



**BOARD OF DIRECTORS**

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

**REGISTERED OFFICE & WORKS**

Gondiparla, Kurnool - 518 004.  
Andhra Pradesh - India

**HYDROGEN GAS WORKS**

Gondiparla, Kurnool.

**Company Secretary**

**Smt. V. Surekha**

**BROMINE PLANT**

Kuluvekkam, Tiruporur  
Anna Dist, Tamilnadu.

**Auditors**

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

**WIND ENERGY GENERATORS**

Tamilnadu State

**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

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## NOTICE

NOTICE is hereby given that the 5<sup>th</sup> Annual General Meeting of the Members of SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED will be held at the Registered Office of the Company at Gondiparla, Kurnool-518 004 (A.P.) on Friday, 24<sup>th</sup> September , 2010 at 11.00 A.M. to transact the following business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2010, the Profit and Loss Account and Cash Flow Statement for the period ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Dr A H Praveen, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sri D V Narendra Babu, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Statutory Auditors and to fix their remuneration.

### SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 81 (1A) and all other applicable provision, if any, of the Companies Act,1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in accordance with enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and in terms of the provisions of Guidelines for Preferential Issues contained in Chapter VII of the Securities and Exchange Board of India ICDR (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other applicable provisions of SEBI including any amendment(s) to or re-enactment thereof and subject to the approvals, consents, permissions and / or sanctions, as may be required from any appropriate authority, institution or body (hereinafter collectively referred to as the “the appropriate authorities”) and subject to such terms, conditions, alterations, corrections, changes, variations and / or modifications, if any as may be prescribed by any one or more or all of them in granting such approvals, consents, permissions and / or sanctions (hereinafter referred to as “the requisite approvals”) and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any committee duly constituted by the Board or any Committee which the Board may have constituted or hereafter constitute, to exercise one or more of its powers including the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to offer, issue and allot 5,17,500 equity shares of face value of Rs.10/- each for cash at a price of Rs. 41.55 per share (including



premium of Rs. 31.55 per share) subject to the price computed in accordance with SEBI (ICDR) Regulations, 2009 to Sree Rayalaseema Galaxy Projects Pvt. Ltd., one of the promoters of the Company on preferential basis on such terms and conditions as may be determined by the Board in its absolute discretion.”

“RESOLVED FURTHER THAT the “Relevant Date” for above mentioned preferential issue as per SEBI (ICDR) Regulations, 2009 for the determination of applicable price for Equity Shares is 25<sup>th</sup> August, 2010 being the date 30 days prior to the date of passing of this resolution.”

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

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

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

By Order of the Board

Sd/-

**(V. Surekha)**

Company Secretary

Place : Kurnool

Date : 25.08.2010



**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 20.09.2010 to 24.09.2010 (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. Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready at the Meeting.
2. Members are requested to quote Folio Number/Client ID No. in all correspondence.

**EXPLANATORY STATEMENT**

(pursuant to Section 173(2) of Companies Act, 1956)

**ITEM NO. 4**

In pursuance to the disclosure norms as contained under Regulation 73 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the following disclosures were made for the purpose of passing of the said special resolution by the shareholders at the ensuing Annual General Meeting.

**OBJECTS OF THE PREFERENTIAL ISSUE :**

- (i) Your company has decided to expand Hi-Strength Hypo Chlorite plant by adding 3 streams with capacity of approximately 6600 MTs each. The proceeds of this preferential issue is being utilized for part financing the Capital Expenditure Programme.



**(ii) Proposal of the Promoters to subscribe :**

The preferential issue of equity shares would be made to M/s. Sree Rayalaseema Galaxy Projects Pvt. Ltd., one of the promoters of the Company which have given undertaking to subscribe to the preferential issue vide their undertaking letter dt. 24/08/2010.

**(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
<b>Promoters Group</b>				
Individuals	1007872	9.64	1007872	9.19
Bodies Corporate	3736109	35.75	4253609	38.78
<b>Sub-total- Promoter group</b>	4743981	45.39	5261481	47.97
Non-Promoters				
Mutual Funds / UTI	1895	0.02	1895	0.02
NRIs	1027228	9.83	1027228	9.37
Bodies Corporate	840612	8.04	840612	7.66
Financial Institutions	37810	0.36	37810	0.34
General Public/Others	3799637	36.36	3799637	34.64
<b>Sub-total- Public</b>	5707182	54.61	5707182	52.03
<b>Total</b>	10451163	100.00	10968663	100.00

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

The allotment of equity shares would be completed within the time prescribed under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 i.e. within 15 days of the shareholders approval for the preferential issue or sanction of required approvals from the stock exchange, SEBI and other related authorities.

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

Identity of the proposed allottees :

On account of proposed preferential issue and allotment of 5,17,500 Equity Shares at Rs. 41.55 per share (including premium of Rs.31.55 per share) of the company to the said Promoter as set out in the resolution, the shareholding of the acquirer would increase from 5,08,488 Equity Shares to 10,25,988



comprising 4.87% to 9.35% and that of the total Promoters' Group holding will increase from 47,43,981 to 52,61,481 Equity shares comprising of 45.39 % to 47.97%.

Further identity of the proposed allottee are furnishing hereunder.

- 1) Sree Rayalaseema Galaxy Projects Pvt. Ltd. incorporated under the Companies Act, 1956 having its Registered Office at K.J. Complex, Bhagya Nagar, Kurnool – 518004. The Company is into manufacturing / sale of Alum and investment in shares.

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

**(vi) Undertaking to Recompute the Issue Price :**

The Board of Directors of the Target Company had recommended the Preferential Issue of equity shares under section-81(1A) of the Companies Act, 1956 to seek the approval of the shareholders by means of a Special Resolution at the ensuing Annual General Meeting for the proposed allotment of 5,17,500 Equity Shares of the target company at a price worked out as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. In the event where it is required to do so in terms of the SEBI (ICDR) Regulations, 2009, the company has undertaken that the issue price would be recomputed for the proposed preferential issue.

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

An Undertaking was executed by the Promoter to the effect that if the amount payable on account of the re-computation of price of the preferential issue was not paid in time as stipulated in the SEBI (ICDR) Regulations, 2009, the equity shares allotted to the said Promoters shall continue to be locked in till the time such amount was paid by the Promoters.

