



BOARD OF DIRECTORS

T. G. Bharath
Chairman & Managing Director
P. T. Reddy
Dr. A. H. Praveen
D.V. Narendra Babu

Company Secretary

V. Surekha

Auditors

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

BANKERS

State Bank of Hyderabad

REGISTRAR & SHARE TRANSFER AGENT

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

REGISTERED OFFICE & WORKS

Gondiparla, Kurnool - 518 004.
Andhra Pradesh - India

HYDROGEN GAS WORKS

Gondiparla, Kurnool.

BROMINE PLANT

Kuluvekkam, Tiruporur
Anna Dist, Tamilnadu.

WIND ENERGY GENERATORS

Tamilnadu State

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NOTICE

NOTICE is hereby given that the 6th Annual General Meeting of the Members of SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED will be held at the Registered Office of the Company at Gondiparla, Kurnool-518 004 (A.P.) on Monday, 26th September, 2011 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011, the Profit and Loss Account and Cash Flow Statement for the period ended on that date and the Reports of Directors' and Auditor's thereon.
2. "RESOLVED THAT the interim dividend on 1,09,47,461 Equity shares @ 1.50 per share absorbing Rs. 1,64,38,028, having already been paid to the shareholders whose names appeared on the Register of members of the company on 29/03/2011 be and is hereby approved and declared as final dividend out of the profits of the Company for the year ended 31st March, 2011."
3. To appoint a Director in place of Mr. P. T. Reddy, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr A. H. Praveen, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Statutory Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

" RESOLVED THAT pursuant to section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any Statutory modification(s) or enactment(s) thereof, for the time being in force and other authorities if necessary, the consent and approval of the Company be and is hereby accorded to ratify the re-appointment of Mr. T.G. Bharath as Chairman & Managing Director of the Company by the Board in its meeting held on 25.07.2011 for a period of 5 years w.e.f. 25.07.2011 to 24.07.2016 ."

"RESOLVED FURTHER THAT the remuneration payable to the incumbent will comprise the following

- (i) Salary Rs. 1,25,000 /- (Rupees One Lakh Twenty Five Thousands only) per month.
- (ii) House Rent Allowance Rs. 25,000/- per month.
- (iii) Commission : Not more than 4% of the net profits of the company computed in accordance with section 349 and 350 and other relevant provisions of the Companies Act, 1956 and subject to the overall limits of section 309 of the Companies Act, 1956.



(iv) Perquisites like Gas, Electricity, Medical reimbursement and LTC for self and family, Personal accident insurance, club fees etc., and any other benefits in accordance with the rules of the company. However, the following shall not be included in the above perquisite limit.

- (a) Company's contribution to Provident Fund, Pension and Superannuation fund
- (b) Use of company car for official purpose and Telephone for official purpose at residence
- (c) Earned leaves on full pay and allowance as per rules of the Company. Leaves accumulated and not availed during the tenure may be encashed as per rules of the Company.

Notwithstanding anything in this part, where in any financial year, during the tenure of the Managing Director, the Company has no profits or its profits are inadequate, it may pay him remuneration by way of Salary and perquisites as specified above, subject to the limits set out in Schedule XIII of the Companies Act, 1956 and Rules made there under.

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

“RESOLVED THAT pursuant to the provisions of Section 81 (1A) and all other applicable provision, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in accordance with enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and in terms of the provisions of Guidelines for Preferential Issues contained in Chapter VII of the Securities and Exchange Board of India ICDR (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2011 and other applicable provisions of SEBI including any amendment(s) to or re-enactment thereof and subject to the approvals, consents, permissions and / or sanctions, as may be required from any appropriate authority, institution or body (hereinafter collectively referred to as the “the appropriate authorities”) and subject to such terms, conditions, alterations, corrections, changes, variations and / or modifications, if any as may be prescribed by any one or more or all of them in granting such approvals, consents, permissions and / or sanctions (hereinafter referred to as “the requisite approvals”) and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any committee duly constituted by the Board or any Committee which the Board may have constituted or hereafter constitute, to exercise one or more of its powers including the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to offer, issue and allot 5,47,370 equity shares of face value of Rs.10/- each for cash at a price of Rs. 43.95 per share (including premium of Rs. 33.95 per share)



subject to the price computed in accordance with SEBI (ICDR) (Amendment) Regulations, 2011 to M/S Gowri Gopal Hospitals Pvt. Ltd. , one of the promoters of the Company on preferential basis on such terms and conditions as may be determined by the Board in its absolute discretion”

“RESOLVED FURTHER THAT the “Relevant Date” for above mentioned preferential issue as per SEBI (ICDR) (Amendment) Regulations, 2011 for the determination of applicable price for Equity Shares is 27th August, 2011 being the date 30 days prior to the date of passing of this resolution.”

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

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

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

8. Increase in Authorised Share Capital

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

“RESOLVED that pursuant to Section 94 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 , the Authorised Share Capital of the Company be and is hereby increased from the existing Rs.12,00,00,000 (Rupees Twelve Crores Only) divided into 1,20,00,000 (One Crore Twenty Lakhs only) of Equity Shares of Rs.10 (Rupees Ten Only) each to Rs.14,00,00,000 (Rupees Fourteen Crores Only) divided into 1,40,00,000 (One Crore Forty Lakhs only) Equity Shares of Rs.10 (Rupees Ten Only) each, ranking pari passu with the existing Equity Shares of the Company.”



9. Alteration of Capital Clause of Memorandum of Association

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

“RESOLVED that pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956, the existing Clause V (a) of the Memorandum of Association of the Company, be altered by substituting the following new Clause V (a), namely:

- V. (a) The Authorised Share Capital of the Company is Rs.14,00,00,000 (Rupees Fourteen Crores only) divided into 1,40,00,000 (One crore Forty Lakhs only) Equity Shares of Rs.10 (Rupees Ten only) each with power to increase or reduce the same in accordance with the relevant provisions of the Companies Act, 1956.”

10. Alteration of Articles of Association

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

“RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, the existing Article 7 of the Articles of Association of the Company, be altered by substituting the following new Article 7, namely:

7. The Authorized Share Capital of the Company is Rs.14,00,00,000 (Rupees Fourteen Crores Only) divided into 1,40,00,000 (One Crore Forty Lakhs only) Equity Shares of Rs.10 (Rupees Ten Only) each with rights, privileges and conditions attached thereto as are provided by the regulations of the Company for the time being with power to increase or reduce the Capital for the time being into several classes as attached thereto respectively subject to the laws for the time being in force, such rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify, abrogate any such right, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company.

By Order of the Board

Place : Kurnool
Date : 27.08.2011

(V. Surekha)
Company Secretary



NOTES :

1. A Member entitled to attend and vote at a meeting is entitled to appoint one or more Proxies to attend and vote on a poll on his behalf and such proxy need not be a Member of the Company. A Proxy Form is enclosed. Proxy Form in order to be effective, duly completed, must be received by the Company at the Registered Office not less than 48 hours before the time fixed for the Meeting.
2. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. Members are requested to bring with them the Attendance slip sent with the Annual Report duly completed and signed and hand it over at the entrance.
4. Pursuant to Sec.154 of the Companies Act, 1956 and Clause 16 of the Listing Agreement, the Register of Members and Share Transfer Books of the Company will remain closed for 5 days i.e. from 22.09.2011 to 26.09.2011 (both days inclusive)
5. Non-resident Indian Shareholders are requested to inform us immediately :
 - a) the change in Residential status on return to India for permanent settlement
 - b) the particulars of Bank NRE Account, if not furnished earlier.

Request to the Members:

1. Queries, if any, on Annual Accounts may please be forwarded to the Registered Office of the Company atleast 7 days before the date of the Annual General Meeting to enable us to prepare the answers well in advance.
2. Members are requested to quote Folio Number/Client ID No. in all future correspondence.
3. Shareholders are requested to furnish their E-mail Ids to the Company.

EXPLANATORY STATEMENT

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

Item No. 6.

In the first Annual General Meeting of the company held on 27/09/2006 , the members had approved the appointment of Mr. T.G. Bharath, as Chairman & Managing Director of the Company for a period of 5 years from 25.07.2006 to 24.07.2011. Remuneration Committee in its meeting held on 25.07.2011 and Board in its meeting held on 25.07.2011 have considered the reappointment of Mr. T.G. Bharath as Chairman & Managing Director of the Company for a further period of 5 years from 25.07.2011 to 24.07. 2016 subject to the approval of members.

In accordance with the Articles of Association of the Company, the Managing Director will not be liable to retire by rotation.

The terms as set out in the resolution may be treated as an abstract of the draft agreement between the Company and Mr. T.G. Bharath pursuant to Section 302 of the Companies Act, 1956.



None of the Directors of the company other than Mr. T.G. Bharath may be deemed to be concerned or interested in passing of this resolution.

Your Directors commend the resolution as set out in item No. 6 in the notice for your approval .

Item No 7.

In pursuance to the disclosure norms as contained under Regulation 73 of SEBI (Issue of Capital and Disclosure Requirements)(Amendment) Regulations, 2011, the following disclosures were made for the purpose of passing of the said Special Resolution by the shareholders at the ensuing Annual General Meeting.

OBJECTS OF THE PREFERENTIAL ISSUE :

(i) Your Company has decided to set up 10 MWs capacity Thermal Power unit at Gondiparla, Kurnool, Andhra Pradesh. The proceeds of this issue is being utilized for part financing the Capital Expenditure on thermal power project, balancing equipment, augmenting working capital requirements.

(ii) Proposal of the Promoters to subscribe :

The preferential issue of equity shares would be made to M/S Gowri Gopal Hospitals Pvt Ltd , one of the promoters of the Company which have given undertaking to subscribe to the preferential issue vide their undertaking letter dt. 26.08.2011.

(iii) The Shareholding Pattern of the Company before and after the preferential issue is as under:

Category	Pre-issue		Post-issue	
	No.of Shares	% of Holding	No.of Shares	% of Holding
Promoters Group				
Individuals	1007794	9.21	1007794	8.77
Bodies Corporate	4253609	38.85	4800979	41.77
Sub-total- Promoter group	5261403	48.06	5808773	50.53
Non-Promoters				
Mutual Funds / UTI	1895	0.02	1895	0.02
NRIs	984145	8.99	984145	8.56
Bodies Corporate	832921	7.61	832921	7.25
Financial Institutions	37810	0.35	37810	0.33
General Public/Others	3829287	34.98	3829287	33.31
Sub-total- Public	5686058	51.94	5686058	49.47
Total	10947461	100.00	11494831	100.00



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

The allotment of equity shares would be completed within the time prescribed under the SEBI (Issue of Capital and Disclosure Requirements)(Amendment) Regulations, 2011 i.e., within 15 days of the shareholders approval for the preferential issue or sanction of required approvals from the Stock Exchanges, SEBI and other related authorities.

