

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

BOARD OF DIRECTORS

Sri T.G. Bharath
Chairman & Managing Director
Sri M.P. Murti (upto 31.07.09)
Sri O.D. Reddy (upto 31.07.09)
Sri G. Krishna Murthy (upto 31.07.09)
Sri P.T. Reddy
Dr. A. Praveen (from 30.04.09)
Sri D.V. Narendra Babu (from 30.06.09)

Company Secretary
Smt. 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

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 4th Annual General Meeting of the Members of SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED will be held at the Registered Office of the Company at Gondiparla, Kurnool - 518 004 (A.P.) on Friday, 25th September, 2009 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, 2009, the Profit and Loss Account and Cash Flow Statement for the period ended on that date and the Reports of Director's and Auditor's thereon.
2. To appoint a Director in place of Sri P T Reddy, who retires by rotation and being eligible offers himself for re-appointment .
3. To appoint a director in casual vacancy (arised due to resignation of Sri M P Murti, Director) coming up for re-appointment due to retirement by rotation.
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 in partial modification of the Resolution passed by the members of the Company at the first Annual General Meeting held on 27th September, 2006 and pursuant to Sections 198, 269, 309 and 310 read with Schedule XIII, Central Government approval and other applicable provisions, if any, of the companies Act, 1956 including any statutory modification or reenactment thereof for the time being in force, consent of the Company be and is hereby accorded to increase the Commission payable to CMD from the existing 1% to 4% of net profits of the Company, subject to the overall ceiling limit of 5% of net Profit of the Company (inclusive of Salary and other allowances)”.

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

“RESOLVED THAT in suppression of the Resolution passed at the Annual General Meeting of members of the Company held on 27th September, 2007 and pursuant to the provisions of Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time such sum or sums of money as the Board may deem fit for the purpose of the business of the Company notwithstanding that the moneys to be so borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up share capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose, provided however that the total amount so borrowed by the Board of Directors and outstanding at any one time shall not exceed Rs.500 Crores (Rupees Five Hundred Crores).”

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

“RESOLVED THAT Dr A. Praveen, who was appointed as an Additional Director pursuant to Article 115 be and is hereby appointed as a Director of the Company .”

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

“RESOLVED THAT Sri D V Narendra Babu , who was appointed as an Additional Director pursuant to Article 115 be and is hereby appointed as a Director of the Company .”

9. 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, and 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 the SEBI (Disclosure and Investor Protection) Guidelines, 2000 (the SEBI DIP Guidelines) (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 create, offer, issue and allot from time to time, in one or more tranches, equity shares and / or warrants entitling the holder thereof to subscribe from time to time , the equity shares of the Company (hereinafter referred to as the (“Securities”) to Sree Rayalaseema Galaxy Projects (P) Ltd one of the promoter of the Company having its office at K J Complex, Bhagya Nagar, Kurnool – 518004 whether or not the member of the Company under a preferential issue through offer letter and / or circular and / or information memorandum and / or such other documents/ writings, in such manner and on such terms and conditions as may be determined by the Board in its absolute discretion, provided that, the aggregate number of equity shares / resultant equity shares of the Company to be issued against warrants shall not exceed 2,66,500 fully paid

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equity shares of the face value of Rs.10/- each, at a price being not less than the higher of the following :

- (a) The average of the weekly high and low of the closing prices of the Company's shares quoted on the Stock Exchanges (BSE & NSE) during six months preceding the "relevant date"
- (b) The average of the weekly high and low of the closing prices of the Company's shares quoted on the Stock Exchanges (BSE & NSE) during the two weeks preceding the "relevant date".

The relevant date for purpose of determination of the price of the shares shall be thirty (30) days prior to the date of the General Body Meeting i.e. 26th August, 2009.

"RESOLVED FURTHER THAT the Equity Shares / resultant equity shares to be issued and allotted upon exercise of right attached to the warrants 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 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 at any stage without requiring the Board to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution. arising out of, and incidental to the proposed offer and issue of equity shares and to take all steps which the Board, considers necessary, proper or expedient for implementing this resolution."

"RESOLVED FURTHER THAT the Board be and is hereby authorised 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 as also to execute such documents, writings etc., as may be necessary to give effect to the aforesaid resolution."

By Order of the Board

Sd/

(V. Surekha)

Company Secretary

Place: Kurnool
Date : 26.08.2009

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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 21/09/2009 to 25/09/2009 (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.

EXPLANATORY STATEMENT

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

Item No. 5:

Under the leadership of Sri T G Bharath, CMD, the performance of the Company has increased tremendously. The turnover of the Company increased by more than twice since his appointment. The profit of the Company has increased by three times of the previous year profits. Considering his great efforts and contributions towards the progress of the Company on recommendation of Remuneration Committee in its Meeting held on 31.07.2009 your Board has decided to increase payment of commission from existing 1% to 4% of the net profits of the Company. With the proposed increase in commission payable to CMD, the total remuneration is within the limits of Schedule XIII and other relevant provisions of the Companies Act,1956.

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

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

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Item No. 6:

Pursuant to the provisions of clause (d) of Sub-Section (1) of Section 293 of the Companies Act, 1956, the Board of Directors cannot borrow more than the aggregate amount of the paid up capital of the Company and its free reserves at any one time except with the consent of the shareholders of the Company in a General Meeting.

The Board of Directors can borrow up to a limit of Rs. 200 crores as per the approval given by the shareholders in the 2nd Annual General Meeting held on 27th September, 2007. The Company diversified its activities into the field of power. Hence, it is deemed expedient to approach the shareholders to increase the limit of borrowing power of the Board from the present Rs.200 crores to Rs. 500 crores.

The resolution under item No.6 of the notice seeks the approval of the members as required under Section 293 (1) (d) of the Companies Act, 1956.

None of the Directors are interested or concerned in the resolution and recommends your approval thereof in the interest of the Company.

Your directors commend the above resolution as set out under item No 6 in the notice for approval by the shareholders.

Item No. 7:

Dr A. Praveen was appointed as an Additional Director at the Board Meeting held on 30/04/2009 pursuant to Section 260 of the Companies Act, 1956 and Article 115 of the Articles of Association of the Company. He holds the office upto the date of ensuing Annual General Meeting.

The Company has received notice under Section 257 of the Companies Act, 1956 together with a deposit of Rs. 500/- proposing Dr. A. Praveen for the office of the Director.

None of the directors except Dr. A.Praveen is interested in the resolution. Your Directors commend the resolution for your approval.”

Item No. 8:

Sri D V Narendra Babu was appointed as an Additional Director at the Board Meeting held on 30/06/2009 pursuant to Section 260 of the Companies Act, 1956 and Article 115 of the Articles of Association of the Company. He holds the office up to the date of ensuing Annual General Meeting.

The Company has received notice under Section 257 of the Companies Act, 1956 together with a deposit of Rs. 500/- proposing Sri D V Narendra Babu for the office of the Director.

None of the directors except Sri D V Narendra Babu is interested in the resolution. Your Directors commend the resolution for your approval.”

Item No. 9:

The issue of shares under preferential allotment to promoters is governed by SEBI Guidelines.

