

## SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

### BOARD OF DIRECTORS

Sri T.G. Bharath  
Chairman & Managing Director  
Sri M.P. Murti  
Sri O.D. Reddy  
Sri G. Krishna Murthy  
Sri P.T. Reddy

Company Secretary  
Smt. V. Surekha

### Auditors

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

### BANKERS

State Bank of Hyderabad

### REGISTRAR & SHARE TRANSFER AGENT

Venture Capital & Corporate Investments Pvt. Ltd.  
12-10-167, Bharat Nagar,  
Hyderabad - 500 018. (A.P.)

### REGISTERED OFFICE & WORKS

Gondiparla, Kurnool - 518 004.  
Andhra Pradesh - India

### STABLE BLEACHING UNIT

Manjavadi,  
Laxmapuram - 636 905  
Dharmapuri District, Tamilnadu.

### HYDROGEN GAS WORKS

Gondiparla, Kurnool.

### BROMINE PLANT

Kuluvekkam, Tiruporur  
Anna Dist, Tamilnadu.

### STEARIC ACID

Nemam Village, Kakinada,  
East Godavari (Dist)  
Andhra Pradesh

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## SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

### NOTICE

NOTICE is hereby given that the 3<sup>rd</sup> 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, 29<sup>th</sup> September, 2008 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, 2008 and the Profit and Loss Account and Cash Flow Statement for the period ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Sri O.D. Reddy, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Sri G. Krishna Murthy, who retires by rotation and being eligible offers himself for reappointment .
4. To appoint Statutory Auditors and to fix their remuneration.

#### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special resolution** :

“RESOLVED THAT the Articles of Association of the Company be amended by inserting the following Article 18A after Article 18, namely :

18A. The Company may buy back its own shares or other securities subject to the provisions of Sections 77A, 77AA and 77B of the Act and any amendment there to by the Central Government, from time to time”.

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

“RESOLVED THAT pursuant to the provisions of section 149(2A)(b) of the Companies Act, 1956, approval be and is hereby accorded to the commencement of the following business as per Clause-1 in Other Objects of Memorandum of Association.

“To promote, establish, generate, operate, distribute, accumulate, maintain, transmit, supply, sell electricity and/or power by installing, maintaining, operating power plants, whether based on thermal (coal or fuel based), hydel, gas, solar, wind energy, tidal energy or any conventional or non conventional energy and to lay down, establish power stations, cables, transmission lines or towers, substation terminals and other works for the aforesaid purposes a division of the Company or as a generating Company or a separate undertaking and to acquire, run or manage any Company or undertaking engaged in similar activities within the policies of the Government from time to time and for any or all of the aforesaid purposes and to do all the ancillary activities considered necessary or beneficial or desirable.”

## SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

7. To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**

“RESOLVED THAT pursuant to the provisions of Section 149(2A)(b) of the Companies Act, 1956, approval be and is hereby accorded to the commencement of the following business as per Clause - 9 in Other Objects of Memorandum of Association.

To deal in and / or to give on hire all types and kinds of containers including cylinders used for containing gases and chemicals.”

By Order of the Board

Place: Kurnool  
Date: 30.06.2008

**(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 25-09-08 to 29-09-08 (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 correspondence.
3. For queries on all matter relating to shares  
6-2-1012, TGV Mansion, IIInd Floor, Above ICICI Bank,  
Khairatabad, Hyderabad - 500 004. (A.P.)  
Tel : 040-23313843; E-mail ID : investorgrievancesrhypo@tgvgroup.com

## **SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

### **EXPLANATORY STATEMENT**

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

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

Under the provisions of Section 77A of the Companies Act, 1956, a Company can buy-back its shares or other securities only if there is a provision in the Articles of Association of the Company authorizing such a purchase. In order to enable the Company to undertake buy-back of shares as and when the Board of Directors decides so, it is proposed to insert an Article as detailed in the resolution.

None of the directors is interested in the resolution.

A copy of the Memorandum and Articles of Association of the Company is available for inspection at the registered office of the Company between 11.00 a m and 1.00 p.m. on any working day of the Company up to the date of the general meeting.

#### **Item No 6 & 7**

Your Company is manufacturing chemicals since the Order of the Hon'ble High Court of Andhra Pradesh vide its Order dated 15.06.2006 (Appointed date 01.04.2005) approving the Scheme of Arrangement. Further to this main objects, the Company is contemplating to commence business with respect to the activities mentioned in other objects under clause III (C) of memorandum viz., (1) generation of power (2) leasing of containers as clearly mentioned in the resolutions.

Pursuant to Clause (b) of sub-section (2A) of section 149 of the Act, a Company formed after the commencement of Companies (Amendment) Act, 1965, cannot pursue any business in relation to any of the objects stated in its memorandum in pursuance of sub clause (ii) of Clause (d) of sub section (1) of Section 13 of the Act unless approved by a special resolution. That section provides that a Company other than its main object and objects incidental or ancillary to the attaining of such main objects, should provide in its Memorandum of Association "Other Objects" of the Company. As the proposed business of generation of power and hiring of containers has been included under 'Other Objects' the Company cannot commence such business unless such commencement of business is approved by members of the Company by a special resolution passed in that behalf by it in a General Meeting.

None of the Directors is personally interested in the proposed resolutions and the Directors recommend acceptance of the proposed Special Resolutions in the best interest of the Company.

The Memorandum of Association of the Company is open for inspection of members at the registered office of the Company during usual business hours of the Company on any working day.

By Order of the Board

Place: Kurnool  
Date: 30.06.2008

**(V. Surekha)**  
Company Secretary

## SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

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

Name of the Director	Sri O.D. Reddy	Sri G. Krishna Murthy
Date of Birth	15.03.1940	17.09.1941
Date of appointment	25.07.2006	25.07.2006
Expertise in specific functional areas	More than 30 years experience at senior levels in management and administration in Govt. undertakings	More than 35 experience in Industrial and Business fields as Promoter. He is an eminent personality having interest in the field of social Services.
Qualifications	B.Sc (Agri)	Graduate in Science
Shareholdings in the company	625	Nil
Directorship in other Public Ltd Companies	<ul style="list-style-type: none"> <li>● SRHHL Industries Ltd,</li> <li>● Roopa Industries Ltd</li> <li>● Sree Rayalaseema Alkalies and Allied Chemicals Ltd</li> </ul>	<ul style="list-style-type: none"> <li>● SRHHL Industries Ltd,</li> <li>● Mukunda Industrial Finance Ltd,</li> <li>● Sree Rayalaseema Alkalies and Allied Chemicals Ltd</li> </ul>
Membership in Committees in other Public Ltd. Companies	<ul style="list-style-type: none"> <li>● SRHHL Industries Ltd                             <ul style="list-style-type: none"> <li>- Audit Committee</li> <li>- Shareholders'/Investors Grievance Committee</li> <li>- Remuneration Committee</li> </ul> </li> <li>● Sree Rayalaseema Alkalies &amp; Allied Chemicals Limited                             <ul style="list-style-type: none"> <li>- Investors Grievance Committee</li> <li>- Remuneration Committee</li> </ul> </li> <li>● Roopa Industries Ltd                             <ul style="list-style-type: none"> <li>- Audit Committee</li> <li>- Remuneration Committee</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● SRHHL Industries Ltd                             <ul style="list-style-type: none"> <li>- Audit Committee,</li> <li>- Remuneration Committee</li> <li>- Shareholders'/Investors Grievance Committee</li> </ul> </li> <li>● Sree Rayalaseema Alkalies &amp; Allied Chemicals Limited                             <ul style="list-style-type: none"> <li>- Share Transfer/Investors Grievance Committee</li> <li>- Appointment Committee</li> </ul> </li> <li>● Mukunda Industrial Finance Ltd                             <ul style="list-style-type: none"> <li>- Audit Committee</li> <li>- Recovery Committee</li> <li>- Remuneration Committee</li> </ul> </li> </ul>

## SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

### DIRECTORS' REPORT

To  
The Members

Your Directors have pleasure in presenting the Third Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2008.