**(viii) Certificate of Statutory Auditors :**

The Certificate from M/s. S.T. Mohite & Co., Chartered Accountants, Statutory Auditors of the Company as to pricing of the issue and that this preferential issue of shares is being made in accordance with the requirements of SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 will be available for inspection at the Registered Office of the Company during 11 A.M to 1.00 P.M on all working days up to the date of Annual General Meeting and will be placed before the shareholders at the Annual General Meeting.

**(ix) Pricing of Equity Shares :**

The issue price of Rs. 41.55 (including premium of Rs. 31.55) per equity share is determined as per the guidelines of preferential issue framed under SEBI (ICDR) Act, 2009.

**(x) Lock-in period of shares :**

In accordance with the SEBI (ICDR) Regulations, 2009, the new Equity Shares to be allotted on preferential basis to one of the Promoters viz., M/s. Sree Rayalaseema Galaxy Projects Pvt Ltd., shall be subject to a lock in period of three years from the date of their allotment by the Board.

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

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

By Order of the Board

Place : Kurnool  
Date : 25.08.2010

Sd/-  
**(V. Surekha)**  
Company Secretary

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

Name of the Director	<b>Dr. A.H. Praveen</b>	<b>D.V. Narendra Babu</b>
Date of Birth	30-04-1975	09-01-1956
Date of appointment	30-04-2009	30-06-2009
Expertise in specific functional areas	Nearly 3 years experience in medical dentistry and corporate sector	More than 25 years experience in industrial and business fields as entrepreneur.
Qualifications	M.D.S	B.A.
Shareholdings in the Company	NIL	500
Directorship in other Public Ltd Companies	NIL	NIL
Membership in Committees in other Public Ltd. Companies	NIL	NIL



## DIRECTORS' REPORT

To  
The Members

Your Directors have pleasure in presenting the Fifth Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2010.

### Financial Results:

( Rs. in lakhs )

Particulars	2009 - 2010	2008 - 2009
Profit before interest, Depreciation and Tax	<b>3876.63</b>	3629.31
Less : Interest	<b>884.87</b>	401.68
Depreciation	<b>943.36</b>	545.97
Loss on sale / impairment of assets	<b>9.83</b>	174.67
Preliminary Expenses written off	<b>2.98</b>	2.98
Prior period adjustments	<b>59.83</b>	-9.24
Profit Before Tax	<b>1975.76</b>	2513.25
Provision for Taxation	<b>1632.51</b>	990.53
Profit after Tax	<b>343.25</b>	1522.72
Add: Balance brought forward from previous year	<b>2794.84</b>	1272.12
Balance carried forward to next year	<b>3138.09</b>	2794.84

### Operations:

During the year the Company achieved a turnover of Rs.17432 lakhs against previous year turnover of Rs.20857 lakhs. Your Company is proposing to manufacture HDPE drums which will be used for packing requirements of exports of the Company. Further, it is proposed to expand Hypo Chlorite Plant with 3 streams of approximately 6600 MTs each.

In view of the strengthening and stabilization of activities and augmentation of working capital requirements for increased activities and bank borrowings, your Directors have decided not to declare any dividend for the year 2009-10.

### Floods :

In October 2009, due to heavy floods in Kurnool, the flood water have entered into the factory and part of inventory, machinery etc. were damaged. The operations of the factory have come to stand still for about 35 days. Since the risks of assets, stocks and profits are covered by the insurance policies, the Company has preferred claims with insurance Company.

### Risk Management:

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

### Fixed Deposits:

The Company has not accepted any Fixed Deposits during the year as per Section 58A of the Companies Act, 1956 and as such, no amount of principal or interest was outstanding as on the date of the Balance Sheet.



**Preferential allotment of shares :**

During the year there is an increase of Rs. 26,65,000 in paid up Equity Share capital of the Company. The Company had allotted 2,66,500 Equity shares to one of the promoters of the Company as per approvals by the members and Stock Exchanges. These shares were listed on Bombay Stock Exchange on 22/02/2010 and National Stock Exchange on 09/02/2010.

**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 2010-2011.

**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 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 31<sup>st</sup> March, 2010 and is annexed to this Report (Annexure - B).

**Directors' Responsibility Statement:**

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

- (i) that the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2010 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 31<sup>st</sup> March, 2010 on a 'going concern' basis.

**Corporate Governance:**

A report on the Corporate Governance Code alongwith a Certificate from the Statutory 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 A.H. Praveen and Sri D.V. Narendra Babu retire by rotation at the ensuing Annual General Meeting and being eligible for re-appointment offer themselves to be re-elected as Directors.

**Cost Audit**

The Cost Audit under Section 233B of Companies Act, 1956 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 applicable provisions of the Companies Act, 1956.

**Auditors:**

M/s. S.T. Mohite & Co., Chartered Accountants, ( ICAI Regn No. 011410S ) Hyderabad, the Statutory Auditors of the Company retire at 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 issued by ICAI.

**Acknowledgements:**

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 : 25.08.2010

**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 31<sup>st</sup> March, 2010.

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	34 Years	B.Com, MBA (UK)	Chairman & Managing Director	25-07-2006	1,03,48,759	10 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. A De-super heater is installed for increasing the Steam Energy in the main steam line coming from Sulphuric Acid Plant to Hi-Strength Hypo plant.
2. Energy saver installed for the Lighting Circuit of Mono chloro Acetic Acid,



Stable Bleaching Powder and Sulphuric Acid Plants.

3. Solar lights installed for street light application in Sulphuric Acid Plant.
4. Capacitor Banks are installed in Mono Chloro Acetic Acid Plant MCC and PCC panel to improve Power Factor.
5. Steam Energy audit was conducted by M/S Forbes Marshall (P) Ltd., in the areas of Steam generation, distribution, utilization and Condensate and Flash Steam recovery of the plant. Their recommendations were implemented for better Steam economy. Performance of the same is being verified. However, early results indicate that they are yielding good results..