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Objects of the issue through preferential offer :

- (i) You company has decided to set up 3 WTG'S with total capacity of 4.95 MW at Theni, in Tamilnadu State. The total additional project cost is Rs. 31.95 crores. Out of which Rs. 23 crores is being financed by Bank by way of term loans and part of the project cost is being brought in by the promoters of the Company. The proceeds of this preferential issue is being utilized for this purpose.
- (ii) **Intention of promoters / key management persons to subscribe to the offer :** The preferential issue of equity shares and / or warrants with a right to subscribe to equity shares would be made to one of the promoters of the Company viz. M/s.Sree Rayalaseema Galaxy Projects (P) Ltd.
- (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	1009028	9.91	1009028	9.65
Bodies Corporate	3469609	34.07	3736109	35.75
Non- Promoters				
Mutual Funds/UTI	1895	0.02	1895	0.02
NRIs	1055463	10.36	1055463	10.10
Bodies Corporate	444782	4.37	444782	4.26
Financial Institutions	37810	0.37	37810	0.36
General Public/Others	4166076	40.90	4166076	39.86
Total :	10184663	100	10451163	100

- (iv) **Proposed time within which the allotment shall be completed :** The allotment of equity shares and the warrants would be completed within the time prescribed under the Preferential Issue Guidelines.
- (v) **The identity of the proposed allottee and the percentage of post preferential issue capital that may be held by it :**

Sl No	Name of the proposed allottee	No of shares held before the issue	%to total No. of shares	No. of shares allotted in the present issue	No. of shares held after issue	% to total No. of shares
1.	Sree Rayalaseema Galaxy Projects (Pvt) Ltd	2,41,988	2.38	2,66,500	5,08,488	4.87

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The Equity shares allotted pursuant to the above preferential issue shall be listed on the Stock Exchanges where the Company's Equity Shares are presently listed and necessary applications will be made to those stock exchanges. The allotment of share warrants / equity shares will be completed within a period of 15 days from the date on which the shareholders approval is being obtained for preferential allotment.

The shares of the Company are listed at Bombay Stock Exchange Limited and National Stock Exchange of India Ltd. The equity shares to be allotted shall rank pari- passu with the existing Equity Shares of the Company in all respects subject to pro-rata dividend in the year of allotment. The Equity Shares allotted as aforesaid shall be subject to the provisions of the Memorandum and Articles of Association of the Company.

(vi) Pricing of the Issue :

The issue Price of Rs. 30.85 per Equity Share is determined as per the guidelines for preferential issue framed by SEBI.

(vii) Relevant Date :

Relevant Date for the preferential issue, as per the SEBI DIP Guidelines as amended upto date, for determination of applicable price for issue of equity shares is August, 26, 2009 being the date which is 30 days prior to the date for passing this resolution in the AGM.

(viii) Payment Terms :

In case of issue of Share Warrants an amount, as may be decided by the Board of Directors not being less than 10% of the issue price shall be payable upon subscription to warrants and in case of issue of Equity Shares, full amount is to be paid before allotment is made.

(ix) Auditors' Certificate :

The Certificate from M/s S T Mohite & Co., Chartered Accountants, Statutory Auditors of the Company as to the pricing of the issue and that this preferential issue of shares is being made in accordance with the Guidelines on Preferential Allotment issued by SEBI will be available for inspection at the Registered Office of the Company on all working days except Saturdays and Sundays between 11 A.M. to 1 P.M. upto the date of Annual General Meeting and will also be placed before the shareholders at the Annual General Meeting.

(x) Lock in period :

The proposed allotment shall be subject to lock in for a period of one year from the date of allotment as per the clause 133 1(c) of SEBI (DIP) guidelines.

(xi) Letter of intent from M/s Sree Rayalaseema Galaxy Projects (Pvt) Ltd. (an associate Company in the promoters group) agreeing to subscribe to 2,66,500 Share Warrants / Equity Shares on preferential allotment basis subject to SEBI Guidelines. In the event of any Share Warrants / Equity Shares remaining unsubscribed by the aforesaid promoter group Company for any reasons whatsoever, the same will be offered and allotted by the Board of Directors, at its absolute discretion, to any other entity owned or controlled by the promoters group.

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As per Section 81(1A) of the Companies Act, 1956, approval of the shareholders is required for allotment of Equity Shares on preferential basis and hence this resolution is placed before the shareholders.

M/s Sree Rayalaseema Galaxy Projects (P) Ltd and Sri T G Bharath, CMD are deemed to be concerned or interested in the said resolution (as Sri T G Bharath, CMD's family members are holding major stake in M/s. Sree Rayalaseema Galaxy Projects Private Limited) pertaining to proposed allotment of equity shares / warrants.

Your directors recommend the resolution for approval of the shareholders.

By Order of the Board

Sd/-

(V. Surekha)

Company Secretary

Place : Kurnool
Date : 26.08.2009

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	P T Reddy	Dr. A Praveen	D V Narendra Babu
Date of Birth	01-04-1938	30-04-1975	09-01-1956
Date of appointment	27-11-2006	30-04-2009	30-06-2009
Expertise in specific functional areas	More than 40 years rich experience in chemical plants	Nearly 2 years experience in medical dentistry and corporate sector	More than 25 years experience in industrial and business fields as entrepreneur.
Qualifications	B.Tech.(Hon's) (Chemical Engg.)	M.D.S	B.A.
Shareholdings in the company	NIL	NIL	500
Directorship in other Public Ltd Companies	NIL	NIL	NIL
Membership in Committees in other Public Ltd. Companies	NIL	NIL	NIL

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DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting the Fourth Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2009.

Financial Results:

(Rs. in lakhs)

Particulars	2008 - 2009	2007 - 2008
Profit before Interest, Depreciation and Tax	3629.31	1355.37
Less : Interest	401.68	201.15
Depreciation	545.97	423.41
Loss on sale / impairment of assets	174.67	15.11
Preliminary Expenses Written off	2.98	2.98
Prior period adjustments	-9.24	1.40
Profit before Tax	2513.25	711.32
Provision for Taxation	990.53	236.18
Profit after Tax	1522.72	475.14
Add : Balance brought forward from previous year	1272.12	796.98
Balance carried forward to next year	2794.84	1272.12

Operations:

During the year the Company achieved a turnover of Rs. 20857 lakhs against previous year turnover of Rs.11885 lakhs. During the year WTGS with total capacity of 6.30 M.W were installed in Tamil Nadu state .

Dividend :

In view of the strengthening and stabilisation of activities, your Directors have decided not to declare any dividend for the year 2008-09.

Risk Management :

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

Fixed Deposits :

The Company had repaid all the deposits together with interest during this year and no amount is outstanding at the end of 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 2009-2010.

Particulars of Employees :

Except Sri T G Bharath, Chairman & Managing Director, no other employee of the company is drawing remuneration as specified under Section 217(2A) of the

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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, 2009 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 in the preparation of the accounts for the financial year ended 31st March, 2009 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, 2009 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

Sri P T Reddy retires by rotation at the ensuing Annual General Meeting and being eligible for reappointment offers himself to be reelected as Director. Dr. A. Praveen and Sri D V Narendra Babu were appointed as additional Directors in the Board meetings held on 30/04/2009 and 30/06/2009 respectively whose term of offices will expire on the date of ensuing Annual General Meeting. Sri M P Murti, Sri G Krishna Murthy and Sri O D Reddy resigned from Board with effect from 31.07.2009. The casual vacancies arisen due to the resignation of Directors Sri O D Reddy and Sri. G Krishna Murthy are yet to be filled up by the Board. Further, the Company

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has not received any request from shareholders for appointment in the place of casual vacancy coming up for re-appointment at the present Annual General Meeting .

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 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.

Acknowledgments :

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

Sd/-

T.G. BHARATH

Chairman & Managing Director

Place : Kurnool
Date : 26.08.2009

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, 2009.