#### Financial Results:

(Rs. in lakhs)

Particulars	2007 - 2008	2006 - 2007
Profit before Interest, Depreciation and Tax	<b>1355.37</b>	1332.68
Less : Interest	<b>201.15</b>	125.60
Depreciation	<b>423.41</b>	339.56
Loss due to fire	-	1.35
Loss on sale of assets	<b>15.11</b>	-
Preliminary Expenses Written off	<b>2.98</b>	2.98
Prior period adjustments	<b>1.40</b>	7.93
Profit before Tax	<b>711.32</b>	855.26
Provision for Taxation	<b>236.18</b>	294.22
Profit after Tax	<b>475.14</b>	561.04
Add:Balance brought forward from the previous year	<b>796.98</b>	235.94
Balance carried forward to next year	<b>1272.12</b>	796.98

#### Operations:

During the year, the Company achieved a turnover of Rs.11,923 lakhs against previous year turnover of Rs.11,941 lakhs. During the year the licensed capacity of Calcium Hypo Chlorite increased from 13,200 tonnes p.a. to 29,200 tonnes p.a. The licensed capacity of Monochloro Acetic Acid increased from 2,400 tonnes p.a. to 6,000 tonnes p.a. and Stable Bleaching Powder from 14,850 tonnes p.a. to 24,750 tonnes p.a. Considering the need for growth and stability, your directors have decided not to declare any dividend for the year 2007-08.

#### Risk Management :

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

#### Fixed Deposits :

The Company had accepted deposits from the public and all the provisions of Section 58A are complied with. There are no unclaimed or overdue fixed deposits during the year.

#### 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 2008-2009.

#### Particulars of Employees :

The information as required under Sec. 217 (2A) of the Companies Act, 1956 and the rules framed there under was not annexed as none of the employees were in receipt of the remuneration as per the limits prescribed there under.

## **SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

### **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, 2008 is annexed to this Report. (Annexure - A).

### **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 in the preparation of the accounts for the financial year ended 31st March, 2008 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, 2008 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 - B) and also the Management Discussion and Analysis Report are annexed to this Report. (Annexure - C)

### **Directors :**

Sri O.D. Reddy and Sri G. Krishna Murthy retires by rotation at the ensuing Annual General Meeting and being eligible for reappointment offers themselves to be relected as Directors.

### **Cost Audit :**

The Cost Audit under Section 233B is carried out in respect of the product Sulphuric Acid by M/s Kapardhi & Associates, 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.

### **Auditors :**

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

## SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

### Acknowledgments:

Your Directors wish to express their gratitude to State Bank of Hyderabad, IDBI, 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 : 30.06.2008

**T.G. BHARATH**  
Chairman & Managing Director

### ANNEXURE "A" TO DIRECTORS' REPORT:

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

#### A. Conservation of Energy:

Energy efficient motors are installed on a regular basis replacing the old motors.

#### FORM - A

Disclosure of particulars with respect to conservation of Energy:

	UNIT	Current Year 2007-2008	Previous Year 2006-2007
<b>A. Power and Fuel Consumption</b>			
1. ELECTRICITY			
a. Purchased	(KWH)	<b>13159069</b>	14481423
Total Amount	(Rs)	<b>45474990</b>	48929458
Rate per Unit	(Rs.)	<b>3.46</b>	3.38
b. Own Generation through Diesel Generator (Units)	(KWH)	<b>32052</b>	2290
Units per Ltr. of Diesel Oil	(KWH)	<b>13.08</b>	11.62
Cost / Unit	(Rs.)	<b>2.58</b>	2.90
<b>B. Consumption per MT of Production :</b>			
PRODUCT NAME			
Hi-Strength Hypochlorite (HSH)	(KWH)	<b>685</b>	791
Sulphuric Acid (SA)	(KWH)	<b>53</b>	51
Chlorosulphonic Acid (CSA)	(KWH)	<b>60</b>	58
Stable Bleaching Powder (SBP)	(KWH)	<b>227</b>	233
Monochloroacetic Acid (MCA)	(KWH)	<b>339</b>	375
H2 Gas	(Cum)	<b>3.26</b>	3.20



**B. Technology Absorption:**

Efforts made in Technology Absorption as per Form B.

**FORM - B**

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

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

- (i) A local source has been identified to get lime stone which is suitable for manufacturing Calcium Hypochlorite. This lime can be used in our process by mixing with existing imported and Dehradun lime. This will reduce the cost of raw material without compromising on the quality of final product.
- (ii) Sponsored Indian Institute of Chemical Technology to develop process for recovery of low grade Calcium Hypochlorite from mother liquor of Calcium Hypochlorite plant, instead of disposing off as mother liquor.

**2. Benefits derived as a result of R & D**

Improvement in the quality of products results in minimisation of wastage, better utilisation of raw material and power saving.

**3. Future Plans**

The Company is planning to install 1.5 M.W. wind turbine generators.

**4. Expenditure on R & D**

- (i) Charged under primary heads

**Technology Absorption, Adoption and Innovation:**

There is no import of technology during the year.

**C. Foreign Exchange Earnings and Outgo :**

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

The Company is continuously exploring the new markets for export of its Monochloro Acetic Acid & Stable Bleaching Powder products.

- b) Total foreign Exchange used/earned :

- i. Foreign Exchange earned Rs. 4,879.56 lakhs
- ii. Foreign Exchange used Rs. 282.66 lakhs

For and On behalf of the Board

Place : Kurnool  
Date : 30.06.08

**T.G. BHARATH**  
Chairman & Managing Director

**ANNEXURE 'B' TO DIRECTORS' REPORT**

**Report on Corporate Governance**

**1. Company's Philosophy on code of Governance**

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

**2. Board of Directors**

**Board Procedure**

A detailed agenda folder is sent to each Director in advance of Board and Committee meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director briefs the Board at every meeting on the overall Company performance. A detailed functional report is also placed at every Board Meeting.

**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 five 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.	Sri T.G. Bharath	Chairman & Managing Director	5	4	12	1
2.	Sri M.P. Murti	Independent Director	5	5	7	4
3.	Sri O.D. Reddy	Independent Director	5	5	3	6
4.	Sri G. Krishna Murthy	Independent Director	5	5	3	9
5.	Sri P.T. Reddy	Independent Director	5	5	1	-

## **SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

During the financial year ended 31<sup>st</sup> March, 2008, five Board meetings were held on (1) 30/06/2007 (2) 31.07.2007 (3) 31.10.2007 (4) 31.01.2008 (5) 19.03.2008. The last Annual General Meeting of the Company was held on 27.09.2007 and it was attended by Sri T.G. Bharath, Chairman & Managing Director, Sri O.D. Reddy, Chairman of Audit Committee and Sri G. Krishna Murthy, Director.

### **Committees of the Board**

#### **Audit Committee :**

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

- (a) Over seeing the Company's financial reporting process to ensure that the financial statement is correct, sufficient and credible.
- (b) Recommending to the Board appointment, reappointment, fixation of fees etc. of statutory auditors.
- (c) Reviewing with management the annual Financial Statement before submitting to the Board with particular reference to directors Responsibility statement, changes in Accounting policies, major accounting entries involving estimates, compliance with other Listing agreement, disclosure of other related party transactions.
- (d) Qualifications in draft Audit Report.
- (e) Reviewing with management quarterly financial statements.
- (f) The adequacy of internal audit functions.
- (g) Discussion with statutory auditors before the audit commences.
- (h) Reviewing the findings of any investigations by the internal auditors etc.,

The Audit Committee comprises of Sri O.D. Reddy as Chairman, Sri. M.P. Murti and Sri P.T. Reddy- as its members. All the members of the Committee are non-executive independent directors. The role, terms of reference and authority and powers of the Audit Committee are in conformity with the requirements of Companies Act, 1956 and listing agreement.