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

Identity of the proposed allottees :

On account of proposed preferential issue and allotment of 5,47,370 Equity Shares at Rs.43.95 per share (including premium of Rs.33.95 per share) of the company to the said Promoter as set out in the resolution, the shareholding of the acquirer would increase from 2,40,374 Equity Shares to 7,87,744 Equity shares comprising 2.20% to 6.85% and that of the total Promoters' Group holding will increase from 52,61,403 to 58,08,773 Equity shares comprising of 48.06 % to 50.53 %.

Further identity of the proposed allottee are furnishing hereunder.

1) M/s Gowri Gopal Hospitals Pvt Ltd incorporated under the Companies Act, 1956 having its Registered .Office at C-4, Industrial Area, Sanath Nagar, Hyderabad – 500 018 . The Company main activity is in the field of Health care.

The proposed acquisition of shares by the acquirers would not result in changes in control and management of the target company.

(vi) Undertaking to Recompute the Issue Price :

The Board of Directors of the Target Company had recommended the Preferential Issue of equity shares under section-81(1A) of the Companies Act, 1956 to seek the approval of the shareholders by means of a Special Resolution at their ensuing Annual General Meeting for the proposed allotment of 5,47,370 Equity Shares of the target company at a price worked out as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2011. In the event where it is required to do so in terms of the SEBI (ICDR) (Amendment) Regulations, 2011, the company has undertaken that the issue price would be recomputed for the proposed preferential issue.

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

An Undertaking was executed by the Promoter to the effect that if the amount payable on account of the re-computation of price of the preferential issue was not paid in time as stipulated in the SEBI (ICDR)(Amendment) Regulations, 2011 the equity shares allotted to the said Promoters shall continue to be locked in till the time such amount was paid by the Promoters.

(viii) Certificate of Statutory Auditors :

The Certificate from M/s. S T Mohite & Co., Chartered Accountants, Statutory Auditors of the Company as to pricing of the issue and that this preferential issue of shares is being made in accordance with the requirements of SEBI (Issue of



Capital and Disclosure Requirement) (Amendment) Regulations, 2011 will be available for inspection at the Registered Office of the Company during 11 A.M to 1.00 P.M on all working days up to the date of Annual General Meeting and will be placed before the shareholders at the Annual General Meeting.

(ix) Pricing of Equity Shares :

The issue price of Rs.43.95 (including premium of Rs.33.95) per equity share is determined as per the guidelines of preferential issue framed under SEBI(ICDR) (Amendment) Regulations, 2011.

(x) Lock-in period of shares :

In accordance with the SEBI (ICDR) (Amendment) Regulations, 2011, the new Equity Shares to be allotted on preferential basis to one of the Promoters viz., M/s. Gowri Gopal Hospitals Pvt Ltd., shall be subject to a lock in period of three years from the date of the allotment by the Board.

Mr. T.G. Bharath, CMD is deemed to be interested in the said resolution as substantial shares in the allottee Company are held through his family members. Except the above none of the Directors is interested or concerned in the resolution.

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

ITEM No. 8, 9 & 10

The present Authorised Share Capital of the Company is Rs.12,00,00,000 divided into 1,20,00,000 Equity Shares of Rs.10 each. The present issued Share Capital of the Company is 10,94,74,610 divided into 1,09,47,461 Equity Shares of Rs.10 each. The Company proposes to increase its Authorised Share Capital to Rs.14,00,00,000 divided into 1,40,00,000 Equity Shares of Rs.10 each.

As a consequence of the above, it is necessary to alter the Capital Clause of the Memorandum and Articles of Association of the Company. As per the provisions of Section 94, 16 and 31 of the Companies Act, 1956, the increase in the Authorised Share Capital and alteration of Memorandum and Articles of Association of the Company require the consent of the shareholders at the General Meeting.

None of the Directors of the Company is, in any way, concerned or interested in the said resolutions. The Board commends the passing of the resolutions as set out at item No. 8, 9 & 10 .

The Memorandum and Articles of Association of the Company together with the proposed amendments are available for inspection by the members at the Registered Office of the Company on any working day between 11.00 A.M. and 1.00 P.M. prior to the date of the Meeting.

By Order of the Board

Place : Kurnool
Date : 27.08.2011

(V. Surekha)
Company Secretary



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

Name of the Director	T G Bharath	P T Reddy	Dr. A.H. Praveen
Date of Birth	05/08/1976	01-04-1938	30-04-1975
Date of appointment	25/07/2006	27-11-2006	30-04-2009
Expertise in specific functional areas	More than 10 years experience in Marketing, Finance & general administration	More than 40 years rich experience in chemical plants	Nearly 4 years experience in corporate sector
Qualifications	B.Com., M.B.A(UK)	B.Tech.(Hon's) (Chemical Engg.)	M.D.S
Shareholdings in the Company	2,15,283	NIL	NIL
Directorship in other Public Ltd Companies	<ul style="list-style-type: none"> • SRHHL Industries Ltd • Sree Maruthi Agrotech Ltd • A P Gas Power Corporation Ltd 	NIL	NIL
Membership in Committees in other Public Ltd. Companies	<ul style="list-style-type: none"> • SRHHL Industries Ltd Investors Grievance Committee 	NIL	NIL



DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting the Sixth Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2011.

Financial Results: (Rs. in lakhs)

Particulars	2010 - 2011	2009 - 2010
Profit before Interest, Depreciation and Tax	4160.79	3876.63
Less : Interest	893.32	884.87
Depreciation	1096.75	943.36
Loss on sale of Asset / Loss due to floods	218.97	9.83
Preliminary Expenses written off	2.98	2.98
Prior period adjustments	9.27	59.83
Profit before Tax	1939.50	1975.76
Provision for Taxation	(136.65)	1632.51
Profit after Tax	2076.15	343.25
Add: Balance brought forward from previous year	3138.08	2794.84
Profit available for appropriation	5214.23	3138.08
Interim Dividend and Dividend Tax	191.68	0.00
Transfer to Reserve Fund	51.85	0.00
Balance carried forward to next year	4970.70	3138.08

Operations:

During the year the Company achieved a turnover of Rs.21171 lakhs against previous year turnover of Rs. 17432 lakhs. The project relating to expansion of Calcium Hypo chlorite Plant is under process and expected to be completed by March, 2012. The manufacturing unit of HDPE drums is commenced.

Dividend:

Your Directors are pleased to inform that for the first time, an interim dividend @ 15% on Paid up Equity Share Capital (Rs.1.50 per share) for nine months period ending 31.12.2010 had been declared in the Board Meeting held on 16.03.2011 and paid the same on 11.04.2011 to its Shareholders. Considering the margins to be inducted by the Company for capital expenditure on thermal power project, other capital expenditure, your Board of Directors confirm interim dividend as final dividend.

Risk Management:

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

Fixed Deposits:

The Company has not accepted any Fixed Deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet .

**Preferential allotment of shares :**

During the year there is an increase of Rs.49,62,980 in paid up Equity Share Capital of the Company. The Company had allotted 4,96,298 Equity shares to one of the promoters of the Company as per approvals by the members and Stock Exchanges. These shares were listed on Bombay Stock Exchange Ltd. on 03-05-2011 and National Stock Exchange of India Ltd . on 11-04-2011.

Listing of Shares:

The Equity shares of your Company are listed at Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. The Company has paid the Annual Listing fees to each of these Stock Exchanges for the financial year 2011-12.

Particulars of Employees:

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

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

Information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are forming part of the Directors' Report for the year ended 31st March, 2011 is annexed to this Report (Annexure B).

Directors' Responsibility Statement:

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

- (i) that the preparation of the accounts for the financial year ended 31st March, 2011 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2011 on a 'going concern' basis.

Corporate Governance:

A report on the Corporate Governance Code along with a Certificate from the Auditors of the Company regarding the compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement (Annexure C) and also the Management Discussion and Analysis Report are annexed to this Report (Annexure D).

Directors:

Mr. P T Reddy and Dr A H Praveen, Directors retires by rotation at the ensuing Annual General Meeting and being eligible for re-appointment offer themselves to be re-elected as Directors. Mr. T.G. Bharath, CMD re-appointed as Chairman & Managing Director w.e.f. 25.07.2011 for a further period of 5 years in the Board Meeting held on 25.07.2011 subject to members approval.



Cost Audit

The Cost Audit under Section 233B is carried out in respect of the product Sulphuric Acid by M/s. Kapardhi & Associates, Cost Auditor of the Company. The Company has complied with Company Law Board's Order No. F.No/52/258/CAB-2000, dated 13.08.2007 and all the provisions of the Companies Act, 1956. The Cost audit Report had been filed with Central Government on 30/09/2010.

Auditors:

M/s. S.T. Mohite & Co., Chartered Accountants, Hyderabad, the Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting of the Company and are eligible for re-appointment. The Firm is peer reviewed and hold a peer review certificate also.

Acknowledgements:

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

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

For and On behalf of the Board

Place : Kurnool
Date : 27.08.2011

T.G. BHARATH
Chairman & Managing Director

ANNEXURE "A" TO DIRECTORS' REPORT:

Information as per the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (particulars of Employees) Rules, 1975 are forming part of the Directors' Report for the period ended 31st March, 2011.

Name of the Employee	Age	Qualifications	Designation / Nature of Employment	Date of Commencement of Employment	Remuneration Received (Rs. Gross)	Experience	Last Employment held
Sri T G Bharath	35 Years	B.Com , MBA (UK)	Chairman & Managing Director	25-07-2006	1,02,15,749	11 years	-

ANNEXURE "B" TO DIRECTORS' REPORT:

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

A. Conservation of Energy:

1. Energy efficient motors installed replacing the old motors as per audit findings which has resulted in energy saving.
2. Variable Frequency Drive installed for VDF – 3 in High Strength Hypo Plant.
3. Continuous upgradation being done to reduce the energy losses in the motors.

**FORM A**

Disclosure of particulars with respect to conservation of Energy:

	UNIT	Current Year 2010-2011	Previous Year 2009-2010
A. Power and Fuel Consumption			
1. Electricity			
a. Purchased	(KWH)	18041538	14531859
Total Amount	(Rs.)	70829253	51347769
Rate per Unit	(Rs.)	3.93	3.53
b. Own Generation through Diesel Generator (Units)	(KWH)	1520	7776
Unit per Ltr. of Diesel Oil	(KWH)	0.18	2.85
Cost / Unit	(Rs.)	11.78	12.56
c. Own Generation through Wind			
Units	(KWH)	26783594	18568935
Cost / Unit	(Rs.)	4.38	5.25
B. Consumption per MT of production:			
PRODUCT NAME			
Hi-strength Hypochlorite (HSH)	(KWH)	588	593
Sulphuric Acid (SA)	(KWH)	44	55
Chlorosulphonic Acid (CSA)	(KWH)	55	51
Stable Bleaching Powder (SBP)	(KWH)	136	168
Monochloroacetic Acid (MCA)	(KWH)	524	712
Plastic Mould Division	(KWH)	3	0
H2 Gas	(Cum)	0.32	0.30

B. Technology Absorption:

Efforts made in Technology Absorption as per Form B.