#### FORM A

Disclosure of particulars with respect to conservation of Energy:

	UNIT	Current Year 2009-2010	Previous Year 2008-2009
<b>A. Power and Fuel Consumption</b>			
<b>1. Electricity</b>			
a. Purchased	(KWH)	<b>14531859</b>	14293512
Total Amount	(Rs)	<b>51347769</b>	53754978
Rate per Unit	(Rs.)	<b>3.53</b>	3.76
b. Own Generation through Diesel Generator (Units)	(KWH)	<b>7776</b>	10413
Units per Ltr. of Diesel Oil	(KWH)	<b>2.85</b>	2.60
Cost / Unit	(Rs.)	<b>12.56</b>	12.98
c. Own Generation through Wind			
Units	(KWH)	<b>18568935</b>	1317983
Cost / Unit	(Rs.)	<b>5.25</b>	10.83
<b>B. Consumption per MT of Production :</b>			
<b>Product Name</b>			
a. Hi-Strength Hypochlorite (HSH)	(KWH)	<b>593</b>	610
b. Sulphuric Acid (SA)	(KWH)	<b>55</b>	45
c. Chlorosulphonic Acid (CSA)	(KWH)	<b>51</b>	43
d. Stable Bleaching Powder (SBP)	(KWH)	<b>168</b>	189
e. Monochloroacetic Acid (MCA)	(KWH)	<b>712</b>	392
f. H2 Gas	(Cum)	<b>0.30</b>	0.31

#### B. Technology Absorption:

Efforts made in Technology Absorption as per Form B.

#### FORM B

#### B. Technology Absorption :

Research & Development ( R&D ) :

1. Specific area in which R & D carried out by the Company:
  1. Automatic Control System provided for maintaining uniform Sulphuric Acid strength in Final Absorption Tower of Sulphuric Acid Plant .



2. Automatic Level Control System implemented for drum IV of Hi-Strength Hypo plant to improve cake uniformity.
3. Safety interlock system provided for tripping of ID / FD Fans of Hi-Strength Hypo plant based on Exhaust Temperature to avoid material decomposition.
4. Pilot plant trials were completed for converting mother liquor of Calcium Hypochlorite plant into low grade saleable Bleaching Powder which was successful. Enquiring for Tehno Commercial offer for a full-scale unit to study the economics. If it is feasible, same shall be implemented.

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

Installation of pilot plant trials resulted into converting mother liquor of Calcium Hypochlorite plant into low grade saleable bleaching powder .

**3. Future Plans :**

1. In Unit – III, one more Chlorination Drum is being erected for plant expansion.
2. In Unit – II Hydrogen Bottling Plant, to make Grade- I Hydrogen gas instead of present Grade-II material, a drier is going to be installed . It is proposed to set up a unit for manufacturing Plastic Drums for packing our products like Calcium Hypochlorite and Stable Bleaching Powder.
3. It is proposed to expand our Calcium Hypochlorite plant by adding three more streams.

**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 and earned**

(Rs. in lakhs)

- |                            |          |
|----------------------------|----------|
| i. Foreign Exchange earned | 10554.34 |
| ii. Foreign Exchange used  | 603.64   |

For and On behalf of the Board

Sd/-

**T.G. BHARATH**

Chairman & Managing Director

Place : Kurnool  
Date : 25.08.2010



## ANNEXURE 'C' TO DIRECTORS' REPORT

### Report on Corporate Governance

#### 1. Company's Philosophy on Code of Governance

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

#### 2. Board of Directors

The composition of the Board is in compliance with the guidelines given in clause-49 of the Listing Agreement. The Board comprises of four Directors . Except Chairman & Managing Director, the other Directors are non-executive Directors. The details of Directors attending the meetings and date of 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	8	8	7	1
2.	Sri P.T. Reddy	Independent Director	8	8	-	-
3.	Sri M.P. Murti	Independent Director	8	2	5	2
4.	Sri O.D. Reddy	Independent Director	8	2	3	3
5.	Sri G. Krishna Murthy	Independent Director	8	2	1	3
6.	Dr. A. H. Praveen	Independent Director	8	8	-	-
7.	Sri D.V. Narendra Babu	Independent Director	8	7	-	-



During the financial year ended 31<sup>st</sup> March, 2010, eight Board meetings were held on (1) 30.04.2009 (2) 30.06.2009 (3) 31.07.2009 (4) 26.08.2009 (5) 09.09.2009 (6) 31.10.2009 (7) 28.11.2009 and (8) 29.01.2010.

The last Annual General Meeting of the Company was held on 25.09.2009 and it was attended by Sri T.G. Bharath, Chairman & Managing Director, Sri P.T. Reddy, Chairman of Audit Committee and Dr. A.H. Praveen, Director.

### **3. Committees of the Board**

#### **Audit Committee**

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

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

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

The Committee held four meetings during the year 2009-10 on (1) 30.06.2009, (2) 31.07.2009, (3) 31.10.2009 and (4) 29.01.2010 and all the members attended the meetings.

#### **Remuneration Committee**

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



The 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
19,19,214	70,560	83,58,985	1,03,48,759

#### Shareholder(s) / Investor(s) Grievance Committee

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

No.of Investor Queries/ complaints received in the year 2009-10	Pending at the end of the year	No.of pending Share Transfers
118	NIL	NIL

#### 4. General Body Meetings

The last three Annual General Meetings of the Company were held on (1) 27.09.2007 (11 A.M.); (2) 29.09.2008 (11 A.M.); and (3) 25.09.2009 (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:

##### 2006-07

1. Appointment of Sri P.T. Reddy as regular Director.
2. To increase the borrowing 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 Sec149(2A)(b).
3. Commencement of hiring business which is under other objects under Sec 149(2A)(b).

##### 2008-09

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



5. Issue of 2,66,500 equity shares under preferential allotment to one of the Promoters.

**Special resolutions passed through postal ballot :**

—NIL—

**5. Disclosures :**

None of the transactions with any of the related parties were in conflict with the interest of the Company at large. The details of related party transactions are furnished under point no. 9 in Schedule 22 – Notes to Accounts of Balance Sheet and Profit and Loss Account to comply with Accounting Standard 18. The Company has not received any notices from Stock Exchanges or SEBI regarding non-compliance of statutory provisions. The Company is complying with all mandatory requirements as per Clause 49 of the Listing Agreement.

**6. Means of Communications :**

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

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

**8. General Shareholder Information :**

**(a) Annual General Meeting :**

**Date** : 24<sup>th</sup> September, 2010

**Time** : 11 A.M.

**Venue** : SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED  
REGD.OFFICE: GONDIPARLA  
KURNOOL - 518 004 (A.P)

- (b) Tentative Financial Calendar** :The next financial year covers the period from 1<sup>st</sup> April 2010 to 31<sup>st</sup> March, 2011.