The Committee held four meetings during the year 2007-08 on (1) 30.06.2007 (2) 31.07.2007 (3) 31.10.2007 (4) 31.01.2008 and all the members attended the meetings.

#### **3. Remuneration Committee :**

The Remuneration Committee comprises of Sri M.P. Murti as Chairman and Sri O.D. Reddy, Sri G. Krishna Murthy as its Members. The Committee inter alia, deals with all elements of remuneration of all wholetime directors, service contracts, notice period, severance payments etc.

The non-Executive Directors will be paid sitting fee of Rs. 1000/- per meeting of Board and audit committee. The CMD will not be paid any sitting fee for attending

## SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

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
19,80,000	70,560	5,71,965	26,22,525

#### 4. Shareholder(s) / Investor(s) Grievance Committee :

To review the actions taken by the Company in resolving Investor's Grievances and its response to stock exchanges, SEBI and other related Government correspondence, Investors Grievance Committee / Shareholders Committee comprises of Sri T.G. Bharath as Chairman, Sri P.T. Reddy and Sri O.D. Reddy 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 2007-08	Pending at the end of the year	No.of pending Share Transfers
574	NIL	NIL

#### 5. General Body Meetings :

The last two Annual General Meeting of the Company were held on (1) 27/09/2006 (11 A.M.) (2) 27/09/2007 (11 A.M.) at Regd Office : Gondiparla, Kurnool - 518004 ( A.P.). The special business transacted and approved by the members at the previous AGMs are as follows :

2005-06 (First AGM)

1. Appointment of first Director Sri R.M. Kranti as regular Director
2. Appointment of additional Directors Sri M.P. Murti, Sri O.D. Reddy and Sri G. Krishna Murthy.
3. Appointment of Sri T.G. Bharath as Chairman & Managing Director under Section 316.

2006-07 (Second AGM)

1. Appointment of Sri P.T. Reddy as regular Director
2. To increase the borrowing powers of the Board to Rs. 200 crores

#### 6. Disclosures :

None of the transactions with any of the related parties were in conflict with the interests of the Company at large. The details of related party transactions are furnished under 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 and non mandatory requirements will be complied in due course.

## SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

### 7. Means of Communications :

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

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

### 8. General Shareholder Information :

#### (a) Annual General Meeting :

Date : 29th September, 2008

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 1<sup>st</sup> April, 2008 to 31<sup>st</sup> March, 2009.

Unaudited Financial Results for:

First Quarter July, 2008

Second Quarter October, 2008

Third Quarter January, 2009

Fourth Quarter April, 2009

#### (c) Book Closure Period : 25.09.08 to 29.09.08 ( inclusive of both days)

#### (d) Dividend Date : Not Applicable

#### (e) Listing on Stock Exchanges

The ISIN No.(DEMAT) on the NSDL and the CDSL is INE 917H01012.

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

Bombay Stock Exchange Ltd - 532842

The National Stock Exchange of India Ltd - SRHHYPOLTD

**SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

(g) Market Price Data for Financial Year 2007-2008 :

Month & Year	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
May,07	29.30	18.70	29.35	16.65
June,07	22.85	16.00	23.65	19.20
July,07	22.00	14.30	21.85	15.05
August,07	31.00	16.05	29.40	15.95
September,07	30.50	26.00	33.20	22.60
October,07	28.35	20.75	27.95	18.25
November,07	25.95	20.20	25.00	20.10
December,07	33.85	20.25	32.65	20.85
January,08	44.10	19.20	47.00	19.00
February,08	24.60	19.00	25.35	19.00
March,08	22.25	17.00	22.40	18.55

(h) Share Transfer Agents:

The Company has appointed M/s.Venture Capital & Corporate Investments Private Ltd., as Share Transfer Agent for Dematerialisation, Rematerialisation, Share Transfers and other related matters.

(i) Distribution of Shareholding as on 31st March, 2008

Sl. No.	CATEGORY	SHARES	AMOUNT	%
1.	Promoters	3813915	38139150	37.45
2.	Mutual Funds	1895	18950	0.02
3.	Banks, Financial Institutions	437810	4378100	4.30
4.	Body Corporates	502082	5020820	4.93
5.	Indian Public	4317030	43170300	42.39
6.	NRI / OCBS	1111931	11119310	10.91
	Total	10184663	101846630	100.00

(j) Dematerialisation of shares and liquidity:

As on 31st March,2008 45.66% 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

## SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

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 31.03.2008.

Place : Kurnool  
Date : 30.06.2008

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 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.

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

(A) Registrar and Share Transfer Agent  
Venture Capital & Corporate Investments Private Limited  
12-10-167, Bharat Nagar, Hyderabad – 500 018. (A.P.)  
Tel No.: 040- 23322264 Fax No. : 040-23324803

(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

For and on behalf of the Board of Directors

Place : Kurnool  
Date : 30.06.2008

**T G Bharath**  
Chairman & Managing Director

## **SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

### **Auditors Certificate on Corporate Governance**

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

To

The Members

M/s. Sree Rayalaseema Hi-Strength Hypo Limited

We have examined the compliance of the conditions of Corporate Governance by M/s. Sree Rayalaseema Hi-Strength Hypo Limited., for the year ended on 31st March, 2008, 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, 2008 there were no investor grievances remaining unattended / pending for a period exceeding one month against the 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 Accountant

Place : Kurnool  
Date : 30.06.08

**MT Sreenivasa Rao**  
Proprietor



**ANNEXURE 'C' TO DIRECTOR'S REPORT:**

**Management Discussion & Analysis Report :**

**(A) Industry Structure and Development :**

The Company products can be broadly classified under Inorganic chemicals.

**(B) Opportunities and Threats :**

- (1) Since Hi-Strength Hypo Chlorite is widely used as a bleaching agent such as purification of water in swimming pools, drinking water systems etc., and the demand for this product is increasing
- (2) There is growing demand for Calcium Hypo Chlorite in the international market.
- (3) Most of the raw materials are easily available locally thus savings in transportation costs.
- (4) The raw material prices are uncertain in the market. Any steep upward price rise would affect the profitability of the unit.
- (5) The import of lime for the manufacture of Hi-strength Hypo Chlorite may affect the profitability of the Company due to exchange fluctuations.

**(C) Segmentwise or Productwise Performance :**

The Company Surpassed its previous performance in the case of Stable Bleaching Powder, Monochloro Acetic Acid (MCA), Hi-Strength Hypo Chlorite (HSH) and bottling of Hydrogen gas. However, there was a slight decline in Sulphuric Acid and moderate decline in Chloro Sulphonic Acid (CSA) in terms of production.

**(D) Out Look :**

The Company is exploring possibilities of exporting more quantities of existing products Sulphuric Acid and Monochloro Acetic Acid.

**(E) Risks and Concerns :**

- (i) No control over price of raw materials and finished goods which are market determinant.
- (ii) Fluctuations in foreign exchange currencies in relation to exports & imports.

**(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 computerised environment. Further in key areas like stores, Finalisation of Purchase Orders and fixation of material sales prices are under pre-audit system supported by Advisory Committees. The Management regularly reviews the findings of the internal auditors and effective steps to implement the suggestions/ observations of the Auditors are taken

## SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

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 2007-08 Net Profit before Tax is Rs.711.32 lakhs against Rs.855.26 lakhs during the previous year. The Company provided Rs.236.18 lakhs towards Income Tax FBT & deferred tax. Due to this the Net Profit after Tax was slightly decreased when compared to previous year.