FORM B**Research and Development (R & D)****1. Specific areas in which R & D carried out by the Company:**

1. Pulverisers installed in Unit III SBP plant for both the drums to improve the quality of the product.
2. Condensate recovery systems installed and are in operation in sulphuric acid plant, SBP Unit – I and in Hypo plant.
3. Safety alarm systems provided for early detection of high temperature at vibrating screen and Rotary feeder for all the streams of Dryer outlets.



4. Additional temperature measurements given to monitor different zones in dryer for better operation.
5. Flow metering system provided for both VAM's for knowing the Refrigeration capacities.
6. New mist cooling towers being installed for SBP Unit -1, MCA and CSA will reduce the maintenance to zero.

2. Benefits derived as a result of R & D

1. Sulphuric Acid Plant production capacity increased by making modifications and improvements in Cold Heat Exchanger and Hot Gas Heat Exchanger.
2. Vibrating screen for slurry filtration and salt separation provided for one stream, which has resulted in quality improvement of the Hypo product.
3. 100 Tons additional storage tank installed for Battery Grade Sulphuric Acid which has resulted in streamlining of dispatches and better realization .

3. Future Plans:

1. Molten Sulphur filter is planned in Sulphuric Acid Plant to reduce the ash content. This is likely to reduce the pressure drop in converter and hot gas filter. In turn this increases production rate and prolongs the life cycle of the Plant.
2. Hydraulic operated Tablet machine with automatic load indication and controls being procured for better quality of Tablets.
3. After seeing satisfactory performance of SBP Pulverisers in Unit III the same are planned for Unit -I.
4. Installation of additional power capacitors planned for improving the power factor further.
5. More instrumentation being planned in chilled water system of VAM's for better control of operation and distribution of chilled water.

b) Total Foreign Exchange used and earned

	(Rs. in lakhs)
i. Foreign Exchange earned	9771.14
ii. Foreign Exchange used	1241.75

For and On behalf of the Board

Place : Kurnool
Date : 27.08.2011

T.G. BHARATH
Chairman & Managing Director



ANNEXURE 'C' TO DIRECTORS' REPORT

Report on Corporate Governance

1. Company's Philosophy on code of Governance

Corporate Governance in Sree 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 guidelines given in clause-49 of the Listing Agreement. The Board comprises of four Directors and majority of Directors are independent Directors. Except Chairman & Managing Director, the other Directors are non-executive Directors. The details of Directors attending the meetings are further furnished hereunder:

S. No.	Name of the Director	Designation	No. of Board Meetings		Other Membership	
			Held	Attended	Board	Committee
1.	Mr. T.G. Bharath	Chairman & Managing Director	10	10	8	2
2.	Mr. P.T. Reddy	Independent Director	10	10	-	-
3.	Dr. A. H. Praveen	Independent Director	10	10	-	-
4.	Mr. D.V. Narendra Babu	Independent Director	10	10	-	-

During the financial year ended 31st March, 2011, Ten Board meetings were held on (1) 30.04.2010 (2) 28.05.2010 (3) 06.07.2010 (4) 09.08.2010 (5) 25.08.2010 (6) 29.10.2010 (7) 30.10.2010 (8) 31.01.2011 (9) 28.02.2011 and (10) 16.03.2011.

The last Annual General Meeting of the Company was held on 24.09.2010 and it was attended by Mr. T.G. Bharath, Chairman & Managing Director, Mr. P.T. Reddy, Chairman of Audit Committee.

3. Committees of the Board

Audit Committee

The composition of the Audit Committee is in accordance with the Corporate Governance guidelines and the provisions of 292A of the Companies Act, 1956. The main terms of reference of the Audit Committee are:



- (a) Oversight of the Company's financial reporting process to ensure that the financial statements is correct, sufficient and credible.
- (b) Recommending to the Board, appointment, re-appointment, fixation of fees etc, of Statutory Auditors.
- (c) Reviewing with Management the Annual Financial Statement before submitting to the Board with particulars reference to Directors Responsibility Statement, changes in accounting policies, major accounting entries involving estimates, compliance with other Listing Agreement, disclosure of other related party transactions.
- (d) Qualifications in draft Audit Report
- (e) Reviewing with management quarterly financial statements
- (f) The adequacy of Internal Audit functions
- (g) Discussion with Statutory Auditors before the audit commences
- (h) Reviewing the findings of any investigations by the Internal Auditors etc.

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

The Committee held Five meetings during the year 2010-11 on (1) 28.05.2010, (2) 09.08.2010, (3) 29.10.2010, (4) 31.01.2011 and (5) 16.03.2011 and all the members attended the meetings.

Remuneration Committee

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

The Sitting fee payable to non-Executive Directors increased from Rs. 1000/- to Rs.2,500 /- per each meeting of Board of Directors and from Rs. 1000/- to Rs. 1500/- per each Audit Committee Meetings with effect from 29.10.2010. The CMD will not be paid any sitting fee for attending the Board / Committee meetings. The details of total remuneration paid to Sri T.G. Bharath, CMD for the year is furnished hereunder:

(Amount in Rs.)

Salary	Perquisites	Commission	Total
19,15,836	70,560	82,29,353	1,02,15,749



Shareholder(s) / Investor(s) Grievance Committee

To review the actions taken by the Company in relieving Investors' Grievances and its response to Stock Exchanges, SEBI and other related Government correspondence, Investors' Grievance Committee / Shareholders' Committee was constituted by the Board on 25.07.2006. The Committee comprises of Mr. T.G. Bharath as Chairman, Mr. P.T. Reddy and Dr. A.H. Praveen as Members. The Company is vested with the requisite powers and authorities to specifically look into redressal of shareholder and investor grievances.

No.of Investor Queries/ complaints received in the year 2010-11	Pending at the end of the year	No.of pending Share Transfers
118	NIL	NIL

4. General Body Meetings :

The last three Annual General Meetings of the Company were held on (1) 29.09.2008 (11 A.M.); (2) 25.09.2009 (11 A.M.) and (3) 24.09.2010 (11 A.M.) at Regd. Office, Gondiparla, Kurnool-518004 (A.P.). The Special Business transacted and approved by the Members at the previous Annual General Meetings are as follows:

2007-08

1. Alteration of Articles – insertion of buy back of shares by the Company
2. Commencement of generation of power which is under other objects as per Sec 149(2A)(b)
3. Commencement of hiring business which is under other objects as per Sec 149(2A)(b)

2008-09

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

2009-10

1. Issue of 5,17,500 Equity shares under preferential allotment to one of the promoters.



5. Disclosers :

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 point no. 9 in Schedule 22 Notes to Accounts of Balance Sheet and Profit and Loss Account to comply with Accounting Standard 18. The Company has not received any notices from Stock Exchanges or SEBI regarding non-compliance of statutory provisions. The Company is complying with all mandatory requirements as per Clause 49 of the Listing Agreement.

6. Means of Communications :

The Company publishes its quarterly, half yearly and annual results in the Business Standard (English) and Andhra Prabha (Telugu), newspapers generally. In addition to this, the Company is communicating its results to all the Stock Exchanges where the shares are listed. Further, quarterly results, shareholding pattern and other related information is placed on the Company's Website. Further to confirm that the management discussion and analysis report communicated to shareholders and all the concerned has been made part and parcel of Annual Report. Further the quarterly / half yearly results are generally posted in Company's website www.tgvgroup.com

7. General Shareholder Information :

(a) Annual General Meeting :

Date : 26th September, 2011
Time : 11 A.M.
Venue : SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED
 REGD.OFFICE: GONDIPARLA
 KURNOOL - 518 004 (A.P)

(b) Tentative Financial Calendar :The next financial year covers the period from 1st April 2011 to 31st March, 2012.

Unaudited Financial Results for:

First Quarter - July/August, 2011
 Second Quarter - October/November, 2011
 Third Quarter - January/February, 2012
 Fourth Quarter - April/May, 2012

(c) Book Closure Period : 22-09-2011 to 26-09-2011 (inclusive of both days)

(d) Dividend Date : Not Applicable

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

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

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

Bombay Stock Exchange Ltd - 532842
 The National Stock Exchange of India Ltd - SRHHYPOLTD

**(g) Market Price Data for Financial Year 2010-2011 :**

Month & Year	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2010	35.90	30.50	37.65	26.45
May, 2010	47.80	29.80	47.50	27.60
June, 2010	35.00	31.10	36.50	30.15
July 2010	36.00	31.80	35.75	30.30
August, 2010	40.00	32.50	44.00	32.10
September, 2010	57.45	39.50	57.70	39.25
October, 2010	56.60	47.00	57.00	47.05
November, 2010	70.00	51.55	70.00	50.05
December, 2010	71.90	53.10	72.95	54.20
January, 2011	73.50	52.15	72.10	53.25
February, 2011	55.15	39.90	55.00	41.25
March, 2011	52.00	41.50	52.00	41.00

(h) Share Transfer Agents:

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

(i) Distribution of Shareholding as on 31st March, 2011 :

Sl. No.	Category	Shares	Amount	%
1.	Promoters	5261403	52614030	48.06
2.	Mutual Funds	1895	18950	0.02
3.	Banks & Financial Institutions	37810	378100	0.35
4.	Bodies Corporate	808742	8087420	7.39
5.	Indian Public	3835135	38351350	35.03
6.	NRI / OCBS	1002476	10024760	9.16
	Total	10947461	109474610	100

(j) Dematerialisation of shares and liquidity:

As on 31st March, 2011, 68.69 % of shares were held in Dematerialised Form and rest in Physical Form.

(k) Outstanding GDR / ADRs / Warrants / Convertible Instruments :

Not Applicable

(l) Code of Conduct :

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



DECLARATION BY CEO

As provided in Clause 49 of the Listing Agreement with Stock Exchanges the Directors and Senior Management personnel have confirmed compliance with code of conduct for the period ended 31.03.2011.

Place : Kurnool
Date : 27.08.2011

Sd/-
T G Bharath
Chairman & Managing Director

(m) Plant Locations:

- Stable Bleaching Powder Plant (3 Nos) two located at Gondiparla, Kurnool District, Andhra Pradesh and other is at Manjawadi, Laxmapuram, Dharmapuri District, Tamilnadu.
- Sulphuric Acid, Chloro Sulphonic Acid, Monochloro Acetic Acid, Plastic Moulded Drums and Calcium Hypochlorite (Hi-Strength Hypo), plants are located at Gondiparla, Kurnool District, Andhra Pradesh.
- Bromine Plant is located at Kaluvekkam, Tiruporur, Anna District, Tamilnadu.
- Bottling of Hydrogen Gas plant situated at Gondiparla, Kurnool District, Andhra Pradesh.
- Wind Mill Power units situated in Tamilnadu State.