Unaudited Financial Results for:

First Quarter	-	July/August, 2010
Second Quarter	-	October/November, 2010
Third Quarter	-	January/February, 2011
Fourth Quarter	-	April/May, 2011

- (c) Book Closure Period** : 20-09-2010 to 24-09-2010 ( inclusive of both days)

- (d) Dividend Date** : Not Applicable

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





- (f) **Stock Code:** The Stock codes on exchanges are  
 Bombay Stock Exchange Ltd - 532842  
 The National Stock Exchange of India Ltd - SRHHYPOLTD  
 The ISIN (DEMAT) on the NSDL and the CDSL is INE 917H01012

(g) **Market Price Data for Financial Year 2009-2010 :**

Month & Year	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2009	20.60	15.35	21.00	15.00
May, 2009	29.20	18.35	28.70	18.15
June, 2009	35.10	26.25	34.05	26.05
July 2009	35.00	26.15	35.45	25.85
August, 2009	35.40	28.80	35.05	28.50
September, 2009	36.70	30.05	36.25	29.00
October, 2009	42.70	31.85	43.20	31.55
November, 2009	34.35	30.00	38.00	30.00
December, 2009	34.30	30.10	34.45	29.20
January, 2010	42.50	30.50	42.50	28.15
February, 2010	33.95	29.90	36.00	29.60
March, 2010	33.45	29.80	33.95	29.00

(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, 2010 :**

Sl. No.	Category	Shares	Amount	%
1.	Promoters	4744137	47441370	45.39
2.	Mutual Funds	1895	18950	0.02
3.	Banks & Financial Institutions	37810	378100	0.36
4.	Bodies Corporate	75846	7158460	6.85
5.	Indian public	3917949	39179490	37.49
6.	NRI / OCBS	1033526	10335260	9.89
	Total	10451163	104511630	100.00

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

As on 31st March, 2010, 68.69 % of shares were held in Dematerialised Form and rest in Physical Form.

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

Not Applicable

(l) **Code of Conduct :**

A Code of Conduct is duly approved by the Board on 29.08.2006 and communicated to all Directors and Senior Management of the Company



and affirmed by them as to its compliance on an annual basis. Code of conduct is posted on website of the Company.

**DECLARATION BY CEO**

As provided in Clause 49 of the Listing Agreement with Stock Exchanges the Directors and Senior Management personnel have confirmed compliance with code of conduct for the period ended 31.03.2010.

Place : Kurnool  
Date : 25.08.2010

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@tgvmil.net**

For and on behalf of the Board of Directors

Place : Kurnool  
Date : 25.08.2010

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



**Auditors' Certificate regarding Compliance of Conditions of Corporate Governance**

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

To  
The Members  
Sree Rayalaseema Hi-Strength Hypo Limited

We have examined the compliance of the conditions of Corporate Governance by Sree Rayalaseema Hi-strength Hypo Limited for the year ended 31<sup>st</sup> March, 2010 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 ensuing 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 Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as on 31<sup>st</sup> March, 2010, there were no investor grievances remaining unattended / pending for a period exceeding one month against company as per the records maintained by the Company.

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

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

Place : Kurnool  
Date : August 25<sup>th</sup>, 2010

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

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

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

**B) Opportunities and Threats :**

- (1) There is growing demand for Calcium Hypochlorite in the international Market.
- (2) Most of the raw materials are easily available locally thus savings in the transportation costs
- (3) The raw material prices are uncertain in the market. Any steep upward price rise would affect the profitability of the unit.
- (4) The import of lime for the manufacture of Hi-Strength Hypochlorite may affect the profitability of the Company due to exchange fluctuations.
- (5) The generation of power through wind mainly depends on high wind velocity which is seasonable in nature.

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

The Company surpassed its previous year performance in case of Stable Bleaching Powder (SBP), Hi-Strength Hypo chlorite and wind power generation. However, there was a decline in the production of Mono Chloro Acetic Acid (MCA), Sulphuric Acid , Chloro Sulphonic Acid (CSA) and bottling of Hydrogen Gas. There was no production of Bromine during the year .

**D) Outlook :**

The Company is exploring possibilities of exporting more quantities of existing products Stable Bleaching Powder (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 driven.
- (ii) Fluctuations in foreign exchange currencies in relation to exports & imports
- (iii) The investments in shares are market driven which are exposed to related risks.

**F) Internal Control Systems and their Adequacy :**

The Company has a good system of internal controls in all spheres of its activities. All the staff of the Internal Audit Department are well trained in internal control procedures and well versed with computerized environment. Further, in



key areas like stores, finalization of purchase orders and fixation of material prices are under pre-audit supported by Advisory Committees. The Management regularly reviews the findings of the internal auditors and effective steps to implement the suggestions/observations of the Auditors 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 2009-10, net profit before Tax is Rs. 1975.76 lakhs against Rs.2513.25 lakhs during the previous year. The Company provided Rs.1632.51 lakhs towards deferred tax and current tax. Due to this, the net profit after Tax was decreased to Rs. 343.25 lakhs.

**H) Material Developments In Human Resources / Industrial Relations Front, Including Number of People Employed :**

During the year, the Company maintained harmonious and cordial industrial relations. The Company regularly conducting seminars and workshops to improve the safety and maintenance of the factory and for also timely dispatches of quality products. The Company is deputing employees for attending seminars for updating their skills and knowledge. The Company had around 500 employees on its rolls.

