.14</b>	<b>7,794.63</b>	<b>18,319.34</b>
<b>Financial liabilities</b>				
Borrowings	-	-	6,961.65	6,961.65
Trade payables	-	-	2,285.87	2,285.87
Other financial liabilities	-	-	1,993.15	1,993.15
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>11,240.67</b>	<b>11,240.67</b>

The carrying value of financial instruments by categories as of March 31, 2017 is as follows:

Particulars	FVTPL	FVTOCI	Amortised cost	Total
<b>Financial assets</b>				
Investments				
Equity instruments	-	3,926.28	-	3,926.28
Preference shares	-	397.89	-	397.89
Government securities	-	-	0.10	0.10
Mutual funds	-	-	-	-
Trade receivables	-	-	3,039.47	3,039.47
Cash and cash equivalents	-	-	907.54	907.54
Bank balances other than				
Cash and cash equivalents	-	-	567.97	567.97
Loans	-	-	89.07	89.07
Other financial assets	-	-	237.25	237.25
<b>Total Financial assets</b>	<b>-</b>	<b>4,324.17</b>	<b>4,841.41</b>	<b>9,165.58</b>
<b>Financial liabilities</b>				
Borrowings	-	-	4,967.46	4,967.46
Trade payables	-	-	3,469.69	3,469.69
Other financial liabilities	-	-	1,189.86	1,189.86
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>9,627.01</b>	<b>9,627.01</b>



**Notes to financial statements for the year ended 31st March, 2018 (Contd...)**

(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)

**The carrying value of financial instruments by categories as of 1st April, 2016 is as follows :**

Particulars	FVTPL	FVTOCI	Amortised cost	Total
<b>Financial assets</b>				
Investments				
Equity instruments	-	2,993.64	-	2,993.64
Preference shares	-	553.93	-	553.93
Government securities	-	-	0.10	0.10
Mutual funds	-	-	-	-
Trade receivables	-	-	5,321.36	5,321.36
Cash and cash equivalents	-	-	67.63	67.63
Bank balances other than				
Cash and cash equivalents	-	-	508.64	508.64
Loans	-	-	72.49	72.49
Other financial assets	-	-	376.15	376.15
<b>Total Financial assets</b>	<b>-</b>	<b>3,547.57</b>	<b>6,346.38</b>	<b>9,893.95</b>
<b>Financial liabilities</b>				
Borrowings	-	-	7,089.12	7,089.12
Trade payables	-	-	2,706.83	2,706.83
Other financial liabilities	-	-	2,084.14	2,084.14
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>11,880.09</b>	<b>11,880.09</b>

**b) Fair value hierarchy**

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31st March 2018:

**Fair value measurement using**

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b>Financial instruments at FVTOCI</b>				
Investment in quoted equity instruments	7,945.84	-	-	7,945.84
Investment in quoted preferential instruments	442.30	-	-	442.30
<b>Financial instruments at FVTPL</b>				
Investment in mutual funds	2,136.57	-	-	2,136.57
<b>Total Financial assets</b>	<b>10,524.72</b>	<b>-</b>	<b>-</b>	<b>10,524.72</b>

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***Quantitative disclosures fair value measurement hierarchy for assets as at 31st March 2017:**

	Fair value measurement using			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b><i>Financial instruments at FVTOCI</i></b>				
Investment in quoted equity instruments	3,926.28	-	-	3,926.28
Investment in quoted preferential instruments	397.89	-	-	397.89
Investment property	-	663.06	-	663.06
<b>Total Financial assets</b>	<b>4,324.17</b>	<b>663.06</b>	<b>-</b>	<b>4,987.24</b>

**Quantitative disclosures fair value measurement hierarchy for assets as at 31st March 2016:**

	Fair value measurement using			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b><i>Financial instruments at FVTOCI</i></b>				
Investment in quoted equity instruments	2,993.64	-	-	2,993.64
Investment in quoted preferential instruments	553.93	-	-	553.93
Investment property	-	663.06	-	663.06
<b>Total Financial assets</b>	<b>3,547.57</b>	<b>663.06</b>	<b>-</b>	<b>4,210.63</b>

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

There are no transfers between levels 1 and 2 during the year.