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

- (A) Registrar and Share Transfer Agent
M/s. Aarathi Consultants Pvt. Ltd.
Door No. 1-2-285, Domalguda
Hyderabad - 500 029.
- (B) Sree Rayalaseema Hi-Strength Hypo Limited
No.6-2-1012, IInd Floor, TGV Mansion,
Above ICICI Bank, Khairatabad
Hyderabad - 500 004. (A.P.)
Tel Nos. 040-23313843 Fax No.: 040-23313875

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

For and on behalf of the Board of Directors

Place : Kurnool
Date : 27.08.2011

T G Bharath
Chairman & Managing Director



Auditors' Certificate regarding Compliance of Conditions of Corporate Governance

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

To

The Members

Sree Rayalaseema Hi-Strength Hypo Limited

We have examined the compliance of the conditions of Corporate Governance by Sree Rayalaseema Hi-strength Hypo Limited for the year ended 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of the condition of Corporate Governance is the responsibility of the management. Our examination was limited to review of the procedures and implementation thereof, adopted by the company for ensuring the compliance with the condition of Corporate Governance, it is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us and representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as on 31st March, 2011, there were no investor grievances remaining unattended / pending for a period exceeding one month against company as per the records maintained by the Company and the same were resolved afterwards.

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

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

Place : Kurnool

Date : 27th August, 2011

M.T. Sreenivasa Rao
Proprietor
Membership No. 15635

**ANNEXURE 'C' TO DIRECTOR'S REPORT:****Management Discussion & Analysis Report :****A) Industry Structure and Developments :**

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

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 may affect the profitability of the Company due to exchange fluctuations.
- (5) The generation of power through wind mainly depends on high wind velocity which is seasonal in nature.

C) Segment - wise or Product - wise performance :

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

D) Outlook :

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

E) Risks and Concerns :

- (i) Raw material prices are market driven and any upward revision will affect the profitability of the Company.
- (ii) Fluctuations in foreign exchange currencies in relation to exports & imports
- (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 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 :

During the year majority of the products exceeded by its previous years performance. For the year 2010-11, net profit before Tax is Rs. 1939.50 lakhs against Rs. 1975.76 lakhs during the previous year. The Company provided (-) Rs. 523.20 lakhs towards deferred tax and (+) Rs. 386.55 lakhs towards current tax. Due to this, the net profit after Tax was increased to Rs. 2076.15 lakhs.

H) Material Developments in Human Resources / Industrial Relations front, Including Number of People Employed :

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

For and on behalf of the Board of Directors

Place : Kurnool
Date : 27.08.2011

T G Bharath
Chairman & Managing Director



AUDITORS' REPORT

To

The Members of

Sree Rayalaseema Hi-Strength Hypo Limited

1. We have audited the attached Balance Sheet of Sree Rayalaseema Hi-Strength Hypo Limited., as at 31 st March 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of subsection (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said order to the extent applicable.
4. Further to our comments in Annexure referred in paragraph 3 above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) In our opinion, proper books of account, as required by law have been kept by the Company so far as appears from our examination of these books.
 - iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred in Section 211 (3C) of the Companies Act, 1956 to the extent applicable.
 - v) On the basis of the written representations received from the Directors, as on 31.03.2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts with the notes and accounting policies thereon give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India.
 - a) In the case of Balance Sheet, of the state of the affairs of the Company as at 31st March, 2011
 - b) In the case of Profit and Loss Account, of the Profit for the year ended on that date; and
 - c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

Place : Kurnool
Date : May 30th, 2011

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



ANNEXURE TO AUDITORS' REPORT

Annexure referred to in paragraph 3 of Auditors' Report of even date on the Accounts of Sree Rayalaseema Hi-Strength Hypo Ltd.,for the year ended 31st March, 2011.

1. (a) The Company has maintained proper records showing particulars, including quantitative details and situation of Fixed assets.
(b) Some of the fixed assets have been physically verified by the management during the year in accordance with a phased programme and verification of fixed assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification. As informed that the programme is such that all the fixed assets will get physically verified once in three years time. In our opinion, the verification programme is reasonable having regard to the size of the Company and the nature of the fixed assets.
(c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of fixed assets of the Company. And such disposal has, in our opinion, not affected the going concern status of the Company.
2. (a) The inventories of the Company have been physically verified by the Management during the year at reasonable intervals.
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company has maintained proper records of inventories and the discrepancies noticed on physical verification of stocks as compared to book records, which in our opinion, were not material, have been properly dealt with in the books of account.
3. (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
(b) The Company has not availed unsecured loans from any company, firm or other parties in the register maintained under Section 301 of the Companies Act 1956.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of Inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls with regard to purchase of inventory, fixed assets and for the sale of goods.
5. (a) According to the information and explanations given to us and our examination of records, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of Companies Act, 1956 and exceeding the value of Rs. 5,00,000/- in respect of any party during the year have been at prices which are reasonable having regard to prevailing market prices at the



relevant time.

6. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from the public specified under the Provisions of Section 58 A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business and it was informed that no material irregularities were noticed by the internal auditors during the period of audit.
8. The Company has maintained cost records under section 209(1)(d) of the Companies Act, 1956 in regard to the manufacture of chemical product of Sulphuric Acid. We have broadly reviewed the books of accounts maintained relating to manufacturing of Sulphuric Acid and we are of the opinion that, prima facie, the prescribed records have been made and maintained. We are not required to and accordingly have not, made a detailed examination of the records to determine whether they are accurate and completed.

To the best of our knowledge, Maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 is not applicable for other chemical products of the Company.

9. (a) According to the information and explanation given to us, the Company is regular in depositing with appropriate undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it, and
 - (b) No undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, service tax and cess are in arrears as at 31.03.2011 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, there are no dues of Income tax, custom duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute. However, in respect Service Tax there is disputed dues as per the following details.

Sl. No.	Name of the Statute	Nature of dues	Rs. in Lakhs	Period	Forum where dispute is pending
1.	Service Tax Act	Excess Credit availed regarding Service Tax	5.81	2007-08	Central Excise and Service Tax Appellate Tribunal, Bangalore.

10. As per the information and explanations given to us and an overall examination of the financial statements of the Company for the current and immediately preceding financial year, we report that the Company does not have any accumulated losses at the end of the current financial year and has not incurred cash losses in the current and immediately preceding financial year.
11. According to records of the Company, during the year the Company has not defaulted in the repayment of dues to financial institution or banks.



12. As per the information and explanation given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities to any body during the year.
13. In our opinion, as the Company is not a chit fund or a nidhi or mutual benefit or society, the provisions of Clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company for this year.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. The Company has given guarantees amounting to Rs.1200 Lakhs (amount outstanding Rs.649.51 Lakhs on 31-03-2011) for loans taken by two companies from Bank and Financial Institutions.

The terms and conditions of the guarantee are not prejudicial to the interest of the Company. As per the information given by the Company, the borrower is paying the instalment / interest as the case may be regularly to the lender.
16. According to the records of the Company, the Company has raised term loans during the year and were applied for the purpose for which the loan was obtained.
17. As per the information and explanations given to us and on an over all examination of the balance sheet and the cash flow statement of the Company, we are of the opinion that no funds raised on short term basis have been used for long term investment.
18. As per the information and explanations given to us, during the year the Company has made preferential allotment of shares to a company covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year, which requires the creation of security or charge.
20. During the year the Company has not made any public issue for which the management has to disclose the end use of money raised through that public issue.
21. As per the representation given by the Company and relied on by us, no fraud on or by the Company has been noticed or reported during the year.

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

M.T. Sreenivasa Rao
Proprietor
Membership No.15635

Place : Kurnool

Date : May 30th, 2011



BALANCE SHEET AS AT 31 st MARCH 2011

	Schedule	As At 31-03-2011 Rs.	As At 31-03-2010 Rs.
I SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	1	10,94,74,610	10,45,11,630
Reserves and Surplus	2	65,47,93,841	45,06,88,880
Loan Funds			
Secured Loans	3	73,86,41,649	76,10,89,511
Unsecured Loans	4	3,83,26,379	4,46,22,101
Deferred Tax Liability		24,02,80,306	29,26,00,160
TOTAL		178,15,16,785	165,35,12,282
II APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	154,97,78,923	147,97,07,048
Less: Depreciation		36,08,23,433	25,11,71,446
Net Block		118,89,55,490	122,85,35,602
Add: Capital Work-in-progress		4,64,07,662	46,03,429
		123,53,63,152	123,31,39,031
Investments	6	4,56,03,962	4,56,03,962
Current Assets, Loans and Advances			
Current Assets			
Inventories	7	16,10,17,743	12,43,50,187
Sundry Debtors	8	23,89,84,999	12,61,86,443
Cash and Bank Balances	9	4,85,82,171	2,82,85,858
Other Current Assets	10	9,36,29,359	13,57,48,544
Loans and Advances	11	32,56,22,209	30,64,70,724
		86,78,36,481	72,10,41,756
Less: Current Liabilities & Provisions			
Current Liabilities	12	27,07,18,492	27,50,21,322
Provisions		9,65,68,318	7,15,48,791
		36,72,86,810	34,65,70,113
Net Current Assets		50,05,49,671	37,44,71,643
Miscellaneous Expenditure	13	0	2,97,646
(To the extent not written off or adjusted)			
TOTAL		178,15,16,785	165,35,12,282
Note to Balance Sheet	14		
Notes forming part of accounts	22		

Schedules 1 to 14 & 22 annexed form integral part of Balance Sheet

As per our report of even date attached.

For S.T.Mohite & Co.,

For and on behalf of the Board

Chartered Accountants (Regn.No.011410S)

M.T.Sreenivasa Rao

T.G.Bharath
Chairman & Managing Director

P.T.Reddy
Director

Proprietor/Membership No.15635

Place : Kurnool

Place : Kurnool

V.Surekha

Date : May 30th, 2011

Date : 30.05.2011

Company Secretary



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH,2011

	Schedule	Year Ended 31-03-2011 Rs.	Year Ended 31-03-2010 Rs.
I INCOME			
Gross Sales	15	201,95,97,953	156,16,39,554
Less:Excise duty		7,06,67,208	3,35,71,095
Net Sales		194,89,30,745	152,80,68,459
Trading Sales		9,75,37,944	18,16,06,928
Other Income	16	1,27,88,726	2,21,38,065
Export Incentives		6,55,97,291	3,92,44,915
Claims received for stocks		0	95,02,743
Claims received for loss of profit		0	4,26,21,611
Increase / (Decrease) Stock	17	3,08,61,117	2,51,06,383
TOTAL		215,57,15,823	184,82,89,104
II EXPENDITURE			
Trading Purchases		9,42,29,216	16,16,78,759
Consumption of Raw-materials / Inputs	18	90,91,87,968	65,51,99,826
Manufacturing,Administrative and Selling Expenses	19	62,75,58,930	54,12,94,146
Payments to Employees	20	8,78,45,742	8,12,02,061
Finance Charges	21	11,01,46,482	10,97,38,489
TOTAL		182,89,68,338	154,91,13,281
III Profit before Depreciation,Extraordinary Items, Prior Period Items and Tax (I - II)			
Depreciation		10,96,74,997	9,43,36,137
Amortizations		2,97,646	2,97,646
Prior period Adjustments (Net)		9,27,072	59,82,510
IV Profit before Extraordinary Items, and Tax			
Loss on Sale of Assets		29,350	9,83,479
Loss due to flood claims		2,18,68,061	0
V Profit before Income Tax			
VI Provision for Taxation			
I) Current Tax		3,86,55,276	3,35,78,050
II) Deferred Tax		(5,23,19,854)	12,96,73,398
		(1,36,64,578)	16,32,51,448
VII Net Profit for the year			
		20,76,14,937	3,43,24,603
VIII Add:Balance brought forward from previous Year			
		31,38,08,443	27,94,83,840
IX Profit available for appropriation			
Interim Dividend		1,64,38,028	0
Tax on Dividend		27,30,151	0
Transfer to General Reserve		51,84,797	0
X Balance Carried to Balance Sheet			
Earning per Share\ Basic & Diluted		49,70,70,404	31,38,08,443
Notes forming part of accounts	22	19.49	3.35

Schedules 15 to 21 & 22 annexed form integral part of Profit & Loss Account

As per our report of even date attached.