For and on behalf of the Board

Sd/-

**T.G. Bharath**

Chairman & Managing Director

Place : Kurnool

DATE : August 28<sup>th</sup>, 2010



**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<sup>st</sup> March 2010, 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 31.03.2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2010 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 31<sup>st</sup> March, 2010
    - b) In the case of Profit and Loss Account, of the Profit for the year ended on that date; and
    - c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

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

Place : Kurnool

Date : May 28<sup>th</sup>, 2010

**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, 2010.**

1. (a) The Company has maintained proper records showing particulars, including quantitative details and situation of Fixed assets.  
(b) Some of the fixed assets have been physically verified by the management during the year in accordance with a phased programme and verification of fixed assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification. As informed that the programme is such that all the fixed assets will get physically verified once in three years time. In our opinion, the verification programme is reasonable having regard to the size of the Company and the nature of the fixed assets.  
(c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of fixed assets of the Company. And such disposal has, in our opinion, not affected the going concern status of the Company.
2. (a) The inventories of the Company have been physically verified by the Management during the year at reasonable intervals.  
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The Company has maintained proper records of inventories and the discrepancies noticed on physical verification of stocks as compared to book records, which in our opinion, were not material, have been properly dealt with in the books of account.
3. (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.  
(b) The Company has not availed unsecured loans from any company, firm or other parties in the register maintained under Section 301 of the Companies Act 1956.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of Inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls with regard to purchase of inventory, fixed assets and for the sale of goods.
5. (a) According to the information and explanations given to us and our examination of records, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.  
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of Companies Act, 1956 and exceeding the value of Rs. 5,00,000/- in respect of any party during the year have been at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from the public specified under the Provisions of Section 58 A and 58AA of the Companies Act, 1956 and the companies (Acceptance of Deposits) Rules, 1975.



7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business and it was informed that no material irregularities were noticed by the internal auditors during the period of audit.
8. The Company has maintained cost records under section 209(1)(d) of the Companies Act, 1956 in regard to the manufacture of chemical product of Sulphuric Acid. We have broadly reviewed the books of accounts maintained relating to manufacturing of Sulphuric Acid and we are of the opinion that, prima facie, the prescribed records have been made and maintained. We are not required to and accordingly have not, made a detailed examination of the records to determine whether they are accurate and completed.

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

9. (a) According to the information and explanation given to us, the Company is regular in depositing with appropriate undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it, and
- (b) No undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, service tax and cess are in arrears as at 31.03.2010 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 P F 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 DEP B 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 and has not incurred cash losses in the current and immediately preceding financial year.
11. According to records of the Company, during the year the Company has not defaulted in the repayment of dues to financial institution or banks.





12. As per the information and explanation given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities to any body during the year.
13. In our opinion, as the Company is not a chit fund or a nidhi or mutual benefit or society, the provisions of Clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company for this year.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. The Company has given guarantees amounting to Rs.1200 Lakhs (amount outstanding Rs.775.90 Lakhs on 31-03-2010) for loans taken by two companies from Bank and Financial Institutions.  
The terms and conditions of the guarantee are not prejudicial to the interest of the Company. As per the information given by the Company, the borrower is paying the instalment / interest as the case may be regularly to the lender.
16. According to the records of the Company, the Company has raised term loans during the year and were applied for the purpose for which the loan was obtained.
17. As per the information and explanations given to us and on an over all examination of the balance sheet and the cash flow statement of the Company, we are of the opinion that no funds raised on short term basis have been used for long term investment.
18. As per the information and explanations given to us, during the year the Company has made preferential allotment of shares to a company covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year, which requires the creation of security or charge.
20. During the year the Company has not made any public issue for which the management has to disclose the end use of money raised through that public issue.
21. As per the representation given by the Company and relied on by us, no fraud on or by the Company has been noticed or reported during the year.

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

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

Place : Kurnool  
Date : May 28<sup>th</sup>, 2010

**BALANCE SHEET AS AT 31 st MARCH 2010**

	Schedule	As At 31-03-2010 Rs.	As At 31-03-2009 Rs.
<b>I SOURCES OF FUNDS</b>			
<b>Shareholders Funds</b>			
Share Capital	1	10,45,11,630	10,18,46,630
Reserves and Surplus	2	45,06,88,880	41,08,07,751
<b>Loan Funds</b>			
Secured Loans	3	76,10,89,511	62,99,55,552
Unsecured Loans	4	4,46,22,101	5,17,01,541
<b>Deferred Tax Liability</b>		<b>29,26,00,160</b>	<b>16,69,60,299</b>
<b>TOTAL</b>		<b><u>1,65,35,12,282</u></b>	<b><u>1,36,12,71,773</u></b>
<b>II APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	1,47,97,07,048	1,09,64,29,051
Less: Depreciation		25,11,71,446	15,93,84,709
Net Block		1,22,85,35,602	93,70,44,342
Add: Capital Work-in-progress		46,03,429	0
		1,23,31,39,031	93,70,44,342
<b>Investments</b>			
<b>Current Assets, Loans and Advances</b>	6	<b>4,56,03,962</b>	<b>3,21,03,962</b>
<b>Current Assets</b>			
Inventories	7	12,43,50,187	8,50,35,047
Sundry Debtors	8	12,61,86,443	24,72,51,234
Cash and Bank Balances	9	2,82,85,858	4,87,68,434
Other Current Assets	10	13,57,48,544	4,34,07,427
Loans and Advances	11	30,64,70,724	17,25,77,553
		<u>72,10,41,756</u>	<u>59,70,39,695</u>
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	12	27,69,94,750	15,49,55,883
Provisions		6,95,75,363	5,05,55,635
		<u>34,65,70,113</u>	<u>20,55,11,518</u>
Net Current Assets		37,44,71,643	39,15,28,177
<b>Miscellaneous Expenditure</b>	13	<b>2,97,646</b>	<b>5,95,292</b>
(To the extent not written off or adjusted)			
<b>TOTAL</b>		<b><u>1,65,35,12,282</u></b>	<b><u>1,36,12,71,773</u></b>
Note to Balance Sheet	14		
Notes forming part of accounts	22		

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

As per our report of even date attached.