**32. Income and expenditure in foreign currency and Foreign Currency Exposures earning in foreign currency**

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
i) FOB value of exports	19124.01	15391.40	15461.32

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)**

(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)

**Expenditure in Foreign Currency****(Rs.in.Lakhs)**

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
i) Commission Paid	37.70	118.16	63.37
ii) Freight/Demurrages	2515.88	2,082.31	2,472.15
iii) Machinery and Spares	266.45	119.33	122.43
iv) Advertisement	0.00	10.47	11.40
v) Printing and Stationery	0.60	0.00	0.54
vi) Subscriptions & others	20.67	1.00	1.00

**Value of Imports (Calculated on C.I.F basis):**

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
i) Raw Materials & Coal	6642.19	1,833.69	1,856.01

33. 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 31-03-2018 and remaining unpaid to any Micro, Small and Medium Enterprises is Rs 80.01 and the said amounts are due for less than 45 days as on 31-03-2018. 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, 2013.

**34. Value of Raw materials consumed**

Particulars	As at 31 <sup>st</sup> March, 2018 Rs in lakhs	%	As at 31 <sup>st</sup> March, 2017 Rs in lakhs	%
a) Imported	6,642.19	27.45	1,833.69	10.25
b) Indigenous	17,558.60	72.55	16,060.21	89.75
<b>Total</b>	<b>24,200.79</b>	<b>100.00</b>	<b>17,893.90</b>	<b>100.00</b>

**Note 35: First-time adoption of Ind AS****Transition to Ind AS:**

These are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (date of transition). In preparing opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

**Exemptions and exceptions availed**

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.



## Notes to financial statements for the year ended 31st March, 2018 (Contd...)

(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)

### Note 35: First-time adoption of Ind AS (Contd...)

#### Ind AS optional exemptions

##### Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Company has elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated. The Company has applied same exemption for investment in subsidiaries.

##### Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for investment property covered by Ind AS 40 Investment Properties. Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

##### Designation of financial instruments

Ind AS 101 allows an entity to make an irrevocable option at initial recognition for investments in equity instrument not held for trading to measure at FVTOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has elected to apply this exemption for its investment in equity instruments.

##### Leases

Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts/arrangements.

#### Ind AS mandatory exemptions

##### Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:- Investment in instruments carried at FVOCI; and- Impairment of financial assets based on expected credit loss model.

##### De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.



**Notes to financial statements for the year ended 31st March, 2018 (Contd.,)**

(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)

**Note 36: First-time Ind AS adoption reconciliations**

The following reconciliations provide the effect of transition to Ind AS from Indian GAAP in accordance with Ind AS 101.