For S.T.Mohite & Co.,

For and on behalf of the Board

Chartered Accountants (Regn.No.011410S)

M.T.Sreenivasa Rao

T.G.Bharath
Chairman & Managing Director

P.T.Reddy
Director

Proprietor/Membership No.15635

Place : Kurnool

Place : Kurnool

V.Surekha

Date : May 30th, 2011

Date : 30.05.2011

Company Secretary



Cash Flow Statement For The Year Ended 31.03.2011 As Per Clause 32 of Listing Agreement

Rs. in Lakhs

	Year Ended 31-03-2011	Year Ended 31-03-2010
A Cash Flow From Operating Activities		
Net Profit before Tax and Extra-Ordinary items	2,158.48	1,985.60
Depreciation	1,096.75	943.36
Interest Paid	893.32	884.87
Interest Received	(25.91)	(19.70)
Preliminary & deferred expenses written off	2.98	2.98
Operating Profit before Working capital changes	<u>4,125.61</u>	<u>3,797.11</u>
Adjustments for:		
Trade and Other receivables	(898.31)	(1,051.69)
Inventories	(366.68)	(393.15)
Trade payable	207.17	1,410.59
	<u>(1057.82)</u>	<u>(34.25)</u>
Cash generated from operations	3067.79	3,762.86
Interest Paid	(893.32)	(884.87)
Interest Received	25.91	19.70
Direct Taxes	136.65	(1,632.51)
Amount Transfer to General Reserve	(51.85)	0.00
Interim Dividend and Dividend tax	(191.68)	0.00
Cash Flow From Operating Activities	2,093.50	1,265.18
Extra ordinary items	218.97	(9.83)
Net Cash Flow From Operating Activities	1,874.53	1,255.35
B Cash Flow From Investing Activities		
Purchase/Sales of Fixed Assets	(1118.99)	(3,904.33)
Purchase/Sales of Investments	0.00	(135.00)
Net cash used in Investing Activities	(1118.99)	(4,039.33)
C Cash Flow From Financing Activities		
Proceeds from long term borrowings	(810.63)	2,496.94
Increase of share capital	49.63	26.65
Increase of share premium	208.43	55.57
Net cash used in Financing Activities	(552.57)	2,579.16
Net increase in cash & cash equivalents (A+B+C)	202.96	(204.82)
Cash & Cash equivalents as at 01-04-2010(op.B/s)	282.86	487.68
Cash & Cash equivalents as at 31-03-2011(cl.B/s)	485.82	282.86

For and on behalf of the Board

T.G.Bharath
Chairman & Managing Director

P.T.Reddy
Director

Place : Kurnool

V.Surekha

Date : 30-05-2011

Company Secretary

CERTIFICATE

We have examined the above cash flow statement for the year ended 31st March,2011 The statement has been prepared by the company in accordance with clause 32 of the Listing Agreement executed with the Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our Report of 30-05-2011 to the members of the Company.

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

Place: Kurnool

M.T. Sreenivasa Rao

Date : May 30th, 2011

Proprietor / Membership No. 15635



SCHEDULES TO BALANCE SHEET

	As At 31-03-2011 Rs.	As At 31-03-2010 Rs.
SCHEDULE - 1		
Share Capital		
Authorised		
1,20,00,000 (Previous year 1,20,00,000) Equity Shares of Rs.10/- each	<u>12,00,00,000</u>	<u>12,00,00,000</u>
Issued, Subscribed and Paid up		
1,09,47,461 (Previous year 1,04,51,163) Equity Shares of Rs.10/- each Fully paid up	<u>10,94,74,610</u>	<u>10,45,11,630</u>
Total	<u>10,94,74,610</u>	<u>10,45,11,630</u>
Notes :		
1 Of the above, the 1,01,34,633 Shares allotted as fully paid shares in 2006 in pursuance to scheme of Arrangement without payments received in cash		
2 During the year 496298 Equity shares of Rs.10/-each were issued as preferential allotment for cash at a premium of Rs.31.55 per share.		
SCHEDULE - 2		
Reserves and Surplus		
Capital Reserves		
Central / Capital Subsidy (as per last Balance sheet)	43,55,500	43,55,500
Share Premium Account (Additions during the year Rs.1,56,58,202)	2,12,14,727	55,56,525
General Reserves		
Amalgamation Reserve (as per last Balance sheet)	12,69,68,411	12,69,68,411
General Reserve (Transferred from Profit and Loss account)	51,84,797	0
Surplus i.e., balance in Profit and Loss Account	49,70,70,406	31,38,08,444
Total	<u>65,47,93,841</u>	<u>45,06,88,880</u>
SCHEDULE - 3		
Secured Loans		
From Banks		
Working Capital Loans	21,53,69,023	12,17,93,688
Term Loans	51,72,68,714	63,92,95,823
Interest accrued and due	60,03,912	0
Total	<u>73,86,41,649</u>	<u>76,10,89,511</u>
Notes:		
1) The Working Capital limits from Banks are Secured by Hypothecation of Raw-materials, Stock-in-process, Finished Goods, Consumable Spares, Book Debts and Receivables.		
2) The Term Loans from Banks are Secured by exclusive charge on specific Fixed Assets.		
3) The Working Capital and Term Loans from Banks are also secured by first charge on some of the other Fixed Assets of the Company		
4) The Working Capital and Term Loans from Banks are further secured by guarantee from Managing Director in his personal capacity.		
SCHEDULE - 4		
Unsecured Loans		
Short term Loans and Advances from Banks	24,98,654	6,16,492
Other Loans and Advances from Banks	6,59,902	18,13,605
Security deposits from customers	1,15,24,375	1,22,09,375
Deferred Sales Tax	2,36,43,448	2,99,82,629
Total	<u>3,83,26,379</u>	<u>4,46,22,101</u>



**SCHEDULE - 5
Fixed Assets**

Amount in Rs.

Sl. No	Particulars	Gross Block				Depreciation			Net Block		
		Cost As At 01.04.2010	Additions	Total Upto 31.03.2011	Deductions	Upto 01.04.2010	For the Period	Deductions	Total Upto 31.03.2011	As at	As at
										31.03.2011	31.03.2010
1	On own use										
	Land	3,51,55,280	56,23,000	4,09,78,280	0	0	0	0	4,09,78,280	3,51,55,280	
	Factory Buildings	7,86,23,012	94,05,862	8,82,28,874	0	1,02,75,967	26,67,790	1,29,43,757	7,52,85,117	6,85,47,045	
	Plant and Machinery	55,61,98,110	5,04,99,516	60,66,97,626	0	17,07,20,355	4,47,41,273	21,54,61,628	39,12,35,998	38,54,77,755	
	Plant & Machinery-WEG	74,46,34,128	0	74,46,34,128	0	4,47,67,274	5,26,45,633	9,74,12,907	64,72,21,221	69,98,66,854	
	Furniture and Fixtures	12,83,902	2,83,513	15,67,415	0	2,08,534	2,23,507	4,32,041	11,35,374	10,75,368	
	Office Equipment	1,54,00,801	33,51,331	1,86,33,132	1,19,000	80,46,275	27,19,750	23,010	78,90,117	73,54,526	
	Other Equipment	27,64,255	71,544	28,35,799	0	9,89,339	2,27,566	12,16,905	16,18,894	17,74,916	
	Vehicles	2,00,48,718	7,56,108	2,08,04,826	0	35,98,684	23,36,365	59,35,069	1,48,69,757	1,64,50,034	
2	On Lease										
	Plant and Machinery	2,53,98,842	0	2,53,98,842	0	1,25,65,018	41,13,093	1,66,78,111	87,20,731	1,28,33,824	
	Total	147,97,07,048	7,01,90,874	154,97,78,923	1,19,000	25,11,71,446	10,96,74,997	23,010	36,08,23,433	118,89,55,490	122,85,95,602
3	Capital Work-in-progress										
	Civil Work-in-progress	5,65,336	1,65,45,895	1,65,45,875	5,65,356	0	0	0	1,65,45,875	5,65,336	
	Machinery under erection	40,38,093	4,18,04,233	2,98,61,787	1,59,80,539	0	0	0	2,98,61,787	40,38,093	
	Total	46,03,429	5,83,50,128	4,64,07,662	1,65,45,895	0	0	0	4,64,07,662	46,03,429	
	Grand Total	148,43,10,477	12,85,41,002	153,61,96,585	1,66,64,895	25,11,71,446	10,96,74,997	23,010	36,08,23,433	123,53,63,152	123,31,39,031
	Previous Year	109,64,29,051	39,16,75,845	148,43,10,477	37,94,419	15,93,84,709	9,43,36,137	25,49,400	25,11,71,446	123,31,39,031	

Note: 1. 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.



SCHEDULES TO BALANCE SHEET

	As At 31-03-2011 Rs.	As At 31-03-2010 Rs.
SCHEDULE - 6		
Investments - Long Term & Non-trade		
Government Securities-Unquoted		
National Saving Certificates (Deposited with Sales Tax and other Govt. Departments)	39,000	39,000
Other Investments in Equity Shares-fully paid up:		
Quoted:		
Sree Rayalaseema Alkalies and Allied Chemicals Ltd 1,04,580 (Previous year - 104580) Equity shares of Rs.10/- each	11,02,069	11,02,069
SRHHL Industries Ltd 100 (Previous year - 100)Equity shares of Rs.10/- each)	393	393
Unquoted		
Brilliant Bio Pharma Ltd 2,94,000 (Previous year - 2,94,000)Equity Shares Rs. 10/-each.	2,94,00,000	2,94,00,000
Sree Maruthi Agrotech Ltd 96,250 (Previous year - 96250)Equity Shares of Rs.10/- each.	9,62,500	9,62,500
Max 5 Marketing Pvt Ltd 6,000 (Previous year - 6,000) Equity Shares Rs.100/-each.	6,00,000	6,00,000
T G V Pharma Pvt.Ltd 67,500 (Previous year - 67,500) Equity Shares Rs.100/-each.	1,35,00,000	1,35,00,000
Total	4,56,03,962	4,56,03,962
Aggregate Book value of		
- Quoted Shares	11,02,462	11,02,462
- Unquoted Shares	4,45,01,500	4,45,01,500
Aggregate Market value of quoted shares	10,10,667	12,49,067
SCHEDULE - 7		
Inventories		
(As taken, Valued and Certified by Management)		
Raw-materials	3,60,22,399	3,17,38,257
Stores and Spares and Packing materials	4,83,95,569	4,68,73,272
Finished Goods in transit	4,24,73,094	3,18,30,593
Finished Goods	2,82,09,058	1,27,23,596
Stock - in - process	59,17,623	11,84,469
Total	16,10,17,743	12,43,50,187
SCHEDULE - 8		
Sundry Debtors		
Debts Outstanding for more than six months		
Unsecured - considered good	4,79,22,916	56,87,976
Other Debts		
Unsecured - considered good	19,10,62,083	12,04,98,467
Total	23,89,84,999	12,61,86,443