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

Chartered Accountants (Regn.No.011410S)

Sd/-

**M.T.Sreenivasa Rao**

Proprietor/Membership No.15635

Place : Kurnool

Date : May 28<sup>th</sup>, 2010**For and on behalf of the Board**

Sd/-

**T.G.Bharath**

Chairman &amp; Managing

Director

Place : Kurnool

Date : May 28<sup>th</sup>, 2010

Sd/-

**P.T.Reddy**

Director

Sd/-

**V.Surekha**

Company Secretary

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH,2010**

	Schedule	Year Ended 31-03-2010 Rs.	Year Ended 31-03-2009 Rs.
<b>I INCOME</b>			
Gross Sales	15	1,56,16,39,554	2,00,47,39,021
Less:Excise duty		<u>3,35,71,095</u>	<u>10,97,10,949</u>
Net Sales		1,52,80,68,459	1,89,50,28,072
Other Income	16	2,21,38,065	1,71,92,270
Export Incentives		3,92,44,915	4,11,50,697
Trading Sales		18,16,06,928	8,09,58,381
Claims received for stocks		95,02,743	0
Claims received for loss of profit		4,26,21,611	0
Increase / (Decrease) Stock	17	2,51,06,383	(85,59,948)
<b>Total</b>		<u>1,84,82,89,104</u>	<u>2,02,57,69,472</u>
<b>II EXPENDITURE</b>			
Trading Purchases		16,16,78,759	4,34,59,821
Consumption of Raw-materials/Inputs	18	65,51,99,826	93,68,41,162
Manufacturing,Administrative and	19	54,12,94,146	57,91,05,434
Selling Expenses			
Payments to Employees	20	8,12,02,061	7,41,50,564
Finance Charges	21	10,97,38,489	6,94,49,464
<b>Total</b>		<u>1,54,91,13,281</u>	<u>1,70,30,06,445</u>
<b>III Profit before Depreciation,Extraordinary Items, Prior Period Items and Tax ( I - II )</b>		29,91,75,823	32,27,63,027
Depreciation		9,43,36,137	5,45,97,013
Amortizations		2,97,646	2,97,645
Prior period Adjustments ( Net)		59,82,510	(9,23,568)
<b>IV Profit before Extraordinary Items and Tax</b>		19,85,59,530	26,78,68,369
Loss on Sale/impairment of Assets		9,83,479	1,74,66,957
<b>V Profit before Income Tax</b>		19,75,76,051	25,13,24,980
<b>VI Provision for Taxation</b>			
I) Current Tax		3,35,78,050	2,84,75,120
II) Fringe Benefit Tax		0	12,87,676
III) Deferred Tax		12,96,73,398	6,92,89,964
		<u>16,32,51,448</u>	<u>9,90,52,760</u>
<b>VII Net Profit for the Year</b>		3,43,24,603	15,22,72,220
<b>Add: Balance brought forward from previous Year</b>		27,94,83,840	12,72,11,620
<b>VIII Balance Carried to Balance Sheet</b>		<u>31,38,08,443</u>	<u>27,94,83,840</u>
Earning per Share(Basic & Diluted)		3.28	14.95
Notes forming part of accounts	22		

Schedules 15 to 21 & 22 annexed form integral part of Profit & Loss Account  
As per our report of even date attached.

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

Chartered Accountants (Regn.No.011410S)

Sd/-

**M.T.Sreenivasa Rao**

Proprietor/Membership No.15635

Place : Kurnool

Date : May 28<sup>th</sup>, 2010

**For and on behalf of the Board**

Sd/-

**T.G.Bharath**

Chairman & Managing

Director

Place : Kurnool

Date : May 28<sup>th</sup>, 2010

Sd/-

**P.T.Reddy**

Director

Sd/-

**V.Surekha**

Company Secretary


**Cash Flow Statement For The Year Ended 31.03.2010 As Per Clause 32 Of Listing Agreement**

Rs. in Lakhs

	Year Ended 31-03-2010	Year Ended 31-03-2009
<b>A Cash Flow From Operating Activities</b>		
Net Profit before Tax and Extra-Ordinary items	1,985.60	2,678.68
Depreciation	943.36	545.97
Interest Paid	884.87	417.58
Interest Received	(19.70)	(15.89)
Preliminary & deferred expenses written off	2.98	2.98
Operating Profit before Working capital changes	<u>3,797.11</u>	<u>3,629.32</u>
Adjustments for:		
Trade and Other receivables	(1,051.69)	(1,983.05)
Inventories	(393.15)	277.14
Trade payable	<u>1,410.59</u>	<u>(53.62)</u>
	<u>(34.25)</u>	<u>(1,759.53)</u>
<b>Cash generated from operations</b>	<u>3,762.86</u>	1,869.79
Interest Paid	(884.87)	(417.58)
Interest Received	19.70	15.89
Direct Taxes	<u>(1,632.51)</u>	<u>(990.53)</u>
<b>Cash Flow before Extra ordinary items</b>	<u>1,265.18</u>	477.57
Extra ordinary items	<u>(9.83)</u>	<u>(165.43)</u>
<b>Net Cash Flow From Operating Activities</b>	<u>1,255.35</u>	312.14
<b>B Cash Flow From Investing Activities</b>		
Purchase/Sales of Fixed Assets	(3,904.33)	(4,550.66)
Purchase/Sales of Investments	<u>(135.00)</u>	<u>(20.42)</u>
Net cash used in Investing Activities	<u>(4,039.33)</u>	<u>(4,571.08)</u>
<b>C Cash Flow From Financing Activities</b>		
Proceeds from long term borrowings	2,496.94	4,469.87
Increase of share capital	26.65	0
Increase of share premium	<u>55.57</u>	<u>0</u>
Net cash used in Financing Activities	<u>2,579.16</u>	4,469.87
Net increase in cash & cash equivalents (A+B+C)	<u>(204.82)</u>	210.93
Cash & Cash equivalents as at 01-04-2009(op.B/s)	487.68	276.75
Cash & Cash equivalents as at 31-03-2010(cl.B/s)	<u>282.86</u>	<u>487.68</u>

For and on behalf of the Board

Sd/-

T.G.Bharath

Chairman &amp; Managing

Director

Sd/-

P.T.Reddy

Director

Place : Kurnool

Date : May 28<sup>th</sup>, 2010**CERTIFICATE**

Sd/- V.Surekha

Company Secretary

We have examined the above cash flow statement for the year ended 31st March, 2010 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 28<sup>th</sup> May, 2010 to the members of the Company.