Reconciliation		Balance Sheet as at 31st March, 2017			Balance Sheet as at 31st March, 2016		
Particulars	Foot Notes	Indian GAAP	Ind AS Reclassifications	Ind AS Adjustments	Indian GAAP	Ind AS Reclassifications	Ind AS Adjustments
<b>I ASSETS</b>							
(1) <b>Non-current assets</b>							
(i) Property, Plant and Equipment	1	19,207.84	(551.52)	-	19,465.72	(551.52)	-
(ii) Capital work in progress		847.87	-	-	185.45	-	-
(c) Investment property	1	-	551.52	-	-	551.52	-
(d) Financial Assets							
(i) Investments	2	2,355.60	(1,419.75)	1,968.67	2,334.85	(1,448.95)	1,216.82
(ii) Loans		1,419.75	282.31	(39.40)	1,448.95	(53.91)	(0.00)
(iii) Other financial assets	4.5	-	-	-	-	-	-
(e) Other non-current assets	4.5	-	1,166.55	51.60	-	1,166.25	71.65
(2) <b>Current assets</b>							
(a) Inventories		2,878.75	-	-	2,215.82	-	-
(b) Financial Assets							
(i) Trade Payables	3	3,052.46	-	(12.99)	5,337.70	-	(16.34)
(ii) Cash and cash equivalents		1,475.51	(567.97)	-	576.28	(508.64)	-
(iii) Bank balances other than above		567.97	567.97	-	567.97	508.64	-
(iv) Loans		3,121.64	(3,032.57)	-	2,869.60	(2,797.11)	-
(v) Others		-	14.36	-	-	147.37	-
(c) Current Tax Assets (Net)		-	138.29	(1.51)	-	-	-
(d) Other current assets		1,043.52	1,700.53	-	1,232.15	1,032.68	-
<b>Total Assets</b>		<b>34,402.95</b>	<b>(1,170.29)</b>	<b>1,966.37</b>	<b>35,199.03</b>	<b>35,666.53</b>	<b>1,218.21</b>
<b>II EQUITY AND LIABILITIES</b>							
(1) <b>Equity</b>							
(a) Equity Share capital		1,549.13	-	-	1,471.67	-	-
(b) Other Equity	9	19,955.21	-	2,244.86	17,305.26	-	1,483.42
<b>LIABILITIES</b>							
(1) <b>Non-current liabilities</b>							
(a) Financial Liabilities							
(i) Borrowings		2,149.62	(126.24)	-	2,693.23	(215.99)	-
(ii) Others		-	126.24	-	-	215.99	-
(b) Other tax liabilities		1,563.03	-	1.19	1,954.44	-	-
(c) Other Non-current liabilities	7	95.19	(95.19)	-	101.19	(101.19)	-
(d) Deferred Government grants		-	-	-	-	-	-
(e) Provisions		391.77	(322.86)	-	68.91	(582.24)	-
(2) <b>Current liabilities</b>							
(a) Financial Liabilities							
(i) Borrowings		2,944.08	-	-	4,611.88	-	-
(ii) Trade Payables		3,199.95	269.74	-	2,361.34	345.49	-
(iii) Others		1,343.29	(901.25)	(279.67)	1,063.62	2,133.84	(265.69)
(b) Other current liabilities	8	1,036.86	(901.25)	-	2,198.29	(1,545.72)	-
(c) Provisions		1,518.11	(1,464.02)	-	54.09	(2,300.19)	-
(d) Current tax liabilities		-	-	-	-	-	-
<b>Total Equity and Liabilities</b>		<b>34,402.95</b>	<b>(1,170.29)</b>	<b>1,966.37</b>	<b>35,199.03</b>	<b>35,666.53</b>	<b>1,218.21</b>
							<b>35,267.68</b>

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)**

(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)

**Note 36: First-time Ind AS adoption reconciliations (Contd...)**

The following reconciliations provide the effect of transition to Ind AS from Indian GAAP in accordance with Ind AS 101.

Reconciliation	Indian GAAP	Ind AS Adjustments	Ind AS
Revenue from operations	36,648.39	2,451.47	39,099.86
Other income	142.33	14.51	156.84
<b>Total income</b>	<b>36,790.72</b>	<b>2,465.98</b>	<b>39,256.70</b>
<b>Expenses</b>			
Cost of materials consumed	20,530.35	-	20,530.35
Purchases of Stock-in-trade	1,252.13	-	1,252.13
Change in inventories of finished goods, work-in progress and stock in trade	(32.14)	-	(32.14)
Excise Duty on sale of goods	-	2,451.47	2,451.47
Employee Benefits Expenses	1,587.76	(9.25)	1,578.51
Finance Costs	632.23	6.57	638.80
Depreciation & Amortization expenses	2,465.39	-	2,465.39
Administrative & Other Expenses	8,526.92	10.13	8,537.05
<b>Total expense</b>	<b>34,962.64</b>	<b>2,458.92</b>	<b>37,421.56</b>
<b>Profit before exceptional items and tax</b>	<b>1,828.08</b>	<b>7.06</b>	<b>1,835.14</b>
Exceptional items	383.87	-	383.87
<b>Profit before tax</b>	<b>1,444.21</b>	<b>7.06</b>	<b>1,451.27</b>
Current tax expense	541.91	1.51	543.42
Less MAT Recognition	-	-	-
Net Current Tax	541.91	1.51	543.42
Earlier year tax adjustments	34.68	-	34.68
Mat Recognition Earlier years	(576.88)	-	(576.88)
Deferred tax expense	(391.40)	3.91	(387.49)
Income tax expense	<b>(391.70)</b>	<b>5.42</b>	<b>(386.28)</b>
<b>Profit for the year</b>	<b>1,835.91</b>	<b>1.64</b>	<b>1,837.55</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Actuarial gains/(losses) on post-employment benefit obligations	-	(9.25)	(9.25)
Net (loss)/ gain on Fair Value Through OCI (FVTOCI) equity securities	-	1,149.77	1,149.77
Tax on items that will not be reclassified to profit or loss	-	(394.71)	(394.71)
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b>-</b>	<b>745.81</b>	<b>745.81</b>
<b>Total comprehensive income for the year</b>	<b>1,835.91</b>	<b>747.45</b>	<b>2,583.36</b>