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	33 Years	B.Com , MBA (UK)	Chairman & Managing Director	25-07-2006	1,38,30,146	9 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. Present Vacuum System being modified with Water Ejector System which will reduce power consumption of filtration of slurry in Calcium Hypochlorite Plant considerably. This is likely to be ready by August, 2009.

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- Two more energy efficient motors installed for Sulphuric Acid Circulations in IAT and Drying Tower.
- Condensate auto draining systems being completed for all Fluidised Bed Dryers in Calcium Hypochlorite plant to conserve steam.
- A De-Superheater proposed for increasing the steam energy in the main steamline coming from Sulphuric Acid Plant.
- 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 2008-2009	Previous Year 2007-2008
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A. Power and Fuel Consumption

1. ELECTRICITY

a. Purchased	(KWH)	14293512	13159069
Total Amount	(Rs)	53754978	45474990
Rate per Unit	(Rs.)	3.76	3.46
b. Own Generation through Diesel Generator (Units)	(KWH)	10413	32052
Units per Ltr. of Diesel Oil	(KWH)	12.98	13.08
Cost / Unit	(Rs.)	2.60	2.58
c. Own Generation through Wind			
Units	(KWH)	1317983	0
Cost / Unit	(Rs.)	10.83	0

B. Consumption per MT of Production :

PRODUCT NAME			
Hi-Strength Hypochlorite (HSH)	(KWH)	610	685
Sulphuric Acid (SA)	(KWH)	45	53
Chlorosulphonic Acid (CSA)	(KWH)	43	60
Stable Bleaching Powder (SBP)	(KWH)	189	227
Monochloroacetic Acid (MCA)	(KWH)	392	339
H2 Gas	(Cum)	0.31	0.31

B. Technology Absorption:

Efforts made in Technology Absorption as per Form B.

FORM B

Research and Development (R & D)

- Specific areas in which R & D carried out by the Company :
 - Variable Frequency Drives for Sulphur feeding to furnace installed. This has resulted in better and uniform control of temperatures in furnace of Sulphuric Acid Plant .

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- (ii) Automatic Control System provided for maintaining uniform Sulphuric Acid strength in IAT of Sulphuric Acid Plant.
- (iii) A polishing tower being arranged in CSA plant to improve the concentration of the product.

2. Benefits derived as a result of R & D

Installation of variable frequency drives resulted in better and uniform control of temperatures in furnace of Sulphuric Acid Plant.

3. Future Plans :

Trials have been conducted to convert mother liquor of Calcium Hypochlorite plant into low grade saleable Bleaching Powder for using in Aqua Farms and the same were successful. Suitable Pilot Plan is under finalisation for taking further trials to study the product stability before going in for commercial scale production.

We have taken Consultancy from Indian Institute of Chemical Technology, Hyderabad, for reducing Di-chloro Acetic Acid (one of the impurities) content in the product Mono Chloro Acetic Acid and also to improve the yield of the product. Experimental batches were conducted and data submitted to Institute of Chemical Technology. Awaiting their further advice.

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 Stable Bleaching Powder and Sulphuric Acid products.

- b) Total Foreign Exchange used/earned

(Rs. in lakhs)

i. Foreign Exchange earned	8972.13
ii. Foreign Exchange used	561.00

For and On behalf of the Board

Sd/-

T.G. BHARATH

Chairman & Managing Director

Place : Kurnool

Date : 26.08.2009

ANNEXURE 'C' TO DIRECTORS' REPORT

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

2. BOARD 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.

3. 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	7	6	9	1
2.	Sri M.P. Murti	Independent Director	7	7	6	5
3.	Sri O.D. Reddy	Independent Director	7	7	5	6
4.	Sri G. Krishna Murthy	Independent Director	7	7	3	9
5.	Sri P.T. Reddy	Independent Director	7	7	1	-

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

During the financial year ended 31st March, 2009, Seven Board meetings were held on (1)23/04/2008 (2)30/06/2008 (3) 31.07.2008 (4) 18/09/2008 (5) 31.10.2008 (6) 31.01.2009 (7) 26.02.2009. The last Annual General Meeting of the Company was held on 29.09.2008 and it was attended by Sri T G Bharath, Chairman & Managing Director , Sri O D Reddy , Chairman of Audit Committee , Sri P T Reddy, Director and Sri G Krishna Murthy , Director .

4. 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, 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- Member , all non executive independent directors. The committee reconstituted on 31.07.2009 with Sri P T Reddy as Chairman , Sri D V Narendra Babu and Dr. A 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 four meetings during the year 2008-09 on 30.06.2008, 31.07.2008, 31.10.2008 and 31.01.2009 and all the members attended the meetings.

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 remuneration committee reconstituted on 31.07.2009 with Sri P T Reddy as Chairman, Sri D V Narendra Babu and Dr. A 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 payments etc.

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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 the Board / Committee meetings. The details of total remuneration paid to Sri T G Bharath, CMD for the year is furnished hereunder : (Amount in Rs.)

Salary	Perquisites	Commission	Total
15,00,000	7,78,168	1,15,51,978	1,38,30,146

SHAREHOLDER(S) / INVESTOR(S) GRIEVANCE COMMITTEE

To review the actions taken by the Company in relieving 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 committee reconstituted on 31.07.2009 with Sri T G Bharath as Chairman, Sri P T Reddy and Dr. A 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 2008-09	Pending at the end of the year	No.of pending Share Transfers
574	NIL	NIL

5. GENERAL BODY MEETINGS :

The last three Annual General Meetings of the Company were held on

(1) 27/09/2006 (11 A M) (2) 27/09/2007 (11 A M) and (3) 29/09/2008 (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 :

2005-06

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 CMD under Section 316.

2006-07

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

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 under Sec 149(2A)(b)
3. Commencement of hiring business which is under other objects under Sec 149(2A)(b)

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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 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 .

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

8. GENERAL SHAREHOLDER INFORMATION

(a) Annual General Meeting :

Date : 25th September, 2009

Time : 11 AM

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 2009 to 31st March, 2010.

Unaudited Financial Results for:

First Quarter - July, 2009

Second Quarter - October, 2009

Third Quarter - January, 2010

Fourth Quarter - April,2010

(c) Book Closure Period : 21-09-2009 to 25-09-2009 (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 2008-2009 :

Month & Year	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April , 08	22.10	18.45	22.00	18.80
May,08	21.00	17.55	22.00	18.50
June,08	22.55	17.10	21.80	16.20
July,08	25.00	17.75	25.00	18.00
August,08	37.85	22.90	36.80	22.65
September,08	29.85	20.60	29.75	21.00
October,08	24.30	10.85	23.70	10.80
November,08	23.00	16.75	22.30	16.00
December,08	20.25	16.00	19.65	17.00
January,09	19.65	15.15	18.90	15.00
February,09	23.25	15.85	22.75	16.00
March,09	17.80	14.30	17.85	14.65

(h) Share Transfer Agents:

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

(i) Distribution of Shareholding as on 31st March, 2009

Sl. No.	CATEGORY	SHARES	AMOUNT	%
1.	Promoters	4263578	42635780	41.86
2.	Mutual Funds	1895	18950	0.02
3.	Banks & Financial Institutions	176076	1760760	1.73
4.	Body Corporate	451569	4515690	4.43
5.	Indian Public	4228315	42283150	41.52
6.	NRI / OCBS	1063230	10632300	10.44
	Total	10184663	101846630	100

(j) Dematerialisation of shares and liquidity:

As on 31st March, 2009, 56.19% 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

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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 31.03.2009.