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

Sd/-

**M.T. Sreenivasa Rao**

Proprietor

Membership No. 15635

Place : Kurnool

Date : May 28<sup>th</sup>, 2010



## SCHEDULES TO BALANCE SHEET

	As At 31-03-2010 Rs.	As At 31-03-2009 Rs.
<b>SCHEDULE - 1</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
1,20,00,000 (Previous year 1,20,00,000)		
Equity Shares of Rs.10/- each	<u>12,00,00,000</u>	<u>12,00,00,000</u>
<b>Issued, Subscribed and Paid up</b>		
1,04,51,163(Previous year 1,01,84,663)		
Equity Shares of Rs.10/- each Fully paid up	<u>10,45,11,630</u>	<u>10,18,46,630</u>
<b>Total</b>	<u>10,45,11,630</u>	<u>10,18,46,630</u>
<b>Notes:</b>		
1. Of the above, the 1,01,34,633 Shares allotted as fully paid Shares in 2006 in pursuance Scheme of Arrangement without payments received in cash		
2. During the year 2,66,500 Equity shares of Rs. 10/- each were issued as preferential allotment for cash at a price of Rs. 30.85 per share		
<b>SCHEDULE - 2</b>		
<b>Reserves and Surplus</b>		
<b>Capital Reserves</b>		
Central / Capital Subsidy(as per last Balance sheet)	43,55,500	43,55,500
Share Premium Account (Additions during the year)	55,56,525	0
<b>General Reserves</b>		
Amalgamation Reserve (as per last Balance sheet)	12,69,68,411	12,69,68,411
Surplus i.e., balance in Profit and Loss Account	<u>31,38,08,444</u>	<u>27,94,83,840</u>
<b>Total</b>	<u>45,06,88,880</u>	<u>41,08,07,751</u>
<b>SCHEDULE - 3</b>		
<b>Secured Loans</b>		
<b>From Banks</b>		
Working Capital Loans	12,17,93,688	13,50,47,956
Term Loans	63,92,95,823	48,14,57,044
Interest accrued and due	0	1,34,50,552
<b>Total</b>	<u>76,10,89,511</u>	<u>62,99,55,552</u>
<b>Notes:</b>		
1) The Working Capital limits from Banks are Secured by Hypothecation of Raw-materials, Stock-in-process, Finished Goods, Consumable Spares, Book Debts and Receivables.		
2) The Term Loans from Banks are Secured by exclusive charge on specific Fixed Assets.		
3) The Working Capital and Term Loans from Banks are also secured by first charge on some of the other Fixed Assets of the Company		
4) The Working Capital and Term Loans from Banks are further secured by guarantee from Managing Director in his personal capacity.		
<b>SCHEDULE - 4</b>		
<b>Unsecured Loans</b>		
Shot term Loans and Advances		
from Banks	6,16,492	32,73,613
Other Loans and Advances		
from Banks	18,13,605	29,67,309
Security deposits from customers	1,22,09,375	85,54,819
Deferred Sales Tax	<u>2,99,82,629</u>	<u>3,69,05,800</u>
<b>Total</b>	<u>4,46,22,101</u>	<u>5,17,01,541</u>



**SCHEDULE - 5  
Fixed Assets**

Amount in Rs.

Sl. No	Particulars	Gross Block			Depreciation			Net Block			
		Cost As At 01.04.2009	Additions	Deductions	Total Upto 31.03.2010	Upto 01.04.2009	For the Period	Deductions	Total Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
<b>1</b>	<b>On own use</b>										
	Land	30684182	4471098	0	35155280	0	0	0	0	35155280	30684182
	Factory Buildings	74574347	4248665	0	78823012	7708388	2567579	0	10275967	68547045	66865959
	Plant and Machinery	526345464	30052646	200000	556198110	128587231	42333124	200000	170720355	385477755	397758233
	Plant & Machinery-WEG	407057526	337576602	0	744634128	3627555	41139719	0	44767274	699868654	403429971
	Furniture and Fixtures	1137588	146314	0	1283902	0	208534	0	208534	1075368	1137588
	Office Equipment	11911335	3780066	290600	15400801	6420167	1626108	0	8046275	7354526	5491168
	Other Equipment	2689185	65070	0	2764255	754722	234617	0	989339	1774916	1944463
	Vehicles	16620582	6731955	3303819	20048718	3834721	2113363	2349400	3598684	16450034	12785861
<b>2</b>	<b>On Lease</b>										
	Plant and Machinery	25398842	0	0	25398842	8451925	4113093	0	12565018	12833824	16946917
	<b>Total</b>	<b>1096429051</b>	<b>387072416</b>	<b>3794419</b>	<b>1479707048</b>	<b>159384709</b>	<b>94336137</b>	<b>2549400</b>	<b>251171446</b>	<b>1228535602</b>	<b>937044342</b>
<b>3</b>	<b>Capital Work-in-progress</b>										
	Civil Work-in-progress	0	565336	0	565336	0	0	0	0	565336	0
	Machinery under erection	0	4038093	0	4038093	0	0	0	0	4038093	0
	<b>Total</b>	<b>0</b>	<b>4603429</b>	<b>0</b>	<b>4603429</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4603429</b>	<b>0</b>
	<b>Grand Total</b>	<b>1096429051</b>	<b>391675845</b>	<b>3794419</b>	<b>1484310477</b>	<b>159384709</b>	<b>94336137</b>	<b>2549400</b>	<b>251171446</b>	<b>123139031</b>	<b>937044342</b>
	<b>Previous Year</b>	<b>644218196</b>	<b>472537933</b>	<b>20327079</b>	<b>1096429051</b>	<b>107639706</b>	<b>54997011</b>	<b>2852008</b>	<b>159384709</b>	<b>937044342</b>	

**Note:** 1. Title to some of the properties acquired by the Company under Scheme of Arrangement are in the process of being transferred in the Company's name.