**SCHEDULES TO BALANCE SHEET**

	As At 31-03-2011 Rs.	As At 31-03-2010 Rs.
SCHEDULE - 9		
Cash and Bank Balances		
Cash on hand	7,40,664	11,79,266
Bank Balances with Scheduled Banks		
In Current Accounts	2,09,47,992	19,94,126
In Fixed Deposits (Under margin with Banks)	2,68,93,515	2,51,12,466
Total	<u>4,85,82,171</u>	<u>2,82,85,858</u>
SCHEDULE-10		
Other Current Assets(Unsecured,good)		
Accrued interest on deposits	5,18,559	4,85,020
Prepaid expenses	21,67,094	26,87,882
Duty Entitlements: DEPB,Target Plus	4,33,90,897	2,55,85,088
Claims recoverable	4,75,52,808	10,69,90,554
Total	<u>9,36,29,359</u>	<u>13,57,48,544</u>
SCHEDULE-11		
Loans and Advances		
(Unsecured - considered good)		
Advances Recoverable in cash or in kind or for value to be received		
Advances to Suppliers	9,76,55,635	7,96,39,538
Advances against Capital Expenditure/Assets	5,73,33,631	4,16,23,631
Advance to Employees	45,72,578	24,55,731
Rent Advances	2,10,07,250	2,10,13,250
Advance Income Tax (Including Tax deducted at source)	4,65,48,271	5,94,12,797
Other Advances	2,72,35,126	2,19,59,627
Deposits / balances with Customs,Excise, Sales tax and Govt. Bodies	6,68,87,872	7,60,87,387
Deposits : Others	43,81,846	42,78,763
Total	<u>32,56,22,209</u>	<u>30,64,70,724</u>
SCHEDULE-12		
Current Liabilities and Provisions		
A. Current Liabilities		
Acceptances	0	4,79,28,725
Sundry Creditors		
For Supplies,Services,Expenses dues to small scale industrial undertakings (Refer note No.7 of schedule-22)	1,10,23,418	1,30,15,961
Other Dues	11,17,14,391	14,95,74,189
Other Liabilities	4,51,67,840	3,46,86,273
Advance from Customers	10,28,12,842	2,98,16,174
Total	<u>27,07,18,492</u>	<u>27,50,21,322</u>
B. Provisions		
Provision for Tax	7,22,37,549	6,44,72,360
Dividnd payable	1,64,38,028	0
Provision for employees short-term benefits	78,92,741	70,76,431
Total	<u>9,65,68,318</u>	<u>7,15,48,791</u>



SCHEDULES TO BALANCE SHEET

	As At 31-03-2011 Rs.	As At 31-03-2010 Rs.
SCHEDULE - 13		
Miscellaneous Expenditure		
(to the extent not written off or adjusted)		
Preliminary Expenses	2,97,646	5,95,292
Less: Amount written off during the year	<u>2,97,646</u>	<u>2,97,646</u>
	<u>0</u>	<u>2,97,646</u>
SCHEDULE - 14		
Notes on Balance Sheet	Rs. in lakhs	Rs. in lakhs
1) Estimated amounts of Contracts remaining to be execution on Capital account not provided for	140.28	58.96
2) Claims against the Company and not acknowledged as debts.		
a) Demand for differential tariff from APCPDCL for power purchased from A P Gas Power Corporation Ltd and fuel adjustment charges for which Company has contested in a legal case.	1341.19	1,041.19
b) Demand for wrongly availed as Cenvat credit in respect of input service tax from Central Excise department. Appeals are pending with Tribunals.	5.81	5.81
c) Demand for damages imposed by The Asst. P.F. Commissioner Appeals are pending	0.00	7.81
d) Demand for Sales tax on sale of licenses of export incentive-DEPB from Sales tax department. Appeals are pending with tribunals.	0.00	1.44
3) Matters for which Company is contingently liable		
a) Guarantee given by the Company for loans taken by other companies		
Amount of Guarantee	1200.00	1,200.00
Amount of Outstanding	649.51	775.90
b) The Company has made an appeal u/s 17 of SARFAESI Act against action of bank for forfeiture of EMD / Advances which is pending before DRAT, Mumbai.	76.00	76.00
c) Consumers cheques / bills discounted with Banks	681.67	1411.46
d) Unexpired Bank Guarantees provided by the Company	237.01	314.47
e) Unexpired Letters of Credit established by the Company	1506.75	1566.60



Schedules to Profit & Loss Account for the year ended 31-03-2011

	Year Ended 31-03-2011 Rs.	Year Ended 31-03-2010 Rs.
SCHEDULE - 15		
Sales-Gross		
Chemicals		
Exports	109,42,27,535	101,58,27,944
Domestic	81,09,66,792	46,05,70,911
Steam	3,25,85,500	2,66,74,741
Wind Energy	9,07,96,376	6,28,74,032
	<u>202,85,76,203</u>	<u>156,59,47,628</u>
Less:Sales Returns	89,78,250	43,08,074
Total	<u>201,95,97,953</u>	<u>156,16,39,554</u>

SCHEDULE-16**Other Income**

Interest Received-Gross	25,91,386	19,69,530
(Tax deducted at source Rs.2,87,834/-)		
Other Miscellaneous Income	5,03,014	95,76,578
Lease Rentals	46,80,000	46,80,000
Sales of scrap	50,14,326	50,93,881
Profit on sale of Assets/Investments	0	8,18,076
Total	<u>1,27,88,726</u>	<u>2,21,38,065</u>

SCHEDULE-17**Increase/Decrease in Stock**

Closing Stocks:		
Finished Goods	7,06,82,152	4,45,54,189
Stock-in-Process	59,17,623	11,84,469
Total A	<u>7,65,99,775</u>	<u>4,57,38,658</u>
Opening Stocks:		
Finished Goods	4,45,54,189	1,41,99,680
Stock-in-Process	11,84,469	64,32,595
Total B	<u>4,57,38,658</u>	<u>2,06,32,275</u>
Increase/Decrease in Stocks (A-B)	<u>3,08,61,117</u>	<u>2,51,06,383</u>

SCHEDULE-18**Consumption of Raw-materials/Inputs**

Opening Stock:	3,17,38,257	1,72,57,414
Purchases	91,34,72,110	66,96,80,669
	<u>94,52,10,367</u>	<u>68,69,38,083</u>
Less:Closing Stock	3,60,22,399	3,17,38,257
Consumption	<u>90,91,87,968</u>	<u>65,51,99,826</u>



Schedules to Profit & Loss Account for the year ended 31-03-2011

	Year Ended 31-03-2011 Rs.	Year Ended 31-03-2010 Rs.
SCHEDULE - 19		
Manufacturing, Administration and Selling Expenses		
Consumption of Other Chemicals	14,24,575	19,76,101
Consumption of Stores	12,13,85,248	9,98,27,973
Power and Fuel	7,08,29,253	5,13,47,769
Repairs and Maintenance		
Buildings	1,46,14,669	1,46,90,331
Plant and Machinery	8,73,76,208	8,66,06,109
Others	68,26,527	79,02,773
	<u>10,88,17,404</u>	<u>10,91,99,213</u>
Excise Duty (Refer Note below)	9,48,464	2,01,453
Lease Rental Charges	0	33,000
Rents, Rates and Taxes	97,12,414	1,08,03,434
Insurance	85,36,340	63,69,615
Traveling and Conveyance	62,81,468	67,25,654
Printing and Stationery	19,33,635	12,43,639
Postage, Telegrams and Telephone Expenses	27,87,891	33,24,115
Selling Expenses		
Sales Commission	1,11,96,270	53,60,289
Shortage loss price difference	1,30,43,635	1,06,10,703
Others	1,58,19,508	60,30,756
	<u>4,00,59,413</u>	<u>2,20,01,748</u>
Difference Exchange rate	1,19,588	6,66,094
Freight Outward and Incidental Expenses		
Ocean freight	15,85,72,599	15,25,46,372
Container freight	2,58,53,510	1,97,98,325
Clearing and forwarding charges	1,18,92,057	1,50,93,423
Freight on sales	1,29,33,235	44,29,075
	<u>20,92,51,401</u>	<u>19,18,67,195</u>
Fee and Charges	45,48,023	27,22,440
Legal and Professional Charges	20,41,787	11,08,983
Security and Other Service Charges	1,64,65,215	1,08,96,908
Other Misc. Expenses	1,17,26,774	1,02,97,976
Auditors Remuneration		
Audit Fee	85,000	85,000
Tax Audit Fee	15,000	15,000
Auditors Out of pocket expenses	19,457	18,554
	<u>1,19,457</u>	<u>1,18,554</u>
Advertisement	2,82,791	1,72,523
Managerial Remuneration (Ref. note 4 of schedule 22)	1,02,15,789	1,03,48,759
Directors Sitting Fees	72,000	41,000
Total	<u>62,75,58,930</u>	<u>54,12,94,146</u>

Note: (Excise Duty represents difference in duty liability on opening and closing stock of finished goods.)


Schedules to Profit & Loss Account for the year ended 31-03-2011

	Year Ended 31-03-2011 Rs.	Year Ended 31-03-2010 Rs.
SCHEDULE - 20		
Payments to Employees		
Salaries,Wages and Bonus	7,03,90,770	6,51,47,696
Contribution and Provision for Provident Fund	29,03,881	27,57,296
Employees State Insurance	16,19,336	12,15,101
Gratuity	8,68,998	8,12,254
Workmen and Staff Welfare Expenses	1,20,62,757	1,12,69,714
Total	<u>8,78,45,742</u>	<u>8,12,02,061</u>
SCHEDULE-21		
Finance Charges		
Interest		
Fixed loans	8,77,72,459	8,77,06,134
Other interest	15,59,381	7,81,308
Bank and Other Finance Charges	2,08,14,642	2,12,51,047
Total	<u>11,01,46,482</u>	<u>10,97,38,489</u>

**Schedule -22****Notes forming part of accounts.****1) Basis of preparation**

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

2) Use of estimates

The preparation of financial statements is in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of such assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the end of reporting period.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from estimates.

3) Significant Accounting Policies**a) Fixed Assets**

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

b) Depreciation

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

c) Investments**Classification :**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments and other investments are classified as Long Term Investments.

Carrying amounts in books :

- i) Current Investments are carried at lower of cost and fair value determined on an individual investment basis.
- ii) Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments.