Place : Kurnool
Date : 30.06.2009

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.
- 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@tgvmail.net

For and on behalf of the Board of Directors

Place : Kurnool
Date : 26.08.2009

Sd/-
T G Bharath
Chairman & Managing Director

Auditors Certificate on Corporate Governance

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

Annexure to the Directors' Report

To

The Members

Sree Rayalaseema Hi-Strength Hypo Limited

We have examined the compliance of the conditions of Corporate Governance by Sree Rayalaseema Hi-Strength Hypo Limited., for the year ended on 31st March, 2009 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, 2009 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 Accountants

Sd/-

MT Sreenivasa Rao
Proprietor

Place : Kurnool
Date : 26.08.2009

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.

(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) SEGMENTWISE OR PRODUCTWISE PERFORMANCE:

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

(D) OUT LOOK:

The Company is exploring possibilities of exporting more quantities of existing products Stable Bleaching Power (SBP), Mono Chloro Acetic Acid (MCA) and Sulphuric 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.
- (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 computerised environment. Further in key areas like stores, finalisation of purchase orders and fixation of material

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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 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 2008-09 Net Profit before Tax is Rs. 2513.25 lakhs against Rs.711.32 lakhs during the previous year. The Company provided Rs.990.53 lakhs towards deferred tax and FBT. Due to this the Net Profit after Tax was decreased to Rs 1522.72 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 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 around 450 employees on its rolls.

For and on behalf of the Board

Sd/-

T.G. Bharath

Chairman & Managing Director

Place : Kurnool

DATE : 26.08.2009

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 2009, 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 31.03.2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 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, 2009.
 - 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
Sd/-

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

Place : Kurnool
Date : 30.06.2009

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, 2009.

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 3 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) 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 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 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 have broadly reviewed the books of accounts maintained relating to manufacture 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

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

to determine whether they are accurate and complete.

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 31.03.2009 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 of Sales Tax, Service Tax and PF Act there are 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.
2.	Provident Fund Act	Damages for delay in earlier years	7.81	2007-08	Additional PF Commissioner (South Zone) New Delhi.
3.	Sales Tax Act	Sales Tax on DEPB Scrips and other matters	1.44	1999-03	Sales Tax Appellate Tribunal, Hyderabad.

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.
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 Corporate guarantees amounting to Rs. 1200 lakhs (amount outstanding Rs. 1105 lakhs on 31-03-2009) 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 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.

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

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 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

Sd/-

Place : Kurnool
Date : 30.06.2009

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

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

BALANCE SHEET AS AT 31 st MARCH 2009

	Schedule	As At 31-03-2009 Rs.	As At 31-03-2008 Rs.
I SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	1	10,18,46,630	10,18,46,630
Reserves and Surplus	2	41,08,07,751	25,85,35,531
Loan Funds			
Secured Loans	3	62,99,55,552	21,36,54,833
Unsecured Loans	4	5,17,01,541	9,03,05,904
Deferred Tax Liabilities		16,69,60,299	9,76,70,334
TOTAL		<u>1,36,12,71,773</u>	<u>76,20,13,232</u>
II APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	1,09,64,29,051	64,42,18,196
Less:Depreciation		<u>15,93,84,709</u>	<u>10,76,39,706</u>
Net Block		93,70,44,342	53,65,78,490
Investments	6	3,21,03,962	3,00,61,500
Current Assets, Loans and Advances			
Inventories	7	8,50,35,047	11,27,49,029
Sundry Debtors	8	24,72,51,234	9,92,03,720
Cash and Bank Balances	9	4,87,68,434	2,76,74,526
Other Current Assets	10	4,34,07,427	2,07,80,247
Loans and Advances	11	<u>17,25,77,553</u>	<u>14,49,46,855</u>
		59,70,39,695	40,53,54,377
Less:current liabilities	12	15,49,55,883	18,45,33,508
Provisions	12	<u>5,05,55,635</u>	<u>2,63,40,564</u>
		20,55,11,518	21,08,74,072
Net Current Assets		39,15,28,177	19,44,80,305
Miscellaneous Expenditure	13	5,95,292	8,92,937
(To the extent not written off or adjusted)			
TOTAL		<u>1,36,12,71,773</u>	<u>76,20,13,232</u>
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 Accountants

Sd/-

M.T.Sreenivasa Rao

Proprietor/Membership No.15635

Place : Kurnool

Date : 30-06-2009

For and on behalf of the Board

Sd/-

T.G.Bharath

Chairman & Managing

Director

Place : Kurnool

Date : 30-06-2009

Sd/-

P.T.Reddy

Director

Sd/-

V.Surekha

Company Secretary

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH,2009

	Schedule	Year Ended 31-03-2009 Rs.	Year Ended 31-03-2008 Rs.
I INCOME			
Gross Sales	15	2,00,47,39,021	1,17,17,14,439
Less:Excise duty		<u>10,97,10,949</u>	<u>8,03,92,519</u>
Net Sales		1,89,50,28,072	1,09,13,21,920
Other Income	16	1,71,92,270	1,40,76,605
Export Incentives		4,11,50,697	1,57,24,246
Trading Sales		8,09,58,381	1,67,62,448
Increase / (Decrease) Stock	17	<u>(85,59,948)</u>	<u>1,30,92,289</u>
TOTAL		<u>2,02,57,69,472</u>	<u>1,15,09,77,508</u>
II EXPENDITURE			
Trading Purchases		4,34,59,821	1,59,74,921
Consumption of Raw-materials/Inputs	18	93,68,41,162	56,45,67,866
Manufacturing,Administrative and Selling Expenses	19	57,91,05,434	34,88,82,949
Payments to Employees	20	7,41,50,564	6,87,02,005
Finance Charges	21	<u>6,94,49,464</u>	<u>3,74,28,969</u>
TOTAL		<u>1,70,30,06,445</u>	<u>1,03,55,56,710</u>
III Profit before Depreciation,Extraordinary Items, Prior Period Items and Tax (I - II)		32,27,63,027	11,54,20,798
Depreciation		5,45,97,013	4,23,40,924
Amortisations		2,97,645	2,97,645
IV Profit before Extraordinary Items, Prior Period Items and Tax		26,78,68,369	7,27,82,229
Loss on Sale / impairment of Assets		1,74,66,957	15,10,782
Prior period Adjustments (Net)		<u>(9,23,568)</u>	<u>1,39,883</u>
V Profit before Income Tax		25,13,24,980	7,11,31,564
VI Provision for Taxation			
I) Current Tax	2,84,75,120	1,62,50,614	
II) Fringe Benefit Tax	12,87,676	5,47,944	
III) Deferred Income Tax	<u>6,92,89,964</u>	<u>68,19,292</u>	
VII Net Profit for the Year		9,90,52,760	2,36,17,850
Add:Balance brought forward from previous Year		15,22,72,220	4,75,13,714
VIII Balance Carried to Balance Sheet		<u>12,72,11,620</u>	<u>7,96,97,906</u>
Earning per Share(Basic & Diluted)		<u>27,94,83,840</u>	<u>12,72,11,620</u>
Notes forming part of accounts	22	14.95	4.67

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 Accountants

Sd/-
M.T.Sreenivasa Rao
Proprietor/Membership No.15635
Place : Kurnool
Date : 30-06-2009

For and on behalf of the Board

Sd/-
T.G.Bharath
Chairman & Managing Director
Place : Kurnool
Date : 30-06-2009

Sd/-
P.T.Reddy
Director
Sd/-
V.Surekha
Company Secretary

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2009 AS PER CLAUSE 32 OF LISTING AGREEMENT