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***Note 36: First-time Ind AS adoption reconciliations (Contd...)****Reconciliation between Equity previously reported under IGAAP and Ind AS is as under:**

Particulars	Notes	As at 31st March 2017
<b>Equity as per IGAAP</b>		<b>21,504.33</b>
Effect of measuring borrowings from banks at fair value	a	12.20
Effect of measuring impairment allowance of trade receivables based on expected credit loss model (ECL)	b	(12.99)
Effect of measuring investments at fair value	c	2,366.58
Proposed dividend	d	279.67
Deferred tax impact on above adjustments	e	(400.61)
<b>Equity as per IND AS</b>		<b>23,749.19</b>

**Notes:**

- Under IGAAP transaction costs incurred towards origination of borrowings were either capitalised or recognised in the Statement of Profit or Loss. Whereas, under Ind AS these transaction costs are deducted from the carrying amount of borrowings on initial recognition. These costs are then capitalised or recognised in the Statement of Profit or Loss over the tenure of borrowings as part of the interest expense by applying the effective interest method. The corresponding adjustments have been recognised in retained earnings as at the date of transition and subsequently in the Statement of Profit or Loss.
- Under IGAAP provisions for trade receivables are provided based on the best judgement of management after analysing the facts and circumstances. Whereas, Under Ind AS the trade receivables are subject to Expected Credit Loss model. Impairment loss allowance is made in financial statements after considering "Expected Credit Loss model".
- Under IGAAP Long-term Investments are usually carried at cost. Whereas under Ind AS Long-term Investments are measured at fair value and resulting fair value changes are recognised through Other Comprehensive Income (OCI).
- Under previous GAAP, dividends on Equity shares recommended by the Board of Directors after the end of the reporting period but before the financial statements were approved for issue were recognised in the financial statements as a liability. Under Ind AS, such dividends together with dividend distribution tax are recognised when approved by the members in the General Meeting.
- IGAAP requires deferred tax accounting using income statement approach i.e recognising tax effect on timing difference between the accounting income and taxable income for the period. Under Ind AS, deferred taxes are recognised using balance sheet approach i.e tax effect on temporary differences between carrying amount and tax base. Also deferred taxes are recognised on account of the above mentioned changes.

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)***(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)***Note 36: First-time Ind AS adoption reconciliations (Contd...)**

Particulars	For the year ended 31st March, 2017
<b>Reconciliation of Net Profit as reported earlier</b>	
<b>Net profit under previous GAAP</b>	<b>1,835.91</b>
Net (loss)/ gain on Fair Value Through PL (FVTPL) securities	-
Unwinding of interest on assets/liabilities discounted	(5.54)
Allowance for expected credit loss (ECL)	3.35
Actuarial gains/(losses) on gratuity reclass to OCI	9.25
Effect of tax	(5.41)
<b>Net profit under Ind AS</b>	<b>1,837.55</b>
Other comprehensive income	
Actuarial gains/(losses) on post- employment benefit obligations	(9.25)
Net (loss)/ gain on Fair Value Through OCI (FVTOCI) equity securities	1,149.77
Tax on items that will not be reclassified to profit or loss	(394.71)
<b>Total comprehensive income under Ind AS</b>	<b>2,583.36</b>

**Footnotes to the reconciliation of equity as at April 1st, 2016 and March 31, 2017 and total comprehensive income for the year ended March 31, 2017:****36.1 Investment property:**

Ind AS 40 Investment property defines property (i.e land or a building—or part of a building—or both) held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both as Investment property. Such properties identified by the Company are classified as Investment property in the balance sheet. The Investment properties are measured at cost and any incidental expenses have been added to the investment property. There is no impact on the total equity or profit as a result of this adjustment.

**36.2 Fair valuation of investments:**

Under IGAAP Long-term Investments are usually carried at cost. Whereas under Ind AS 109 Financial Instruments, the equity instruments not held for trading, an entity can make an irrevocable option at initial recognition and measure the same at fair value and resulting fair value changes are recognised through Other Comprehensive Income (OCI). The Company has measured the equity instruments at fair value through OCI and gains/losses if any has been recognised through OCI.