### **(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 is regularly conducting seminars and workshops to improve the safety and maintenance of the factory and for also timely despatches of quality products. The Company is deputing employees for attending seminars for updating their skills and knowledge. The Company had 392 employees on its rolls.

For and on behalf of the Board

Place : Kurnool  
DATE : 30.06.2008

**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 2008, 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 31.03.2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 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, 2008;
    - 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 Accountant

Place : Kurnool  
Date : 30.06.2008

**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 Accountsof Sree Rayalaseema Hi-Strength Hypo Ltd.,for the year ended 31st March, 2008.**

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) During the year, the Company has disposed off some fixed assets, which in our opinion do not constitute substantial part of fixed assets 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. Therefore provisions of clause - 4 (iii) (b) (c) and (d) of the Companies (Auditors Report) Order, 2003 are not applicable.
  - (b) The Company has not taken any loans, secured or unsecured from Companies, firms or other parties covered in register maintained under Section 301 of the Companies Act 1956. Therefore clause - 4 (iii) (f) and (g) of Companies (Auditors Report) Order, 2003 are not applicable.
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.

## SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

5. a) According to the information and explanations given to us and as confirmed by the management of the Company, 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 complied with Provisions of Section 58 A and 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there under with regard to the deposits accepted from public.
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 are of the opinion that, prima facie, the prescribed records have been made and maintained. We have not, however, made a detailed examination of the same. Maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 is not applicable for the products of the Company except Sulphuric Acid.
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 31.03.2008 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 sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
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 nor incurred cash losses in the current and immediately preceding financial year.

## SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

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.
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 guarantee for the loans taken by M/s.Sree Rayalaseema Alkalies and Allied Chemicals Ltd (SRAAC) from IFCI to the tune of Rs.1000 lakhs.  
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 installment / 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 not made any preferential allotment of shares to parties and companies 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.
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 Accountant

Place : Kurnool  
Date : 30.06.2008

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

**SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

**BALANCE SHEET AS AT 31 st MARCH 2008**

	Schedule	As At 31-03-2008 Rs.	As At 31-03-2007 Rs.
<b>I SOURCES OF FUNDS</b>			
<b>Shareholders Funds</b>			
Share Capital	1	10,18,46,630	10,18,46,630
Reserves and Surplus	2	25,85,35,531	21,10,21,816
<b>Loan Funds</b>			
Secured Loans	3	21,36,54,833	16,12,15,737
Unsecured Loans	4	9,03,05,904	8,04,48,871
<b>Deferred Tax Liabilities</b>		<b>9,76,70,334</b>	<b>9,08,51,043</b>
<b>TOTAL</b>		<b><u>76,20,13,232</u></b>	<b><u>64,53,84,097</u></b>
<b>II APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	64,42,18,196	52,98,22,113
Less:Depreciation		<u>10,76,39,706</u>	<u>6,52,98,782</u>
Net Block		53,65,78,490	46,45,23,331
Add:Capital Work-in-progress		0	<u>31,89,129</u>
		<b>53,65,78,490</b>	<b>46,77,12,460</b>
<b>Investments</b>	6	<b>3,00,61,500</b>	<b>29,000</b>
<b>Current Assets, Loans and Advances</b>			
Inventories	7	11,27,49,029	6,33,10,125
Sundry Debtors	8	9,92,03,720	13,02,47,677
Cash and Bank Balances	9	2,76,74,526	1,95,29,102
Other Current Assets	10	1,35,96,293	1,70,79,962
Loans and Advances	11	<u>15,21,30,809</u>	<u>18,96,73,318</u>
		<u>40,53,54,377</u>	<u>41,98,40,184</u>
Less:Current Liabilities & Provisions	12	<u>21,08,74,072</u>	<u>24,33,88,129</u>
Net Current Assets		<b>19,44,80,305</b>	<b>17,64,52,055</b>
<b>Miscellaneous Expenditure</b>	13	<b>8,92,937</b>	<b>11,90,582</b>
(To the extent not written off or adjusted)			
<b>TOTAL</b>		<b><u>76,20,13,232</u></b>	<b><u>64,53,84,097</u></b>
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.,**  
Chartered Accountant

**For and on behalf of the Board**

**M.T.Sreenivasa Rao**  
Proprietor/Membership No.15635  
Place : Kurnool  
Date : 30-06-2008

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

**P.T.Reddy**  
Director

Place : Kurnool  
Date : 30-06-2008

**V.Surekha**  
Company Secretary

**SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH,2008**

	Schedule	Year Ended 31-03-2008 Rs.	Year Ended 31-03-2007 Rs.
<b>I INCOME</b>			
Gross Sales	15	1,17,55,30,328	1,12,84,16,539
Other Income	16	1,02,60,716	20,10,880
Export Incentives-DEPB		1,57,24,246	2,08,23,531
Trading Sales		1,67,62,448	6,56,88,688
Increase / Decrease Stock	17	1,30,92,289	-1,33,72,689
<b>TOTAL</b>		<b>1,23,13,70,027</b>	<b>1,20,35,66,949</b>
<b>II EXPENDITURE</b>			
Trading Purchases		1,59,74,921	4,67,24,401
Consumption of Raw-materials / Inputs	18	56,45,67,866	50,24,71,095
Manufacturing,Administrative and Selling Expenses	19	42,92,75,468	44,27,14,233
Payments to Employees	20	6,87,02,005	6,04,96,472
Finance Charges	21	3,74,28,969	3,04,52,976
<b>TOTAL</b>		<b>1,11,59,49,229</b>	<b>1,08,28,59,177</b>
<b>III Profit before Depreciation, Extraordinary Items, Prior Period Items and Tax ( I - II )</b>		<b>11,54,20,798</b>	<b>12,07,07,772</b>
Depreciation		4,23,40,924	3,39,55,844
Amortisations		2,97,645	2,97,645
<b>IV Profit before Extraordinary Items, Prior Period Items and Tax</b>		<b>7,27,82,229</b>	<b>8,64,54,283</b>
Loss on Fire accident		0	1,34,974
Loss on Sale of Assets		15,10,782	0
Prior period Adjustments ( Net)		1,39,883	7,92,833
<b>V Profit before Income Tax</b>		<b>7,11,31,564</b>	<b>8,55,26,476</b>
<b>VI Provision for Taxation</b>			
I) Current Tax		1,62,50,614	2,25,70,848
II) Fringe benefit Tax		5,47,944	6,34,732
III) Deferred Tax		68,19,292	62,17,365
		<b>2,36,17,850</b>	<b>2,94,22,945</b>
<b>VII Net Profit for the Year</b>		<b>4,75,13,714</b>	<b>5,61,03,531</b>
<b>Add:Balance brought forward from previous Year</b>		<b>7,96,97,906</b>	<b>2,35,94,372</b>
<b>VIII Balance Carried to Balance Sheet</b>		<b>12,72,11,620</b>	<b>7,96,97,903</b>
Notes forming part of accounts	22		