Rs. in Lakhs

	Year Ended 31-03-2009	Year Ended 31-03-2008
A. Cash Flow From Operating Activities		
Net Profit before Tax and Extraordinary items	2,678.68	727.82
Depreciation	545.97	423.41
Interest paid	417.58	214.68
Interest received	-15.89	-13.53
Preliminary & Deff. exp.written off	2.98	2.98
Operating Profit before Working Capital Changes	<u>3,629.32</u>	<u>1,355.36</u>
Adjustments for:		
Trade and other receivables	-1,983.05	720.71
Inventories	277.14	-494.39
Trade payables	<u>-53.62</u>	<u>-325.14</u>
	<u>-1,759.53</u>	<u>-98.82</u>
Cash generated from operations	1,869.79	1,256.54
Interest paid	-417.58	-214.68
Interest received	15.89	13.53
Direct taxes	-990.53	-236.17
Cash flow before Extra-ordinary items	477.57	819.22
Extra ordinary items	<u>-165.43</u>	<u>-16.50</u>
Net Cash flow from Operating Activities	312.14	802.72
B. Cash flow from Investing Activities		
Purchase/Sale of Fixed Assets	-4,550.66	-1,112.07
Purchase/Sale of Investments	-20.42	-300.33
Net cash used in Investing Activities	<u>-4,571.08</u>	<u>-1,412.40</u>
C. Cash flow from Financing Activities		
Proceeds from long term borrowings	<u>4,469.87</u>	<u>691.14</u>
Net cash used in Financing Activities	4,469.87	691.14
Net increase in Cash & Cash equivalents (A+B+C)	210.93	81.46
Cash and Cash equivalents as at 01.04.2008(Op.B/s)	276.75	195.29
Cash and Cash equivalents as at 31.03.2009(Cl.B/s)	487.68	276.75

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

Sd/-

T.G.Bharath

Chairman & Managing

Director

Sd/-

P.T.Reddy

Director

V.Surekha

Company Secretary

Place : Kurnool

Date : 30-06-2009

CERTIFICATE

We have examined the above cash flow statement for the year ended 31st March,2009 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, 2009 to the members of the Company.

for S. T. Mohite & Co.,

Chartered Accountants

Sd/-

MT Sreenivasa Rao

Proprietor

Membership No. 15635

Place : Kurnool

Date : 30-06-2009

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

SCHEDULES TO BALANCE SHEET

	As At 31-03-2009 Rs.	As At 31-03-2008 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		
1,01,84,663 (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>
Total	<u>10,18,46,630</u>	<u>10,18,46,630</u>
Notes :		
Of the above, the 1,01,34,633 (Previous year 1,01,34,633) Shares allotted as fully paid Shares in 2006 in pursuant to Scheme of Arrangement (demerger) to the shareholders of SRHHL Industries Ltd, Brilliant Industries Ltd and Sree Rayalaseema Dutch Kassenbouw Ltd.		
SCHEDULE-2		
Reserves and Surplus		
Capital Reserves		
Central / Capital Subsidy (as per last Balance sheet)	43,55,500	43,55,500
General Reserves		
Amalgamation Reserve (as per last Balance sheet)	12,69,68,411	12,69,68,411
Surplus i.e., balance in Profit and Loss Account	<u>27,94,83,840</u>	<u>12,72,11,620</u>
Total	<u>41,08,07,751</u>	<u>25,85,35,531</u>
SCHEDULE-3		
Secured Loans		
From Banks		
Working Capital Loans	13,50,47,956	10,90,93,935
Term Loans	48,14,57,044	10,33,96,066
Interest accrued and due	<u>1,34,50,552</u>	<u>11,64,832</u>
Total	<u>62,99,55,552</u>	<u>21,36,54,833</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		
Fixed Deposits	0	1,16,50,000
Shot term Loans and Advances		
From Banks	62,40,922	79,41,237
Other Loans and Advances		
Security deposits from customers	85,54,819	2,59,28,620
Deferred Sales Tax	<u>3,69,05,800</u>	<u>4,44,65,572</u>
Interest accrued and due	<u>0</u>	<u>3,20,475</u>
Total	<u>5,17,01,541</u>	<u>9,03,05,904</u>

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

**SCHEDULE 5
Fixed Assets**

Amount in Rs.

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost/As At 01-04.2008	Additions	Deductions	Total Upto 31.03.2009	Upto 01.04.2008	For the Period	Deductions	Total Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
1 On own use										
Land	13857498	16826684	0	30684182	0	0	0	0	30684182	13857498
Factory Buildings	86500082	4088615	16014350	74574347	59366818	2370795	599225	7708388	66865959	80563264
Plant & Machinery	490468619	36989345	1112501	526345464	88540099	40252613	205481	128587231	397758233	401928520
Plant & Machinery-WEG	0	407057526	0	407057526	0	3627555	0	3627555	403429971	0
Furniture & Fixtures	2539469	236234	1638115	1137588	81445	196310	1007755	0	1137588	1728024
Office Equipment	10515516	2322411	926591	11911335	4998437	2021858	600128	6420167	5491168	5517079
Other Equipment	2950381	34013	285209	2699185	677518	213769	136565	754722	1944463	2272863
Vehicles	11987789	4983105	350313	16620582	2336557	1801018	302854	3834721	12785861	9651232
2 On Lease										
Plant & Machinery	25398842	0	0	25398842	4338832	4113093		8451925	16946917	21060010
Total	644218196	472537933	20327079	1096429051	107639706	54597011	2852008	159384709	937044342	536578490
Previous Year	533011242	119049566	7842612	644218196	65298782	42340924	0	107639706	536578490	

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.

2. Deduction under Gross Block includes impairment of assets valuing Rs. 2,02,10,048/-

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

SCHEDULES TO BALANCE SHEET

	As At	As At
	31-03-2009	31-03-2008
	Rs.	Rs.
SCHEDULE-6		
Investments-Long Term & Non-trade		
Government Securities-Unquoted		
National Saving Certificates	39,000	29,000
(Deposited with Sales Tax and other Govt. Departments)		
Other Investments in Equity Shares-fully paid up:		
Quoted:		
Sree Rayalaseema Alkalies and Allied Chemicals Ltd	11,02,069	0
1,04,580 Shares Purchased during the year		
SRHHL Industries Ltd	393	0
100 Shares Purchased during the year		
(a Company under the same management as per Section 370 (1B))		
Unquoted		
Brilliant Bio Pharma Ltd	2,94,00,000	2,94,00,000
2,94,000 (Previous year 2,94,000) Shares Rs. 10/-each.		
Sree Maruthi Agrotech Ltd	9,62,500	32,500
96,250 (Previous year 3,250) Shares of Rs.10/- each.		
93,000 Shares Purchased during the year		
Max 5 Marketing Pvt Ltd	6,00,000	6,00,000
60,000 (Previous year 60,000) Shares Rs.10/-each.		
Total	<u>3,21,03,962</u>	<u>3,00,61,500</u>
Aggregate Book value of		
- Quoted Shares	11,02,462	0
- Unquoted Shares	3,10,01,500	3,00,61,500
Aggregate Market value of Quoted shares	10,44,800	0
SCHEDULE-7		
Inventories		
(As taken Valued and Certified by Management)		
Raw-materials	1,72,57,414	4,20,02,842
Stores and Spares and packing materials	4,71,45,358	4,12,91,184
Material in transit	0	2,62,780
Finished Goods	1,41,99,680	2,33,42,124
Stock - in - process	64,32,595	58,50,099
Total	<u>8,50,35,047</u>	<u>11,27,49,029</u>
SCHEDULE-8		
Sundry Debtors		
Debts Outstanding for more than six months		
Secured - considered good	0	17,67,232
Unsecured - considered good	49,97,096	2,30,04,972
Other Debts		
Unsecured - considered good	24,22,54,138	7,44,31,516
Total	<u>24,72,51,234</u>	<u>9,92,03,720</u>