**d) Inventories**

Inventories are valued as under :

i) Raw Materials, Fuels, Packing materials, Stores and Spares

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

ii) Stock-in-process and Finished goods

Finished Goods and stock-in-process are valued at lower of cost and net realizable value whichever is lower.

Stock-in-process and finished goods are valued at cost of purchase, Cost of Conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of finished goods includes excise duty.

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

e) Excise Duty

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

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

f) Cenvat

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

g) Employee benefits**i) Short term benefits**

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

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

Employees contribution to Provident fund and ESI are recognized as expenditure in Profit and Loss Account, as they are incurred. There are no other obligations other than the contribution payable to aforesaid respective trusts/Govt authorities.

**iii) Defined Benefit plan :**

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

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

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

h) Sales

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

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

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

(ii) Conversion

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

(iii) Forward Exchange Contracts

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

(iv) Exchange differences

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

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

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

ii) Insurance Claims

Insurance claims are accounted on the basis of claims lodged.

iii) Dividends

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

**iv) Export incentives :**

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

k) Impairment

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

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

l) Borrowing costs

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

m) Accounting for taxes on income :

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

n) Provisions and contingent liabilities

The Company recognizes a provisions when there is a present obligation as a result of a post event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may,but probably will not,require an outflow of resources or there is present obligation, reliable estimate of the amount of which cannot be made. Where there is a possible obligations or a present obligation and the likelihood of outflow of resources is remote,no provision or disclosure for contingent liability is made.

o) Prior period and extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.

p) Material events occurring after the Balance Sheet date are taken into recognizance.

q) Leases:

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



4) Particulars of Managerial remuneration

- A. Computation of net profit in accordance with Sec.349 read with Sec.198 of the of the Companies Act,1956 for the purposes of managerial remuneration.

	Current Year 31.03.2011 Rs.	Previous year 31.03.2010 Rs.
Profit before tax	20,21,79,753	20,59,35,033
Add: Depreciation charged as per P&L A/c	10,96,74,997	9,43,36,137
Managerial remuneration	19,86,396	19,89,774
Directors sitting fee	72,000	41,000
Bad debts written off	0	1,17,800
Amounts Written off	14,95,666	8,91,010
Total	31,54,08,812	30,33,10,754
Less: Depreciation charged as per U/s 350 of Co.Act.	10,96,74,997	9,43,36,137
Net Profit as per Section 198	20,57,33,815	20,89,74,617
B. Remuneration payable to Managing Director		
a) At 5% of the net profits under Sec.198	1,02,86,691	1,04,48,731
b) Payments/provision for managerial remuneration restricted to	1,02,15,749	1,03,48,759
C. Details of payments/provisions on account of remuneration to the Managing Director included in the Profit and Loss Account for year:		
Salary & allowances	19,15,836	19,19,214
Contribution to Provident Fund	70,560	70,560
Commission	82,29,353	83,58,985
Total	1,02,15,749	1,03,48,759

Note: The commission payable is Rs.82,29,353/- for the year 2010-11 which is provided for in the accounts as per approval accorded by members in the Annual General Meeting as per provisions of Schedule XIII of the Companies Act,1956.

- 5) The Sales tax liability is being accumulated in view of sanction of deferment by the Government of Andhra Pradesh as per State Incentive Scheme and is included under unsecured loans.
- 6) Confirmation of balances from certain parties for amounts due to them or due from them are yet to be received. Confirmation letters were received from some of the parties. No material discrepancies are observed.
- 7). 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 31-03-2011 and remaining unpaid to any Micro, Small and Medium Enterprises is Rs.1,10,23,418/- and the said amounts are due for less than 45 days as on 31-03-2011. Hence, excepting above, there is no reportable information under Sec 22 (i) to (v) of Micro, Small and Medium Enterprises Act, 2006 read with part I of Schedule VI to the Companies Act, 1956.

**8) Deferred tax liability :**

The company has accounted for Deferred tax in accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountant of India and has charged the net profit and loss account with the deferred tax liability relating to the year net of Rs.(15,75,06,900)

As a result of the adoption of this policy, the profit for the year is higher by Rs.5,23,19,854/-

	2010-2011	2009-2010
	Rs.	Rs.
I. Deferred Tax Liabilities :-		
Depreciation differences	2,09,89,217	38,15,04,555
Others-preliminary exp.	0	0
Total	<u>2,09,89,217</u>	<u>38,15,04,555</u>
II. Deferred Tax Assets :-		
Unabsorbed Depreciation	17,84,96,117	0
Others	0	0
Total	<u>17,84,96,117</u>	<u>0</u>
III. Net Deferred Tax Liabilities(I-II)	<u>(15,75,06,900)</u>	<u>38,15,04,555</u>
IV. Tax liability at current rates	<u>(5,23,19,854)</u>	<u>12,96,73,398</u>

9. Related parties Disclosures :

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

(A) Particulars of Associate Companies**Name of the Related Party**

- a) Sree Rayalaseema Alkalies and Allied Chemicals Ltd.
- b) Sree Rayalaseema Dutch kassenbouw Pvt. Ltd.
- c) TGV Projects & Investments Pvt. Ltd.
- d) Brilliant Bio Pharma Ltd.
- e) Sree Maruthi Marine Industries Ltd.
- f) Gowri Gopal Hospitals Pvt. Ltd
- g) Sree Rayalaseema Galaxy Projects Pvt. Ltd.
- h) SRHHL Industries Ltd.
- i) Sree Maruthi Agro Tech Ltd.
- j) T G V Pharma Pvt. Ltd.
- k) Vibhu Cements Pvt. Ltd.
- l) Shree Arya Lakshmi Steels Pvt. Ltd.

(B) Key Management Personnel :**Name of the Related Party****Nature of Relationship**

- a) Mr. T G Bharath

Chairman & Managing Director

**(C) Disclosure of Related party with whom the Company had transaction****(i) Transactions with Associate Companies :**

	31-03-11	31-03-10
	Rs.in Lakhs	Rs.in Lakhs
(a) Goods sold	701.65	343.99
(b) Goods/Containers purchased	5869.68	5536.61
(c) Rents paid	94.55	107.09
(d) Rents received	47.70	48.43
(e) Services availed	110.32	97.26
(f) Investments made	826.25	726.25
(g) Corporate guarantees given(Outstanding)	649.51	775.90
(h) Outstanding balances as on 31.03.2011		
In advance to suppliers	907.16	623.45
In loans and advances-other advances	(59.52)	(1.92)
In current liabilities-Acceptances	511.39	437.38
In current liabilities-Sundry Creditors	0.00	388.02

ii) Transaction with key management personnel:

Managerial remuneration to Chairman & Managing Director		
Salary & allowances	19.16	19.19
Contribution to Provident Fund	0.71	0.71
Commission	82.29	83.59
Total	<u>102.16</u>	<u>103.49</u>

10. Segment Reporting

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

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

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

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

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


Segment information for the year ended 31st March, 2011
Information about Primary Business Segment.

Rs. in Lakhs

S.No.	Particulars	Year Ended 31-03-2011	Year Ended 31-03-2010
1.	Segment Revenue		
a)	Chemicals	20,314.66	17,488.36
b)	Wind Power	907.96	628.74
	Total	21,222.62	18,117.10
2.	Segment Results		
a)	Chemicals	3,290.98	3,187.29
b)	Wind Power	(265.39)	(346.35)
	Total	3,025.59	2,840.94
3.	Interest (Net)		
a)	Chemicals	295.62	318.76
b)	Wind Power	571.78	546.42
	Total	867.40	865.18
4.	Profit before tax	2,158.18	1,975.76
5.	Capital Employed		
a)	Chemicals	8,322.69	5,963.65
b)	Wind Power	(680.01)	(414.62)
	Total	7,642.68	5,549.03
Segment information for the year ended 31st March, 2011			
Information about Secondary Business Segments			
Revenue by Geographical Market :			
	In India	9,586.67	6,264.23
	Outside India	11,635.95	11,852.87
	Total	21,222.62	18,117.10

11). Disclosure pursuant to Accounting Standard 15 (Revised 2005)
Employee benefits:
A. Defined contribution plan:

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

	2010-11 (Rs. in lakhs)	2009-10 (Rs. in lakhs)
Employer's contribution to Provident fund	29.04	27.57

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

B. Defined benefit plan:

The company has employees group gratuity fund through a policy with LIC and contributes to the fund through annual renewal premium determined based on actuarial valuation using projected unit credit method as at 31-03-2011. The company has funded current service cost obligations and contributions made are recognized as expenses. The unfunded past service cost is provided as per actuarial valuation as on 31-03-2011. The disclosures in respect of funded and unfunded defined benefit obligations as required by Accounting Standard 15 are given below.



1. Changes and reconciliation of obligation for the year ended 31-03-2011

	Gratuity	
	Funded (Rs. in lakhs)	Unfunded (Rs. in lakhs)
Present value of defined benefit obligation at beginning of year	44.28 (35.51)	42.07 (33.64)
Current service cost	13.03 (8.11)	0.00 (0.00)
Interest cost	3.54 (2.84)	3.36 (2.69)
Past service cost	0.00 (0.00)	0.00 (0.00)
Benefits paid	-5.12 (-4.91)	0.00 (0.00)
Net actuarial gain / loss on obligations	-7.21 (2.73)	1.19 (5.73)
Present value of define benefit obligation at the end of year	48.53 (44.28)	46.62 (42.07)

2. Changes and reconciliation in fair value of plan asset as on 31-03-2011.

Opening fair value of plan assets	45.16 (32.55)	0.00 (0.00)
Expected return on plan assets	4.29 (3.09)	0.00 (0.00)
Contribution	8.73 (13.56)	0.00 (0.00)
Benefits paid	-5.12 (-4.91)	0.00 (0.00)
Actual valuation gain / loss on plan assets	-0.31 (0.88)	0.00 (0.00)
Closing fair value of plan assets	52.76 (45.16)	0.00 (0.00)
Total actuarial gain / loss	6.90 (-1.85)	1.19 (5.73)

3. Assets recopied in balance sheet

Present value of liability	40.53 (44.28)	46.62 (42.07)
Fair vale and plan assets	52.73 (-45.16)	0.00 (0.00)
Net liability	-4.20 (-0.88)	46.62 (42.07)

**4. Expenses recognised in Profit and Loss****Account for the year**

Current service cost	13.03	0.00
	(8.11)	(0.00)
Interest on define benefit obligation	3.54	3.37
	(2.84)	(2.69)
Expected return as plan assets	-4.29	0.00
	(-3.09)	(0.00)
Past service cost	0.00	0.00
	(0.00)	(0.00)
Net actuarial loss/gain	6.90	1.19
	(-1.86)	(5.73)

5. Movement in Net liability

Net liability at the beginning of the year	44.28	42.07
	(35.51)	(33.64)
Expenses	19.18	4.56
	(6.00)	(8.42)
Contribution paid	-8.73	0.00
	(-13.56)	(0.00)
Net liability at the close of the year	54.73	46.62
	(27.95)	(42.07)

6. Actuarial on plan assets

Expected return on plan assets	4.29	0.00
	(3.09)	(0.00)
Actuarial gain / loss on plan assets	-0.31	0.00
	(0.88)	(0.00)
Actual return on plan assets	3.98	0.00
	(3.37)	(0.00)