**36.3 Trade receivables**

As per Ind AS 109 Financial Instruments, the Company is required to apply expected credit loss model for recognising the allowance for doubtful debts. Impairment loss allowance is made in financial statements after




**Notes to financial statements for the year ended 31st March, 2018 (Contd...)**

*(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)*

**Note 36: First-time Ind AS adoption reconciliations (Contd...)**

considering “Expected Credit Loss model”. Where as under IGAAP provisions for trade receivables are provided based on the best judgement of management after analysing the facts and circumstances.

**36.4 Borrowings**

Ind AS 109 Financial Instruments, requires transaction costs to be deducted from the carrying amount of borrowings on initial recognition. These costs are then capitalised or recognised in the Statement of Profit or Loss over the tenure of borrowings as part of the interest expense by applying the effective interest method. The corresponding adjustments have been recognised in retained earnings and to fixed assets as at the date of transition and subsequently in the Statement of Profit or Loss.

**36.5 Deposits**

As per the current accounting system in India, there is no specific treatment defined for any kind of security deposits which are being taken/ given in normal course of business by an entity and all such deposits that are refundable shown at their respective transaction values. Under Ind AS 109, Financial Instruments Deposits which are being given/ received from parties on account of return in future (refund period is certain) in cash will be discounted and will be shown at their present value at the time of its initial recognition. These present value calculated as mentioned in above will be treated as fair values of these securities deposits and it will be recognized as financial asset/ liabilities accordingly. Subsequently, these fair valued deposit amounts will be charged for finance expense/ income using discount rate which was used for discounting initially (or the new one if there is any change subsequently) and accordingly will be transferred/ charged to PL and at the same time prepaid exp/ deferred income will be released to PL using some systematic allocation.

**36.6 Re-measurement of post-employment benefit plans**

Under IGAAP remeasurement gains and losses relating to post employment benefits based on actuarial valuation were forming part of the Statement of Profit and Loss. Whereas under Ind AS these measurements are recognised through Other Comprehensive Income (OCI).

**36.7 Deferred tax**

IGAAP requires deferred tax accounting using income statement approach i.e recognising tax effect on timing difference between the accounting income and taxable income for the period. Under Ind AS, deferred taxes are recognised using balance sheet approach i.e tax effect on temporary differences between carrying amount and tax base. Also deferred taxes are recognised on account of the above mentioned changes.

**36.8 Dividend payable**

Under Indian GAAP, proposed dividends including DDT are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in

**Notes to financial statements for the year ended 31st March, 2018 (Contd...)**

(All amounts in Indian Rupees in Lakhs, except share data and where otherwise stated)

**Note 36: First-time Ind AS adoption reconciliations (Contd...)**

the period in which it is approved by shareholders in a general meeting.

**36.9 Retained earnings**

Retained earnings as at April 1, 2016 have been adjusted consequent to the above Ind AS transition adjustments.

**36.10 Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans, fair value gains or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

**37 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.

**38 Regrouped/ Rearranged/ Reclassified.**

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

**39 Rounding off**

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

Signature to note 1 to 39

As per our report of even date attached.

**For T. Adinarayana & Co.,**

Chartered Accountants (Regn.No.000041S)

**Sd/-**

**C.A. Y. Pulla Rao**

Proprietor

Membership No.25266

**For and on behalf of the Board**

**Sd/-**

**Sri T.G.Bharath**

Chairman & Managing Director

**Sd/-**

**Smt. D. S. Sai Leela**

Director

**Sd/-**

**Smt. V.Surekha**

Company Secretary

**Sd/-**

**Sri S. Ifthekhar Ahmed**

Chief Financial Officer

Place : Kurnool

Date : 30<sup>th</sup> May, 2018

Place : Kurnool

Date : 30<sup>th</sup> May, 2018

[illegible]



## 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 13<sup>th</sup> Annual General Meeting of the Company

held at the Registered Office of the Company on Friday, the 28<sup>th</sup> September,

2018 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 13<sup>th</sup> Annual General Meeting on Friday, the 28<sup>th</sup> September, 2018 at 11.00 A.M.

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

Signature of Member / Proxy



*If undelivered, please return to :*

**Sree Rayalaseema HI-Strength Hypo Limited**  
**T.G.V. Mansion, 6-2-1012, 4<sup>th</sup> Floor,**  
**Above ICICI Bank, Khairatabad,**  
**Hyderabad - 500 004.**  
**Telangana State. India.**