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

SCHEDULES TO BALANCE SHEET

	As At 31-03-2009	As At 31-03-2008
	Rs.	Rs.
SCHEDULE-9		
Cash and Bank Balances		
Cash on hand	8,12,504	10,32,417
Balances with Scheduled Banks		
In Current Accounts	3,24,57,489	1,32,49,577
In Fixed Deposits (Under margin with Banks)	<u>1,54,98,441</u>	<u>1,33,92,532</u>
Total	<u>4,87,68,434</u>	<u>2,76,74,526</u>
SCHEDULE-10		
Other Current Assets(Unsecured,good)		
Accrued interest on deposits	3,98,677	3,70,531
Prepaid expenses	16,52,266	16,27,417
Duty Entitlements of DEPB,Target Plus	2,87,75,943	1,20,64,318
Claims recoverable	<u>1,25,80,541</u>	<u>67,17,981</u>
Total	<u>4,34,07,427</u>	<u>2,07,80,247</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	57,90,906	2,56,13,954
Advances against Capital Expenditure/assets	2,25,82,604	87,15,630
Advance to Employees	33,99,211	19,78,785
Rent Advances	2,10,18,250	2,04,04,250
Advance Income Tax (Including Tax deducted at source)	4,70,60,807	40,10,655
Other Advances	1,61,32,966	3,52,76,177
Deposits / balances with Customers,Excise, Sales tax and Govt.Bodies	5,27,70,480	4,79,06,527
Deposits : Others	<u>38,22,329</u>	<u>10,40,877</u>
Total	<u>17,25,77,553</u>	<u>14,49,46,855</u>
SCHEDULE-12		
Current Liabilities and Provisions		
A. Current Liabilities		
Acceptances	2,96,44,229	2,61,07,900
Sundry Creditors		
For Supplies,Services,Expenses dues to small scale industrial undertakings (Refer note 7 of schedule-22)	34,67,048	19,33,382
Other Dues	4,42,54,955	10,15,71,458
Other Liabilities	3,50,78,477	3,17,63,616
Advance from Customers	4,25,11,174	2,31,57,152
Total	<u>15,49,55,883</u>	<u>18,45,33,508</u>
B. Provisions		
Provision for Tax	4,83,38,763	2,14,37,622
Provision for Fringe Benefit Tax	12,87,677	5,47,944
Provision for employees short-term benefits	9,29,195	43,54,998
Total	<u>5,05,55,635</u>	<u>2,63,40,564</u>

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

SCHEDULES TO BALANCE SHEET

	As At 31-03-2009 Rs.	As At 31-03-2008 Rs.
SCHEDULE-13		
Miscellaneous Expenditure		
(to the extent not written off or adjusted)		
Preliminary Expenses	8,92,937	11,90,582
Less: Amount written off during the year	2,97,645	2,97,645
	<u>5,95,292</u>	<u>8,92,937</u>
SCHEDULE-14		
Notes on Balance Sheet		
	Rs. in lakhs	Rs. in lakhs
1) Estimated amounts of Contracts remaining to be executed on Capital account not provided for	189.01	383.61
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 for which Company has contested in a legal case.	1,041.19	1,055.77
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	0.00
c) Demand for damages for earlier years imposed by The Asst.P.F. Commissioner and Appeals are pending	7.81	0.00
d) Demand for Sales tax on sale of export incentives / DEPB and other matters by Sales Tax Department. Appeals are pending with Tribunals	1.44	1.44
3) Matters for which Company is contingently liable		
a) Gaurantees given by the Company for loans taken by other Companies		
Amount of guarantee	1,200.00	1000.00
Amount of outstanding	1,105.00	850.00
b) Surety given by the Company for the performance contract executed by other Company favouring DGFT Authorities	217.27	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.	0.00	76.00
d) Consumers cheques / bills discounted with Banks	1261.32	822.89
e) Unexpired Bank Gaurantees provided by the Company	116.85	72.93
f) Unexpired Letters of Credit established by the Company	491.65	836.75

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

Schedules to Profit & Loss Account for the period ended 31-03-2009

	Year Ended 31-03-2009 Rs.	Year Ended 31-03-2008 Rs.
SCHEDULE-15		
Sales-Gross		
Chemicals		
Exports	1,03,80,33,091	56,66,30,860
Domestic	94,89,80,968	58,63,75,889
Steam	2,56,66,730	2,07,31,200
Wind Energy	<u>38,22,142</u>	<u>0</u>
	<u>2,01,65,02,931</u>	<u>1,17,37,37,949</u>
Less: Sales Returns	<u>1,17,63,910</u>	<u>20,23,510</u>
Total	<u>2,00,47,39,021</u>	<u>1,17,17,14,439</u>
SCHEDULE-16		
Other Income		
Interest Received-Gross	15,89,365	13,52,536
(Tax deducted at source Rs.4,02,964/-)		
Other Miscellaneous Income	25,97,493	4,80,079
Lease Rentals	46,80,000	46,05,000
Sales of scrap	80,84,656	38,15,889
Profit on sale of Assets	2,40,757	0
Insurance Claim received	<u>0</u>	<u>38,23,101</u>
Total	<u>1,71,92,271</u>	<u>1,40,76,605</u>
SCHEDULE-17		
Increase/Decrease in Stocks		
Closing Stocks:		
Finished Goods	1,41,99,680	2,33,42,124
Stock-in-Process	<u>64,32,595</u>	<u>58,50,099</u>
Total A	<u>2,06,32,275</u>	<u>2,91,92,223</u>
Opening Stocks:		
Finished Goods	2,33,42,124	1,42,78,880
Stock-in-Process	<u>58,50,099</u>	<u>18,21,054</u>
Total B	<u>2,91,92,223</u>	<u>1,60,99,934</u>
Increase/Decrease in Stocks (A-B)	<u>(85,59,948)</u>	<u>1,30,92,289</u>
(Includes Excise duty on finished goods lying uncleared)		
SCHEDULE-18		
Consumption of Raw-materials/Inputs		
Opening Stock:	4,20,02,842	96,40,092
Purchases	<u>91,20,95,734</u>	<u>59,69,30,616</u>
	<u>95,40,98,576</u>	<u>60,65,70,708</u>
Less: Closing Stock	<u>1,72,57,414</u>	<u>4,20,02,842</u>
Consumption	<u>93,68,41,162</u>	<u>56,45,67,866</u>