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

Fund with LIC under a policy	45.16	0.00
Percentage of total plan assets	100%	0.00

8. Principal actuarial assumptions:**Demographic assumptions**

- Retirement age of employees of the company are assumed at 58 years and average age is 39 Years.
- The mortality rate is as per the published rates of LIC (1994-96). Mortality Table (Ultimate), which is considered as standard table.
- Average Past service : 9.57 years
- Withdrawal rate : 1 to 3% depending upon age

Financial assumptions

a) Discount rate(p.a.)	8.00%	8.00%
b) Expected rate of return(p.a.)	9.50%	8.75%
c) Salary escalation rate(p.a.)	7.00%	7.00%



12) Operating Leases

	2010-11	2009-10
	Rs.in Lakhs	Rs.in Lakhs
a. Future Lease rental payments		
(i) Not later than one year	91.96	96.71
(ii) Later than one year and not later than five years	237.60	343.15
(iii) Later than five years	6.00	8.40
b. Lease rentals receivables		
(i) Not later than one year	48.90	48.30
(ii) Later than one year and not later than five years	97.43	144.23
(iii) Later than five years	1.38	2.88
c. Lease payments recognized in the Profit and LossAccount	94.55	108.14
d. Lease receipts recognized in the Profit and LossAccount	47.70	48.43
e. General description of the leasing arrangement		
(i) Assets taken on Lease:Factory Buildings,Office Buildings and Hydrogen Cylinders		
(ii) Leased out Assets:Chlorine Cylinders, D. G. Set .		
(iii) Future lease rentals are determined on the basis of agreed terms.		
(iv) At the expiry of the lease term, the Company has an option either to Return the asset or extended the term by giving notice in writing.		

13) Earnings per share (EPS) :

	2010-11	2009-10
	(Rs.)	(Rs.)
I. Net Profit as per Profit and Loss Account available to equity share holders	20,76,14,937	3,43,24,603
II. No.of shares for computation of EPS	1,09,47,461	1,04,51,163
III. Earning per share (Rs.) (Basic)	19.49	3.35

14) Additional information pursuant to the Paragraphs 3,4C, & 4D of Part-II of Schedule VI of the Companies Act,1956.

Capacity, Production, Purchases, Sales, Consumption and Stocks.

A. Licensed and Installed Capacity (in Metric Tonnes)

Product Name	UOM	Year Ended		Year Ended	
		31.03.2011	31.03.2011	31.03.2010	31.03.2010
		Licensed*	Installed**	Licensed*	Installed**
Stable Bleaching Powder	MT	24750	19800	24750	19800
Hydrogen Gas	Cum	6570000	6570000	6570000	6570000
Monochloro Acetic Acid	MT	6000	6000	6000	6000
Sulphuric Acid	MT	45000	45000	45000	45000
Chlorosulphonic Acid	MT	15000	15000	15000	15000
Hi-Strength Hypo	MT	51100	19800	29200	19800
Plasic Drums	NOS	600000	600000	0	0
Bromine	MT	65	65	65	65
Wind Power Generation	MW	11.25	11.25	11.25	11.25

* Capacity for which Memorandum filed with Secretariat for Industrial Approvals

** The installed capacity as certified by the Management.

**B. Actual Production, Turnover and Stocks**

a. Product	Op.Stock	Value	Production	Sales	Turnover	Closing Stocks	
	as on 01.04.10 Qty (Mts)	as on 01.04.10 Rs. in Lakhs	during the year Qty.in Mts	during the year Qty.in Mts	during the year Rs.in Lakhs	as on 31.03.11 Qty(Mts)	as on 31.03.11 Rs.in Lakhs
1. Stable Bleaching Powder	130.58 106.67	15.89 11.44	19037.96 15265.76	18954.79 15241.85	2308.01 1991.68	213.75 130.58	28.18 15.89
2. Monochloro Acetic Acid	77.76 25.24	27.88 9.30	1426.59 1588.97	1358.50 1536.45	536.59 529.95	145.85 77.76	56.21 27.88
3. Hi-Strength Hypo	148.50 220.91	73.10 89.79	16510.06 14378.00	16370.60 14450.40	10781.89 9667.38	287.96 148.50	126.10 73.10
4. Sulphuric Acid	147.21 813.58	3.97 20.25	40568.63 29413.44	40398.27 30079.81	2215.23 953.47	317.55 147.21	12.32 3.97
5. Chloro- sulphonic Acid	15.10 133.99	1.05 7.25	8905.35 3683.01	8850.72 3801.90	736.49 259.14	69.73 15.10	5.80 1.05
6. Bromine(KGS)	36.00 36.00	0.03 0.03	0.00 0.00	0.00 0.00	0.00 0.00	36.00 36.00	0.03 0.03
7. Hydrogen Gas(units)	1915.98 7885.10	0.54 1.87	3311997.65 2736899.60	3307389.70 2742868.72	861.00 759.78	6523.93 1915.98	1.63 0.54
8. Wind Power (Units)(Net)	0.00 0.00	0.00 0.00	26783594.00 18568935.00	26783594.00 18568935.00	907.96 628.74	0.00 0.00	0.00 0.00
9. PP Carboys (Nos)	0.00	0.00	17678.00	7220.00	21.15	10458.00	32.94

C. Raw Materials Consumed

	Year Ended 31-03-2011		Year Ended 31-03-2010	
	Qty,(Mts)	(Rs. in Lakhs)	Qty,(Mts)	(Rs. in Lakhs)
Hydrated Lime	22887.55	1633.86	18004.75	1140.34
Chlorine	29951.93	1771.02	25593.98	1320.44
Acetic Acid	1226.17	317.52	1284.80	353.50
Sulphur	19295.50	1766.22	13616.85	546.10
Quick Lime	3258.27	322.75	4014.92	378.71
Caustic Soda Lye	11002.94	1670.85	9537.28	1748.61
Others	—	1609.66	—	1064.28
Total		9091.88		6552.00



a) Value of Imports on CIF Basis (as certified by the management)

	Year Ended 31-03-2011 (Rs.in Lakhs)	Year Ended 31-03-2010 (Rs.in Lakhs)
Raw Material	564.87	364.26
Plant and Machinery	154.16	78.64
Office Equipment	0.00	6.21
Spares	0.00	17.30
Trading purchases	299.76	80.06

b. Expenditure incurred in foreign currency

Traveling expenses	1.58	13.59
Overseas Sales Commission	32.70	32.48
Freight/Demerages	184.02	3.67
Sales promotion expenses	3.73	4.06
Advertisement	0.01	0.13
Fee and Charges	0.68	3.19
Printing & stationery	0.24	0.05

	2010-2011		2009-2010	
	Value Rs.	%	Value Rs.	%
c) Raw material Consumed				
Imported	789.56	8.68	521.98	7.97
Indigeneous	<u>8,302.32</u>	<u>91.32</u>	<u>6,030.02</u>	<u>92.03</u>
	<u>9,091.88</u>	<u>100.00</u>	<u>6,552.00</u>	<u>100.00</u>

d) Earnings in Foreign Exchange

	Year Ended 31-03-2011 (Rs. in Lakhs)	Year Ended 31-03-2010 (Rs. in Lakhs)
FOB value of exports	9,771.14	10,554.34

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

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

Signatures to Schedules 1 to 22

as per our report of even date attached.

For S.T.Mohite & Co.,

Chartered Accountants (Regn. No. 011410S)

For and on behalf of the Board

M.T.Sreenivasa Rao

Proprietor/Membership No.15635

T.G.Bharath

Chairman & Managing Director

P.T.Reddy

Director

Place : Kurnool

Date : May 30th, 2011

Place : Kurnool

Date : 30.05.2011

V.Surekha

Company Secretary



Balance Sheet Abstract and Company's General Business Profile
(submitted in form of part IV of Schedule - VI of the Companies Act, 1956)

I. Registration details :

Registration No.	L 2 4 1 1 0 A P 2 0 0 5 P L C 0 4 5 7 2 6												
Balance Sheet Date	31-03-2011	State Code	01										

II. Capital Raised During the year (Rs. in Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Issue	4963
Calls in Arrears	NIL		

III. Position of Mobilisation and Deployment of Funds (Rs. in Thousands)

Total Liabilities	1781517	Total Assets	1781517
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Source of Funds :

Paid-Up Capital	109475	Reserve & Surplus	654794
Secured Loans	738642	Unsecured Loans	38326
Deferred Tax Liability	240280		

Application of Funds :

Net Fixed Assets	1235363	Investments	45604
Net Current Assets	500550	Misc. Expenditure	NIL
Accumulated Losses	NIL		

IV. Performance of Company (Rs. in Thousands)

Total Income	2155716	Profit/(Loss) Before Tax	193950
+/- Total Expenditure	1961766	+/- Profit/(Loss) After Tax	207615
Earnings per Share (Rs.)	19.49	Dividend Rate (%) (interim)	15%



1. Generic Name of Principal Products of the Company

Item Code No. (ITC Code)	28281000
Product Description	STABLE BLEACHING POWDER
Item Code No. (ITC Code)	28070001
Product Description	SULPHURIC ACID
Item Code No. (ITC Code)	29154001
Product Description	MONOCHLORO ACETIC ACID
Item Code No. (ITC Code)	28281000
Product Description	CALCIUM HYPOCHLORITE
Item Code No. (ITC Code)	28062000
Product Description	CHLORO SULPHONIC ACID
Item Code No. (ITC Code)	28013001
Product Description	BROMINE
Item Code No. (ITC Code)	99930000
Product Description	HYDROGEN GAS
Item Code No. (ITC Code)	8501
Product Description	WIND ENERGY
Item Code No. (ITC Code)	39233090
Product Description	PLASTIC MOULDED DRUMS

as per our report of even date attached.

For S.T.Mohite & Co.,

Chartered Accountants

(Regn. No. 011410S)

For and on behalf of the Board

M.T.Sreenivasa Rao

Proprietor/Membership No.15635

T.G.Bharath

Chairman & Managing Director

P.T.Reddy

Director

Place : Kurnool

Date : May 30th, 2011

Place : Kurnool

Date : 30.05.2011

V.Surekha

Company Secretary



SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

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

PROXY FORM

Client ID : _____ Regd. Folio No.: _____

DP ID : _____ No. of Shares held : _____

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

Members of the above name Company hereby appoint _____

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

for me/us and on my/our behalf at the 6th Annual General Meeting of the Company held at the Registered Office of the Company on Monday, the 26th September, 2011 at 11.00 A.M. or at any adjournment thereof.

Affix 1
Rupee
Revenue
Stamp

Signature

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

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

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

ATTENDANCE SLIP

Client ID _____ Regd. Folio No. _____

DP ID _____ No. of Shares held _____

Name of the Shareholder : _____

Name of the Proxy : _____

Signature of Member/Proxy : _____

I hereby record my presence at the 6th Annual General Meeting on Monday, the 26th September, 2011 at 11.00 A.M.

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

Signature of Member / Proxy