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.,**

Chartered Accountant

**For and on behalf of the Board**

**T.G.Bharath**

Chairman & Managing Director

**P.T.Reddy**

Director

**M.T.Sreenivasa Rao**

Proprietor/Membership No.15635

Place : Kurnool

Date : 30-06-2008

Place : Kurnool

Date : 30-06-2008

**V.Surekha**

Company Secretary



**SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2008 AS PER CLAUSE 32 OF LISTING AGREEMENT**

Rs. in Lakhs

	Year Ended 31-03-2008	Year Ended 31-03-2007
<b>A. Cash Flow From Operating Activities</b>		
Net Profit before Tax and Extraordinary items	711.32	855.26
Depreciation	423.41	339.56
Interest paid	214.68	134.53
Interest received	(13.53)	(8.93)
Preliminary & Deff. exp.written off	2.98	0.00
Operating Profit before Working Capital Changes	1,338.86	1320.42
Adjustments for:		
Trade and other receivables	720.70	(551.07)
Inventories	(494.39)	13.41
Trade payables	(325.14)	(378.50)
	(98.83)	(916.16)
Cash generated from operations	1,240.03	404.26
Interest paid	(214.68)	(134.53)
Interest received	13.53	8.93
Direct taxes	(236.18)	(294.23)
Cash flow before Extra-ordinary items	802.70	(15.57)
Net Cash flow from Operating Activities	802.70	(15.57)
<b>B. Cash flow from Investing Activities</b>		
Purchase/Sale of Fixed Assets	(1,112.07)	(878.08)
Purchase/Sale of Investments	(300.33)	0.00
Net cash used in Investing Activities	(1412.40)	(878.08)
<b>C. Cash flow from financing Activities</b>		
Proceeds from long term borrowings	691.16	975.77
Net cash used in Financing Activities	691.16	975.77
Net increase in Cash & Cash equivalents (A+B+C)	81.46	82.12
Cash and Cash equivalents as at 01.04.2007(Op.B/s.)	195.29	113.17
Cash and Cash equivalents as at 31.03.2008(Cl.B/s.)	276.75	195.29

Notes : Comparative figures of the previous year, where necessary, have been regrouped to confirm to those of the current year

For and on behalf of the Board

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

**P.T.Reddy**  
Director

Place : Kurnool  
Date : 30-06-2008

**V.Surekha**  
Company Secretary

**CERTIFICATE**

We have examined the above cash flow statement for the year ended 31st March,2008 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 30th June, 2008 to the members of the Company.

**for S. T. Mohite & Co.,**  
Chartered Accountant  
Sd/-

Place : Kurnool  
Date : 30-06-2008

**MT Sreenivasa Rao**  
Proprietor

**SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

**SCHEDULES TO BALANCE SHEET**

	As At 31-03-2008 Rs.	As At 31-03-2007 Rs.
<b>SCHEDULE-1</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
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>
<b>Issued</b>		
1,01,84,663 (Previous year 1,01,84,663) Equity Shares of Rs.10/- each	<u>10,18,46,630</u>	<u>10,18,46,630</u>
<b>Subscribed and Paid up</b>		
1,01,84,663 (Previous year 1,01,84,663) Equity Shares of Rs.10/- each Fully paid up	<u>10,18,46,630</u>	<u>10,18,46,630</u>
<b>Total</b>	<u>10,18,46,630</u>	<u>10,18,46,630</u>
<b>SCHEDULE-2</b>		
<b>Reserves and Surplus</b>		
<b>Capital Reserves</b>		
Central / Capital Subsidy(as per last Balance sheet)	43,55,500	43,55,500
<b>General Reserves</b>		
Amalgamation Reserve (as per last Balance sheet)	12,69,68,411	12,69,68,411
Surplus i.e.,balance in Profit and Loss Account	12,72,11,620	7,96,97,905
<b>Total</b>	<u>25,85,35,531</u>	<u>21,10,21,816</u>
<b>SCHEDULE-3</b>		
<b>Secured Loans</b>		
<b>From Banks</b>		
Working Capital Loans	10,90,93,935	9,42,56,329
Term Loans	10,45,60,898	6,69,59,408
<b>Total</b>	<u>21,36,54,833</u>	<u>16,12,15,737</u>
<b>Notes:</b>		
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.		
<b>SCHEDULE-4</b>		
<b>Unsecured Loans</b>		
Fixed Deposits	1,16,50,000	1,44,50,000
Deferred Sales Tax	4,44,65,572	5,61,05,799
Other Loans and Advances		
From Banks	79,41,237	1,19,541
From Others	2,59,28,620	97,27,787
Interest accrued and Due	3,20,475	45,744
<b>Total</b>	<u>9,03,05,904</u>	<u>8,04,48,871</u>

**SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

**SCHEDULE 5  
Fixed Assets**

Amount in Rs.

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Cost As At 01-04-2007	Additions	Deductions Adj.	Total Upto Adj. 31.03.2008	Upto 01.04.2007	For the Period	Total Upto Adj. 31.03.2008	As at 31.03.2008	As at 31.03.2007
<b>1. On own use</b>									
Land - Freehold	18509510	1470	4653482	13857498	0	0	0	13857498	18509510
Factory Buildings	75604410	10895672	0	86500082	3352957	2588861	0	80563264	72251453
Plant & Machinery	386007802	104460817	0	490468619	56280308	32259791	0	401928520	329727494
Furniture & Fixtures	2235066	304403	0	2539469	528799	282646	0	1728024	1706267
Office Equipment	8784412	1731104	0	10515516	3446257	1552180	0	5517079	5338155
Other Equipment	2950381	0	0	2950381	447844	229674	0	2272863	2502537
Vehicles	10331689	1656100	0	11987789	1019391	1317166	0	9651232	9312298
<b>2. On Lease</b>									
Plant & Machinery-Lease	25398842	0	0	25398842	223226	4115606	0	21060010	25175616
	529822112	119049566	4653482	644218196	65298782	42340924	0	536578490	464523330
<b>3. Capital Work-in-progress</b>									
Machinery under erection	3189130	0	3189130	0	0	0	0	0	3189130
	3189130	0	3189130	0	0	0	0	0	3189130
<b>Total</b>	533011242	119049566	7842612	644218196	65298782	42340924	0	536578490	467712460
Previous Year	445783708	105656914	18429377	533011245	31342938	33955843	0	467712464	

**Note:**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.

**SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

**SCHEDULES TO BALANCE SHEET**

	As At 31-03-2008 Rs.	As At 31-03-2007 Rs.
<b>SCHEDULE-6</b>		
<b>Investments-Long Term &amp; Non-trade</b>		
<b>Government Securities-Unquoted</b>		
National Saving Certificates (Deposited with Sales Tax Department)	29,000	29,000
<b>Other Investments in Equity Shares</b>		
<b>Unquoted &amp; fully paid</b>		
Brilliant Bio Pharma Ltd 2,94,000 Shares Purchased during the year	2,94,00,000	0
Sree Maruthi Agrotech Ltd 3,250 Shares Purchased during the year	32,500	0
Max 5 Marketing Pvt Ltd 60,000 Shares Purchased during the year	6,00,000	0
<b>Total</b>	<u>3,00,61,500</u>	<u>29,000</u>
<b>SCHEDULE-7</b>		
<b>Inventories</b>		
( As taken Valued and Certified by Management		
Raw-materials	4,20,02,842	96,40,092
Packing materials	58,30,869	44,55,366
Stores and Spares	3,54,60,315	3,29,44,190
Material in transit	2,62,780	1,70,543
Finished Goods	2,33,42,124	1,42,78,880
Stock - in - process	<u>58,50,099</u>	<u>18,21,054</u>
<b>Total</b>	<u>11,27,49,029</u>	<u>6,33,10,125</u>
<b>SCHEDULE-8</b>		
<b>Sundry Debtors</b>		
<b>Debts Outstanding for more than six months</b>		
Secured - considered good	17,67,232	17,67,232
Unsecured - considered good	2,30,04,972	1,18,42,402
<b>Other Debts :</b>		
Unsecured - considered good	7,44,31,516	11,66,38,043
<b>Total</b>	<u>9,92,03,720</u>	<u>13,02,47,677</u>
<b>SCHEDULE-9</b>		
<b>Cash and Bank Balances</b>		
Cash on hand	10,32,417	10,80,386
Bank Balances with Scheduled Banks		
In Current Accounts	1,32,49,577	90,56,184
In Fixed Deposits ( Under margin with Banks)	<u>1,33,92,532</u>	<u>93,92,532</u>
<b>Total</b>	<u>2,76,74,526</u>	<u>1,95,29,102</u>

**SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

**SCHEDULES TO BALANCE SHEET**

	As At 31-03-2008 Rs.	As At 31-03-2007 Rs.
<b>SCHEDULE-10</b>		
<b>Other Current Assets</b>		
Accrued interest on deposits	3,70,531	3,61,060
Duty Entitlements of DEPB, Target Plus	1,20,64,318	1,62,17,221
Claims recoverable	11,61,444	5,01,681
<b>Total</b>	<u>1,35,96,293</u>	<u>1,70,79,962</u>
<b>SCHEDULE-11</b>		
<b>Loans and Advances</b>		
(Unsecured - considered good)		
Advances Recoverable in cash or in kind or for value to be received		
Advances to Suppliers	2,56,13,954	1,38,34,622
Advances against Capital Expenditure	87,15,630	16,76,755
Advance to Employees	19,78,785	28,04,320
Rent Advances	2,04,04,250	2,04,92,294
Advance Income Tax (Including Tax deducted at source)	40,10,655	48,60,461
Other Advances (Kindly refer note 5 of Schedule 22)	4,24,60,131	10,11,03,202
Deposits / balances with Customers, Excise, Sales tax and Govt. Bodies	4,79,06,527	4,37,54,250
Deposits with Others	10,40,877	11,47,414
<b>Total</b>	<u>15,21,30,809</u>	<u>18,96,73,318</u>
<b>SCHEDULE-12</b>		
<b>Current Liabilities and Provisions</b>		
<b>A. Current Liabilities</b>		
Acceptances	2,61,07,900	3,20,11,049
Sundry Creditors		
For Supplies, Services and Expenses (Refer note 7 of schedule-22)	19,33,382	80,19,027
Other Dues	10,15,71,458	12,37,18,821
Other Liabilities	1,39,35,096	1,33,64,598
Advance from Customers	2,31,57,152	1,44,28,265
<b>B. Provisions</b>		
Provision for Taxation	2,19,85,566	2,49,84,244
Provision for Others	2,21,83,518	2,68,62,125
<b>Total</b>	<u>21,08,74,072</u>	<u>24,33,88,129</u>

**SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

**SCHEDULES TO BALANCE SHEET**

	As At 31-03-2008	As At 31-03-2007
	Rs.	Rs.

**SCHEDULE-13**

**Miscellaneous Expenditure**

(to the extent not written off or adjusted)

Preliminary Expenses	11,90,582	14,88,227
Less: Amount written off during the year	<u>2,97,645</u>	<u>2,97,645</u>
	<u>8,92,937</u>	<u>11,90,582</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 kept pending.	<b>383.61</b>	0
2) Claim against the Company not acknowledged as debts : Demand for differential tariff from APCPDCL for power purchased from A P Gas Power Corporation Ltd for which Company has contested in a legal case.	<b>1,055.77</b>	1,055.77
3) Matters for which Company is contingently liable :		
a) Gaurantee given by the Company for loans taken by other company	<b>1,000.00</b>	1,000.00
b) Surety given by the Company for the performance contract excuted by other Company favouring DGFT authorities	<b>4,333.98</b>	4,333.98
c) 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.	<b>76.00</b>	76.00
d) Consumers cheques / bills discounted with Banks	<b>822.89</b>	957.47
e) Unexpired Bank Gaurantees provided by the Company	<b>72.93</b>	101.96
f) Unexpired Letters of Credit established by the Company	<b>836.75</b>	471.26

**SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

**Schedules to Profit & Loss Account for the period ended 31-03-2008**

	Year Ended 31-03-2008 Rs.	Year Ended 31-03-2007 Rs.
<b>SCHEDULE-15</b>		
<b>Sales</b>		
Exports	56,66,30,860	63,01,31,207
Domestic	58,63,75,889	48,18,37,377
Sale of Steam	2,07,31,200	2,30,64,150
Other Sales	38,15,889	30,02,437
	<u>1,17,75,53,838</u>	<u>1,13,80,35,171</u>
Less:Sales Returns	20,23,510	96,18,632
<b>Total</b>	<b><u>1,17,55,30,328</u></b>	<b><u>1,12,84,16,539</u></b>
<b>SCHEDULE-16</b>		
<b>Other Income</b>		
Interest Received-Gross	13,52,536	8,92,821
(Tax deducted at source Rs.2,88,493 )		
Other Miscellaneous Income	50,85,079	11,18,059
Insurance Claim received	38,23,101	0
<b>Total</b>	<b><u>1,02,60,716</u></b>	<b><u>20,10,880</u></b>
<b>SCHEDULE-17</b>		
<b>Increase/Deacrese in Stock</b>		
Closing Stocks:		
Finished Goods	2,33,42,124	1,42,78,880
Stock-in-Process	58,50,099	18,21,054
<b>Total (A)</b>	<b><u>2,91,92,223</u></b>	<b><u>1,60,99,934</u></b>
Opening Stocks:		
Finished Goods	1,42,78,880	2,75,07,303
Stock-in-Process	18,21,054	19,65,320
<b>Total (B)</b>	<b><u>1,60,99,934</u></b>	<b><u>2,94,72,623</u></b>
Increase/Deacrese in Stocks (A-B)	<b><u>1,30,92,289</u></b>	<b><u>-1,33,72,689</u></b>
<b>SCHEDULE-18</b>		
<b>Consumption of Raw-materials/Inputs</b>		
Opening Stock:	96,40,092	47,55,412
Purchases	59,69,30,616	50,73,55,775
	<u>60,65,70,708</u>	<u>51,21,11,187</u>
Less:Closing Stock	4,20,02,842	96,40,092
	<b><u>56,45,67,866</u></b>	<b><u>50,24,71,095</u></b>

**SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

**Schedules to Profit & Loss Account for the period ended 31-03-2008**

	Year Ended 31-03-2008 Rs.	Year Ended 31-03-2007 Rs.
<b>SCHEDULE-19</b>		
<b>Manufacturing, Administration and Selling Expenses</b>		
Consumption of Other Chemicals	18,17,987	9,70,438
Consumption of Stores	5,96,19,475	5,71,91,502
Power and Fuel	4,56,11,573	4,89,56,058
Repairs and Maintenance		
Buildings	25,60,765	13,94,502
Plant and Machinery	4,02,19,256	5,49,08,477
Others	56,27,069	50,70,139
Excise Duty	8,33,23,185	6,11,19,802
Lease Rental Charges	52,012	88,137
Rents, Rates and Taxes	40,64,311	54,56,349
Insurance	51,91,357	66,41,843
Travelling and Conveyance	56,59,602	31,46,864
Printing and Stationery	12,15,139	14,23,236
Postage, Telegrams and Telephone Expenses	22,92,236	41,16,071
Selling Expenses	1,72,87,761	2,61,60,381
Exchange rate fluctuations	30,35,756	4,94,501
Freight Outward and Incidental Expenses	12,49,40,082	13,97,83,084
Fee and Charges	56,06,416	43,94,820
Legal and Professional Charges	9,07,473	19,47,673
Security and Other Service Charges	99,48,361	91,67,530
Other Misc. Expenses	62,41,495	71,60,441
Auditors Remuneration	1,01,436	81,593
Advertisement	12,98,196	8,48,159
Managerial Remuneration ( Ref.note 2 of schedule 22 )	26,22,525	21,57,633
Directors Sitting Fees	32,000	35,000
<b>Total</b>	<b>42,92,75,468</b>	<b>44,27,14,233</b>
<b>SCHEDULE-20</b>		
<b>Payments to Employees</b>		
Salaries, Wages and Bonus	5,39,84,225	4,69,91,814
Contribution and Provision for		
Provident Fund	24,95,823	28,23,660
Employees State Insurance	12,06,881	12,43,940
Gratuity	6,53,284	7,78,169
Other Funds	80,000	0
Workmen and Staff Welfare Expenses	1,02,81,792	86,58,889
<b>Total</b>	<b>6,87,02,005</b>	<b>6,04,96,472</b>
<b>SCHEDULE-21</b>		
<b>Finance Charges</b>		
Interest		
Interest on Term Loan	1,13,05,871	30,49,390
Interest on Working Capital	85,10,025	45,17,663
Interest on Deposits	9,04,307	24,87,866
Interest on Others	7,47,475	33,98,359
Bank and Other Finance Charges	1,59,61,291	1,69,99,698
<b>Total</b>	<b>3,74,28,969</b>	<b>3,04,52,976</b>