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

Schedules to Profit & Loss Account for the period ended 31-03-2009

	Year Ended 31-03-2009 Rs.	Year Ended 31-03-2008 Rs.
SCHEDULE-19		
Manufacturing, Administration and Selling Expenses		
Consumption of Other Chemicals	20,20,389	18,17,987
Consumption of Stores	9,24,24,847	5,96,19,475
Power and Fuel	5,37,54,978	4,56,11,573
Repairs and Maintenance		
Buildings	1,26,75,437	25,60,765
Plant and Machinery	11,66,93,045	4,02,19,256
Others	39,26,316	56,27,069
	13,32,94,798	4,84,07,090
Excise Duty (Ref. Note below)	25,33,246	29,30,666
Lease Rental Charges	10,12,071	52,012
Rents, Rates and Taxes	47,91,881	40,64,311
Insurance	70,00,732	51,91,357
Travelling and Conveyance	41,70,593	56,59,602
Printing and Stationery	18,32,520	12,15,139
Postage, Telegrams and Telephone Expenses	29,98,190	22,92,236
Selling Expenses		
Sales Commission	1,37,75,249	84,39,482
Shortage loss price difference	2,34,33,755	55,22,225
Others	50,71,005	33,26,054
	4,22,80,009	1,72,87,761
Difference Exchange rate	41,83,388	30,35,756
Freight Outward and Incidental Expenses		
Ocean freight	14,01,28,237	9,24,01,561
Container freight	2,66,26,592	2,29,73,226
Clearing and forwarding charges	76,43,061	50,89,927
Freight on sales	37,05,943	44,75,368
	17,81,03,833	12,49,40,082
Fee and Charges	72,85,921	56,06,416
Legal and Professional Charges	3,62,687	9,07,473
Security and Other Service Charges	1,18,64,625	99,48,361
Other Misc. Expenses	1,95,70,696	62,41,495
Auditors Remuneration		
Audit Fee	60,000	60,000
Tax Audit Fee	15,000	15,000
Auditors Out of pocket expenses	31,132	26,436
	1,06,132	1,01,436
Advertisement	7,10,245	12,98,196
Managerial Remuneration (ref. note 4 of schedule 22)	1,38,30,145	26,22,525
Directors Sitting Fees	40,000	32,000
Total	57,91,05,434	34,88,82,949

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

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**Schedules to Profit & Loss Account for the period ended 31-03-2009**

	Year Ended 31-03-2009 Rs.	Year Ended 31-03-2008 Rs.
SCHEDULE-20		
Payments to Employees		
Salaries,Wages and Bonus	6,13,12,727	5,39,84,225
Contribution and Provision for		
Provident Fund	26,64,040	24,95,823
Employees State Insurance	12,98,202	12,06,881
Gratuity	11,50,776	6,53,284
Workmen and Staff Welfare Expenses	77,24,820	1,03,61,792
Total	<u>7,41,50,564</u>	<u>6,87,02,005</u>
SCHEDULE-21		
Finance Charges		
Interest		
Fixed loans	4,14,90,431	2,07,20,203
Other interest	2,67,180	7,47,475
Bank and Other Finance Charges	2,76,91,853	1,59,61,291
Total	<u>6,94,49,464</u>	<u>3,74,28,969</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. 5,000/- per transactions and impairment or revaluation if any) as '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 affect the reported amounts of such assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results 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 the 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 the Companies Act,1956.

c) Investments

Classification :

Investments that are readily realisable 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 :

- a) Current Investments are carried at lower of cost and fair value determined on an individual investment basis.
- b) 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.

d) Inventories

Inventories are valued as under :

i) Raw materials, fuels, packing materials, Stores and Spares

Lower of the cost and net realisable 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 reliable value.

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 less estimated cost of completion and estimated costs 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 guidance note on modvat accounting issued by the Institute of Chartered Accountants of India.

Difference in excise duty liability on opening and closing stock of finished goods is shown separately in the Profit&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 the employee benefits due wholly within a year of rendering services are classified as short term benefits. The benefits like salaries, wages, short term compensated absences, expected cost of bonus, ex-gratia are recognised as expense on accrual at the undiscounted amount in the Profit and Loss Account.

ii) Retirement benefits

The Company has liability for retirement benefit only in respect of provident fund contribution and gratuity payable, which are defined contribution plans.

Defined Contribution Plan :

(1) Provident Fund :

The Company contributes monthly at determined rate. These contributions are remitted into Employees Provident Fund and charged to Profit and Loss account on accrual basis.

(2) Gratuity :

The company provides for gratuity (a defined benefit retirement plan) to all its eligible employees. The Company contributes to Group Gratuity Policy under which gratuity claims are settled by the Insurer directly and Company has no liability. The contributions made are recognised as expenses and charged to Profit and Loss account.

Defined Benefit Plans :

As the Company has no defined benefit obligations, the applicable disclosures are not submitted

h) Sales

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

i) 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 the 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.

j) Revenue Recognition :

i) Sales

Revenue is recognised 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 Claim

Insurance claims are accounted on the basis of claims lodged

iii) Dividends

Dividends on investments are recognised 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 indication of impairment of asset based on internal / external factors. If any such indication exists, an impairment loss will be recognised whether the carrying amount exceeds its estimated recoverable

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

amount (greater of the asset's net selling price and value in use) the carrying amount is reduced to recoverable amount. Such reduction is treated as impairment loss and recognised in the Profit and Loss Account. Previously recognised 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 costs 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 recognised.

n) **Provisions and Contingent Liabilities :**

The Company recognises a provision when there is a present obligation as a result of a past 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 a present obligation, reliable estimate of the amount of which cannot be made. Where there is a possible obligation 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 cognisance.

4. Particulars of Managerial remuneration	Current Year	Previous year
	31.03.2009	31.03.2008
	Rs.	Rs.
Salary & allowances	22,07,608	19,80,000
Contribution to Provident Fund	70,560	70,560
Commission	1,15,51,978	5,71,965
	<u>1,38,30,146</u>	<u>26,22,525</u>

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

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

	Amount in Rs	
Profit before tax	26,28,76,989	7,11,31,564
Add: Depreciation charged as per P&L A/c	5,45,97,013	4,23,40,924
Managerial remuneration	22,78,168	20,50,560
Directors sitting fee	40,000	32,000
Bad debts written off	77,47,239	23,11,692
Amounts Written off	39,01,285	17,33,276
	33,14,40,694	11,96,00,016
Less: Depreciation charged as per U/s 350 of Co.Act.	5,45,97,013	6,24,03,563
Profit on sale of Assets	2,40,757	0
Net Profit as per Section 198	27,66,02,924	5,71,96,453

Note: During the year it is proposed by the Board of Directors to increase the commission to Chairman & Managing Director from 1 % to 4% (subject to overall ceiling of 5% of net profits to cover both salaries, allowances and commission).

The extra commission payable is Rs. 87,85,949 for the year 2008-09 which is provided for in the accounts subject to approval by members in the Annual General Meeting as per provisions of Schedule XIII of the Companies Act, 1956.

- 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.
 - 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.
 - The Company obtained and 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 31-03-2009 and remaining unpaid to any Micro, Small and Medium Enterprises is Rs. 34,67,048/- and the said amounts are due for less than 45 days as on 31-03-2009. 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 Defferred tax in accordance with Accounting Standard 22 " Accounting for Taxes on Income" issued by the Institute of hartered Accountant of India and has charged the net profit and loss account with the deferred tax liability relating to the year net of Rs.6,92,89,964/-.

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

As a result of the adoption of this policy, the profit for the year is lower by Rs.6,92,89,964/-

	2008-2009	2007-2008
	Rs.	Rs.
I. Deferred Tax Liabilities :-		
Depreciation differences	20,38,53,969	2,00,62,639
Others-preliminary exp.	0	0
	<u>20,38,53,969</u>	<u>2,00,62,639</u>
II. Deferred Tax Assets :-		
Unabsorbed Depreciation	0	0
Others	0	0
	0	0
Net Deferred Tax Liabilities(I-II)	<u>20,38,53,969</u>	<u>2,00,62,639</u>
Deferred Tax liability at current rates	6,92,89,964	68,19,291

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 Agro Pvt.Ltd.,
- h) Sree Rayalaseema Galaxy Projects Pvt.Ltd.,
- i) SRHHL Industries Ltd,
- j) Sree Maruthy Agro tech Ltd,
- k) T G V Pharma (Pvt) Ltd.
- l) Vibhu Cements (Pvt) Ltd.
- m) 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

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

(C) Disclosure of Related party with whom the Company had transaction

(i) Transactions with Associate Companies :

	31-03-09 Rs.in Lakhs	31-03-08 Rs.in Lakhs
(a) Goods sold	594.75	361.87
(b) Goods/Containers purchased	4,332.30	3,032.50
(c) Rents paid	58.29	37.39
(d) Rents received	46.80	48.83
(e) Services availed	73.26	22.35
(f) Investments made	744.86	294.33
(g) Corporate guarantees given	1,200.00	1,000.00
(h) Outstanding balances as on 31.03.2009		
In loans and advances-other advances	156.28	89.43
In sundry detors	410.89	0.00
In current liabilities-other liabilities	69.91	-669.91

(ii) Transaction with key management

personnel:

	Rupees	Rupees
Managerial remuneration to Chairman & Managing Director :		
Salary & allowances	22,07,608	19,80,000
Contribution to Provident Fund	70,560	70,560
Commission	1,15,51,978	5,71,965
	<u>1,38,30,146</u>	<u>26,22,525</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.

During the year the company commenced Wind energy generation business.

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.

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

Segment information for the year ended 31st March, 2009.

Rs. in Lakhs

S.No.	Particulars	Year Ended 31-03-2009	Year Ended 31-03-2008
1.	Segment Revenue		
a)	Chemicals	21,386.29	12,169.26
b)	Wind Power	38.22	0.00
	Total	21,424.51	12,169.26
2.	Segment Results		
a)	Chemicals	2,983.20	912.47
b)	Wind Power	(68.27)	0.00
	Total	2,914.93	912.47
	Interest (Net)		
a)	Chemicals	317.31	201.15
b)	Wind Power	84.37	0.00
	Total	401.68	201.15
	Profit Before Tax	2,513.25	711.32
3.	Capital Employed		
a)	Chemicals	5,017.49	3,594.89
b)	Wind Power	103.11	0.00
	Total	5,120.60	3,594.89
Segment information for the year ended 31st March, 2009			
Information about Secondary Business Segments			
Revenue by Geographical Market :			
	In India	10,963.22	6,335.33
	Outside India	10,461.29	5,833.93
	Total	21,424.51	12,169.26

11) Earnings per share (EPS) :

I. Net Profit as per Profit and Loss Account available to equity share holders	15,22,72,219	4,75,13,714
II. No. of shares for computation of EPS	1,01,84,663	1,01,84,663
III. Earning per share (Rs.) (Basic)	14.95	4.67

12) 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 31.03.2009		Year Ended 31.03.2008	
		Licensed*	Installed**	Licensed*	Installed**
Stable Bleaching Powder	MT	14850	14850	14850	14850
Hydrogen Gas	Cu.M	5544000	5544000	5544000	5544000
Monochloro Acetic Acid	MT	6000	4800	4800	2400
Sulphuric Acid	MT	45000	45000	45000	45000
Chlorosulphonic Acid	MT	15000	15000	15000	15000
Hi-Strength Hypo	MT	19800	13200	13200	13200
Bromine	KGS	65	65	65	65
S B P - Unit - III - per day	MT	15	15	15	15
Wind Power Generation	MW	6.30	6.30	0	0

*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	Value	Production	Sales	Turnover	Closing	Stocks
	as on 01.04.08 Qty (Mts)	as on 01.04.08 Rs.Lakhs	during the year Qty.in Mts	during the year Qty.in Mts	during the year Rs.Lakhs	as on 31.03.09 Qty(Mts)	as on 31.03.09 Rs.Lakhs
1. Stable Bleaching Powder	168.63	18.87	14038.36	14100.32	1666.98	106.67	11.44
	83.08	9.43	13736.11	13650.56	1587.71	168.63	18.57
2. Monochloro Acetic Acid	80.88	38.28	2743.36	2799.00	1334.81	25.24	9.30
	86.34	36.57	2105.54	2111.00	1021.26	80.88	38.28
3. Hi-Strength Hypo	207.67	82.73	13892.98	13879.75	9824.77	220.91	89.79
	132.28	55.80	9498.31	9422.92	5387.93	207.67	82.73
4. Sulphuric Acid	1212.18	58.74	37335.33	37733.93	3613.61	813.58	20.25
	388.38	7.95	34223.23	33399.43	1805.58	1212.18	58.74
5. Chlorosulphonic Acid	59.90	6.03	9022.54	8948.45	1387.15	133.99	7.25
	202.95	9.58	3286.96	3430.01	395.59	59.90	6.03
6. Bromine (KGS)	0.00	0.00	15174.00	15138.00	10.70	36.00	0.03
	609.00	0.30	23976.00	24585.00	32.41	0.00	0.00
7. Hydrogen Gas (Cu.m)	4362.00	0.73	2979160.22	2975637.12	846.27	7885.10	1.87
	10835.00	1.92	2737302.00	2743775.00	567.85	4362.00	0.73
8. Wind Power (KWH) (Net.)	0.00	0.00	13,17,983	13,17,983	38.22	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00

C. Raw Materials Consumed

	Year Ended 31-03-2009		Year Ended 31-03-2008	
	Qty,(Mts)	Rs.(Lakhs)	Qty,(Mts)	Rs.(Lakhs)
Hydrated Lime	16301.981	1098.00	14175.132	751.70
Chlorine	25745.931	738.69	19611.900	866.71
Acetic Acid	2429.488	819.42	1784.599	581.76
Sulphur	17601.013	3468.75	14571.890	1438.25
Quic Lime	3674.643	346.55	3520.395	275.99
Caustic Soda Lye	9277.854	1888.78	6473.764	1056.13
Others	-	1008.22	-	675.14
Totals		9368.41		5645.68

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

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

	Year Ended 31-03-2009 (Rs.in Lakhs)	Year Ended 31-03-2008 (Rs.in Lakhs)
Raw Material	343.55	219.74
Spares	36.37	0.00

b) Expenditure incurred in foreign currency

	1.66	4.50
Travelling expenses	41.70	19.26
Overseas Sales Commission	136.88	31.04
Freight Paid	0.00	8.12
Sales promotion expenses	0.86	0.00
Demmurages	0.22	0.00
Printing & Stationery		

c) Raw material Consumed

	2008-2009		2007-2008	
	Value Rs.	%	Value Rs.	%
Imported	505.90	5.40	187.01	3.31
Indigeneous	<u>8,862.51</u>	<u>94.60</u>	<u>5,458.67</u>	<u>96.69</u>
	<u>9368.41</u>	<u>100.00</u>	<u>5,645.68</u>	<u>100.00</u>

d) Earnings in Foreign Exchange

	Year Ended 31-03-2009 (Rs. in Lakhs)	Year Ended 31-03-2008 (Rs. in Lakhs)
FOB value of exports	8972.13	4879.56

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

14. 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

For and on behalf of the Board

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

Sd/-
T.G.Bharath
Chairman & Managing
Director

Sd/-
P.T.Reddy
Director

Place : Kurnool
Date : 30-06-2009

Place : Kurnool
Date : 30-06-2009

Sd/-
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

CALLS IN ARREARS

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 Accountants

For and on behalf of the Board

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

Sd/-
T.G.Bharath
Chairman & Managing
Director

Sd/-
P.T.Reddy
Director

Place : Kurnool
Date : 30-06-2009

Place : Kurnool
Date : 30-06-2009

Sd/-
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 4th Annual General Meeting of the Company held at the Registered Office of the Company on Friday, the 25th September, 2009 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 4th Annual General Meeting on Friday, the 25th September, 2009 at 11.00 A.M.

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

Signature of Member / Proxy