**Schedule - 22**

**Notes forming part of accounts.**

**I. Accounting Policies**

- a) The accounts are maintained under Historical Cost Convention on accrual basis as going concern with generally accepted accounting principles and applicable accounting standards.

**b) 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.

**c) Depreciation**

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

**d) Investments**

- i) Investments that are readily realisable and intended to be held for not more than a year are classified as current investments and others are classified as Long Term Investments.
- ii) Current Investments are carried at lower of cost and fair value determined on an individual investment basis.
- iii) Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of investments.

**e) Inventories**

- i) Raw Materials and Stores are valued at average cost. Cost includes purchase price, duties, freight inwards, taxes and other directly attributable expenses.
- ii) Finished Goods are valued at cost including related overheads or net realisable value whichever is lower.
- iii) Stock-in-process is valued at cost plus appropriate production overheads.

**f) Excise Duty**

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

**g) Cenvat**

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

**h) Retirement benefits**

The Company has entered into agreement with the Life Insurance Corporation of India under Group Gratuity-cum-Assurance Scheme to cover future payments of gratuity for its employees who are covered under the scheme. In respect of the employees not covered by the scheme, gratuity is accounted on payment basis.

**i) Sales**

Net Sales excludes VAT / sales tax.

**j) Foreign exchange transactions**

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. The outstanding transactions other than those covered by forward contracts at the end of the year are accounted at the rates prevailing as on such date.

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 recognised over the period of contract all exchange differences arising on settlement/conversion/payment of foreign currency transactions are recognised as Income or Expenses in Profit and Loss Account.

**k) Revenue Recognition :**

i) Interest / Hire charges on Hire purchase loans has been taken into account on due and payable basis.

**l) Export Incentives :**

Export incentives such as DEPB (Duty Entitlement Pass Book) license are calculated based on exports made during the year.

**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 recognised.

## SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

	<b>Current Year</b>	Previous year
	<b>31.03.2008</b>	31.03.2007
	Rs.	Rs.
Salary & allowances	<b>19,80,000</b>	14,02,258
Contribution to Provident Fund	<b>70,560</b>	48,368
Commission	<b>5,71,965</b>	7,07,007
	<b><u>26,22,525</u></b>	<u>21,57,633</u>

### Computation of Profit U/s.350 of the Companies Act,1956.

	<b>Current Year</b>	Previous year
	<b>31-03-2008</b>	31-03-2007
	Rs.	Rs.
Profit before tax	<b>7,11,31,564</b>	8,55,26,478
Add : Depreciation charged as per P&L A/c	<b>4,23,40,924</b>	3,39,55,844
Managerial remuneration	<b>20,50,560</b>	14,50,626
Directors sitting fee	<b>32,000</b>	35,000
Provision for doubtful debts	<b>23,11,692</b>	18,53,096
Amounts Written off	<b>17,33,276</b>	3,06,625
	<b><u>11,96,00,016</u></b>	<u>12,31,27,670</u>
Less :Depreciation charged as perU/s350 of Co.Act.	<b>6,24,03,563</b>	5,24,26,921
Net Profit as per Section 198	<b><u>5,71,96,453</u></b>	<u>7,07,00,748</u>
Commission payable for the year @ 1 %	<b><u>5,71,965</u></b>	<u>7,07,007</u>

### 3. Auditors Remuneration

As Auditors	<b>60,000</b>	60,000
For Tax Matters	<b>15,000</b>	15,000
Out of Pocket Expenses	<b>26,436</b>	6,593
	<b><u>1,01,436</u></b>	<u>81,593</u>

4. 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.

5. Advances under Current Assets include Rs.68,76,163/- (Previous year Rs.4,58,22,961/-)is due by SRHHL Industries Ltd a Company under the same management within the meaning of Sec. 370(1B) of the Companies Act.1956.

## SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

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 and balances are being reconciled.
7. The Company has identified Micro, Small and Medium Enterprises on the basis of information made available by the creditors. As on 31-03-2008 dues to Micro, Small and Medium Enterprises that are reportable under Sec.22 of MSMED Act, 2006 and Schedule VI of Companies Act are as under.

<u>SL.NO.</u>	<u>NAME</u>	<u>Principle</u> Rs.
1)	Excel Woven Sacks	7,90,271

The above outstandings as at the end of the Accounting year are not overdue to attract interest. Hence there is no reportable information about interest dues under Sec.22(i) to (v) of the MSMED Act, 2006.

### 8. Deferred tax liability :

The Company has accounted for Defferred 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.2,00,62,639/-

As a result of the adoption of this policy, the profit for the year is lower by Rs.68,19,291/-

	<b>2007-2008</b> Rs.	2006-2007 Rs.
I. Deferred Tax Liabilities :		
Depreciation differences	<b>2,00,62,639</b>	1,84,71,077
Others-preliminary exp.	<b>0</b>	0
	<b><u>2,00,62,639</u></b>	<u>1,84,71,077</u>
II. Deferred Tax Assets :		
Unabsorbed Depreciation	<b>0</b>	0
Others	<b>0</b>	0
	<b><u>0</u></b>	<u>0</u>
Net Deferred Tax Liabilities(I-II)	<b>2,00,62,639</b>	1,84,71,077
Tax liability at current rates	<b>68,19,291</b>	62,17,365

### 9. Related parties Disclosures :

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

## SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

### (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) TGV Securities Pvt. Ltd.
- h) Sree Rayalaseema Galaxy Projects Pvt. Ltd.
- i) SRHHL Industries Ltd.
- j) Sree Maruthi Agrotech 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 :

	31-03-08 Rs.in Lakhs	31-03-07 Rs.in Lakhs
a Goods sold	361.87	463.72
b Goods/Containers purchased	3,032.50	3,639.78
c Rents paid	37.39	38.20
d Rents received	48.83	2.17
e Services availed	22.35	88.26
f Services rendered	0.00	10.57
g Investments made	294.33	0
h Outsanding balances as on 31.03.2008		
In loans & advances - other advances	89.43	17.88
In current liabilities - other liabilities	-669.91	-693.23

#### (ii) Transactions with key management personnel :

Managerial remuneration to

Chairman & Managing Director

26,22,525

21,57,633

## SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

<b>10) Earnings per share :</b>	<b>31-03-08</b>	31-03-07
I. Net Profit as per Profit and Loss Account available to equity share holders	<b>4,75,13,714</b>	5,61,03,533
II. No.of shares for computation of Earning Per share	<b>1,01,84,663</b>	1,01,84,663
III. Earning per share (Rs.) (Basic)	<b>4.67</b>	5.51

**11) 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)

Proudct Name	UOM	Year Ended 31.03.2008		Year Ended 31.03.2007	
		Lincensed*	Installed**	Lincensed*	Installed**
Stable Bleaching Powder	MT	24750	24750	14850	14850
Hydrogen Gas	Cu.M	5544000	544000	5544000	544000
Monochloro Acetic Acid	MT	6000	6000	2400	2400
Sulphuric Acid	MT	45000	45000	45000	45000
Chlorosulphonic Acid	MT	15000	15000	15000	15000
Hi-Strength Hypo	MT	29200	29200	13200	13200
Bromine	MT	65	65	65	65
S B P - Unit - III (per day)	MT	15	15	15	15

\* Capacity for which Memorandum filed with Secretariat for Industrial Approvals

\*\* The installed capacity as certified by the Management.

## SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

### B. Actual Production, Turnover and Stocks

a. Product	Op. Stock as on 01.04.07 Qty (Mts)	Value as on 01.04.07 Rs.Lakhs	Production during the year Qty.in Mts	Sales during the year Qty.in Mts	Turnover during the year Rs.Lakhs	<b>Closing as on 31.03.08 Qty(Mts)</b>	Stocks as on 31.03.08 Rs.Lakhs
1. Stable Bleaching Powder	<b>83.08</b> (21.41)	<b>9.43</b> (2.38)	<b>13736.11</b> (12582.88)	<b>13650.56</b> (12521.21)	<b>1587.71</b> (1672.53)	<b>168.63</b> (83.08)	<b>18.57</b> (9.43)
2. Monochloro Acetic Acid	<b>86.34</b> (88.05)	<b>36.57</b> (37.61)	<b>2105.54</b> (1701.29)	<b>2111.00</b> (1703.00)	<b>1021.26</b> (835.12)	<b>80.88</b> (86.34)	<b>38.28</b> (36.57)
3. Hi-Strength Hypo	<b>132.28</b> (427.83)	<b>55.80</b> (188.97)	<b>9498.31</b> (9211.98)	<b>9422.92</b> (9507.53)	<b>5387.93</b> (6024.22)	<b>207.67</b> (132.28)	<b>82.73</b> (55.80)
4. Sulphuric Acid	<b>388.38</b> (105.58)	<b>7.95</b> (2.29)	<b>34223.23</b> (35390.89)	<b>33399.43</b> (35108.09)	<b>1805.58</b> (993.63)	<b>1212.18</b> (388.38)	<b>58.74</b> (7.95)
5. Chlorosulphonic Acid	<b>202.95</b> (74.41)	<b>9.58</b> (4.28)	<b>3286.96</b> (7652.65)	<b>3430.01</b> (7524.11)	<b>395.59</b> (729.90)	<b>59.90</b> (202.95)	<b>6.03</b> (9.58)
6. Bromine (KGS)	<b>609.00</b> (13425.00)	<b>0.30</b> (7.85)	<b>23976.00</b> (2694.00)	<b>24585.00</b> (15510.00)	<b>32.41</b> (7.75)	<b>0.00</b> (609.00)	<b>0.00</b> (0.30)
7. Hydrogen Gas (cu.m.)	<b>10835.00</b> (1068.60)	<b>1.92</b> (0.21)	<b>2737302.00</b> (2633557.60)	<b>2743775.00</b> (2623791.20)	<b>567.85</b> (437.29)	<b>4362.00</b> (10835.00)	<b>0.73</b> (1.92)

### C. Raw Materials Consumed

	Year Ended 31-03-2008		Year Ended 31-03-2007	
	Qty,(Mts)	Rs.(Lakhs)	Qty,(Mts)	Rs.(Lakhs)
Hydrated Lime	<b>14175.132</b>	<b>751.70</b>	12677.10	552.05
Chlorine	<b>19611.900</b>	<b>866.71</b>	18005.52	956.41
Acetic Acid	<b>1784.599</b>	<b>581.76</b>	1524.72	522.47
Sulphur	<b>14571.890</b>	<b>1,438.25</b>	16623.40	741.30
Quick Lime	<b>3520.395</b>	<b>275.99</b>	3910.24	326.17
Caustic Soda Lye	<b>6473.764</b>	<b>1,056.13</b>	5908.21	1,038.42
Others	-	<b>675.14</b>	-	887.89
<b>Totals</b>		<b>5,645.68</b>		<b>5,024.71</b>

**SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

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

	<b>Year Ended 31-03-2008 (Rs.in Lakhs)</b>	<b>Year Ended 31-03-2007 (Rs.in Lakhs)</b>
Raw Material	<b>219.74</b>	125.73
Spares	<b>0</b>	15.29

**b) Expenditure incurred in foreign currency**

Travelling expenses	<b>4.50</b>	0.45
Overseas Sales Commission	<b>19.26</b>	25.59
Freight Paid	<b>31.04</b>	95.62
Sales promotion expenses	<b>8.12</b>	1.15

**c) Raw material Consumed**

	<b>2007-2008</b>		<b>2006-2007</b>	
	<b>Value Rs.</b>	<b>%</b>	<b>Value Rs.</b>	<b>%</b>
Imported	<b>187.01</b>	<b>3.31</b>	125.73	2.50
Indigeneous	<b>5,458.67</b>	<b>96.69</b>	4,898.98	97.50
	<b>5,645.68</b>	<b>100.00</b>	5,024.71	100.00

**d) Earnings in Foreign Exchange**

	<b>Year Ended 31-03-2008 (Rs. in Lakhs)</b>	<b>Year Ended 31-03-2007 (Rs. in Lakhs)</b>
FOB value of exports	<b>4879.56</b>	5834.74

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

13. 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 Accountant

**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 : 30-06-2008

Place : Kurnool  
Date : 30-06-2008

**V.Surekha**  
Company Secretary



**SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

**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.

BALANCE SHEET DATE         STATE CODE

DATE MONTH YEAR

**II. CAPITAL RAISED DURING THE YEAR**

(Rs. in Thousands)

PUBLIC ISSUE

RIGHTS ISSUE

BONUS ISSUE

PRIVATE ISSUE

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS** (Rs. in Thousands)

TOTAL LIABILITIES

TOTAL ASSETS

**SOURCE OF FUNDS :**

PAID-UP CAPITAL

RESERVE & SURPLUS

SECURED LOANS

UNSECURED LOANS

DEFERRED TAX LIABILITY

**APPLICATION OF FUNDS:**

NET FIXED ASSETS

INVESTMENTS

NET CURRENT ASSETS

MISC. EXPENDITURE

ACCUMULATED LOSSES

**IV. PERFORMANCE OF COMPANY**

(Rs. in Thousands)

TOTAL INCOME

PROFIT/ (LOSS) BEFORE TAX

+ / - TOTAL EXPENDITURE

+ / - PROFIT/ (LOSS) AFTER TAX

EARNINGS PER SHARE (Rs.)

DIVIDEND RATE (%)

**SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

**1. GENERIC NAMES OF PRINCIPAL 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 MONOCHLOROACETIC 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) 2836901  
Product Description MAGNESIUM CARBONATE

as per our report of even date attached.

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

**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 : 30-06-2008

Place : Kurnool  
Date : 30-06-2008

**V.Surekha**  
Company Secretary

**SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

**SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

(Formerly SARAC Chemicals 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 3rd Annual General meeting of the Company held at the Registered Office of the Company on Monday, the 29th September, 2008 at 11.00 A.M. or at any adjournment thereof.

Affix 1  
Rupee  
Revenue  
Stamp

Signature

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

**SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

(Formerly SARAC Chemicals 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 3rd Annual General Meeting on Monday, the 29th September, 2008 at 11.00 A.M.

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

Signature of Member / Proxy