## SCHEDULES TO BALANCE SHEET

	As At 31-03-2010 Rs.	As At 31-03-2009 Rs.
<b>SCHEDULE - 6</b>		
<b>Investments - Long Term &amp; Non-trade</b>		
<b>Government Securities-Unquoted</b>		
National Saving Certificates (Deposited with Sales Tax and other Govt. Departments)	39,000	39,000
<b>Other Investments in Equity Shares-fully paid up:</b>		
<b>Quoted:</b>		
Sree Rayalaseema Alkalies and Allied Chemicals Ltd 1,04,580 (Previous year - 104580) Equity shares of Rs.10/- each	11,02,069	11,02,069
SRHHL Industries Ltd 100 (Previous year - 100)Equity shares of Rs.10/- each)	393	393
<b>Unquoted &amp; fully paid</b>		
Brilliant Bio Pharma Ltd 2,94,000 (Previous year - 2,94,000)Equity Shares Rs. 10/-each.	2,94,00,000	2,94,00,000
Sree Maruthi Agrotech Ltd 96,250 (Previous year - 96250)Equity Shares of Rs.10/- each.	9,62,500	9,62,500
Max 5 Marketing Pvt Ltd 6,000 (Previous year - 6,000) Equity Shares Rs.100/-each.	6,00,000	6,00,000
T G V Pharma Pvt.Ltd 62,500 (Previous year - Nil ) Equity Shares Rs.100/-each. (Purchased during the year)	1,35,00,000	0
<b>Total</b>	<u>4,56,03,962</u>	<u>3,21,03,962</u>
Aggregate Book value of		
- Quoted Shares	11,02,462	11,02,462
- Unquoted Shares	4,45,01,500	3,10,01,500
Aggregate Market value of quoted shares	12,49,067	10,44,800
<b>SCHEDULE - 7</b>		
<b>Inventories</b>		
(As taken, Valued and Certified by Management)		
Raw-materials	3,17,38,257	1,72,57,414
Stores and Spares and packing materials	4,68,73,272	4,71,45,358
Finished Goods in transit	3,18,30,593	0
Finished Goods	1,27,23,596	1,41,99,680
Stocks - in - process	11,84,469	64,32,595
<b>Total</b>	<u>12,43,50,187</u>	<u>8,50,35,047</u>
<b>SCHEDULE - 8</b>		
<b>Sundry Debtors</b>		
Debts Outstanding for more than six months		
Unsecured - considered good	56,87,976	49,97,096
Other Debts		
Unsecured - considered good	12,04,98,467	24,22,54,138
<b>Total</b>	<u>12,61,86,443</u>	<u>24,72,51,234</u>



## SCHEDULES TO BALANCE SHEET

	As At 31-03-2010 Rs.	As At 31-03-2009 Rs.
<b>SCHEDULE - 9</b>		
<b>Cash and Bank Balances</b>		
Cash on hand	11,79,266	8,12,504
Bank Balances with Scheduled Banks		
In Current Accounts	19,94,126	3,24,57,489
In Fixed Deposits ( under margin with Banks)	2,51,12,466	1,54,98,441
<b>Total</b>	<b><u>2,82,85,858</u></b>	<b><u>4,87,68,434</u></b>
<b>SCHEDULE - 10</b>		
<b>Other Current Assets(Unsecured,good)</b>		
Accrued interest on deposits	4,85,020	3,98,677
Prepaid expenses	26,87,882	16,52,266
Duty Entitlements of DEPB,Target Plus	2,55,85,088	2,87,75,943
Claims recoverable	10,69,90,554	1,25,80,541
<b>Total</b>	<b><u>13,57,48,544</u></b>	<b><u>4,34,07,427</u></b>
<b>SCHEDULE - 11</b>		
<b>Loans and Advances</b>		
(Unsecured - considered good)		
Advances Recoverable in cash or in kind or for value to be received		
Advances to Suppliers	7,96,39,538	57,90,906
Advances against Capital Expenditure/assets	4,16,23,631	2,25,82,604
Advance to Employees	24,55,731	33,99,211
Rent Advances	2,10,13,250	2,10,18,250
Advance Income Tax (Including Tax deducted at source)	5,94,12,797	4,70,60,807
Other Advances	2,19,59,627	1,61,32,966
Deposits / balances with Customers,Excise, Sales tax and Govt. Bodies	7,60,87,387	5,27,70,480
Deposits : Others	42,78,763	38,22,329
<b>Total</b>	<b><u>30,64,70,724</u></b>	<b><u>17,25,77,553</u></b>
<b>SCHEDULE - 12</b>		
<b>Current Liabilities and Provisions</b>		
<b>A. Current Liabilities</b>		
Acceptances	4,79,28,725	2,96,44,229
Sundry Creditors		
For Supplies,Services,Expenses dues to Micro and Small Enterprises (Refer note No.7 of schedule-22 )	1,30,15,961	34,67,048
Other Dues	14,95,74,189	4,42,54,955
Other Liabilities	3,66,59,701	3,50,78,477
Advance from Customers	2,98,16,174	4,25,11,174
<b>Total</b>	<b><u>27,69,94,750</u></b>	<b><u>15,49,55,883</u></b>
<b>B. Provisions</b>		
Provision for Tax	6,44,72,360	4,83,38,763
Provision Fringe Benefit Tax	0	12,87,677
Provision for employees' benefits	51,03,003	9,29,195
<b>Total</b>	<b><u>6,95,75,363</u></b>	<b><u>5,05,55,635</u></b>





## SCHEDULES TO BALANCE SHEET

	As At 31-03-2010 Rs.	As At 31-03-2009 Rs.
<b>SCHEDULE - 13</b>		
<b>Miscellaneous Expenditure</b>		
(to the extent not written off or adjusted)		
Preliminary Expenses	5,95,292	8,92,937
Less: Amount written off during the year	<u>2,97,646</u>	<u>2,97,645</u>
	<u>2,97,646</u>	<u>5,95,292</u>
<b>SCHEDULE - 14</b>		
<b>Notes on Balance Sheet</b>		
	Rs. in lakhs	Rs. in lakhs
1) Estimated amounts of Contracts remaining to be execution on Capital account not provided for	58.96	189.01
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	1,041.19
b) Demand for wrongly availed as Cenvat credit in respect of input service tax from Central Excise department. Appeals are pending with Tribunals.	5.81	5.81
c) Demand for damages imposed by The Asst. P.F. Commissioner Appeals are pending	7.81	7.81
d) Demand for Sales tax on sale of licenses of export incentive-DEPB from Sales tax department. Appeals are pending with tribunals.	1.44	1.44
3) Matters for which Company is contingently liable		
a) Guarantee given by the Company for loans taken by other companies		
Amount of Guarantee	1,200.00	1,200.00
Amount of Outstanding	775.90	1,105.00
b) Surety given by the Company for the performance contract executed by other Company favouring DGFT Authorities (outstanding amount)	0	217.27
c) The Company has made an appeal u/s 17 of SARFAESI Act against action of bank for for-future of EMD / Advances which is pending before DRAT, Mumbai. Provision has been made for full amount in the accounts during the year.	76.00	76.00
d) Consumers cheques / bills discounted with Banks	1,411.46	1,261.32
e) Unexpired Bank Guarantees provided by the Company	314.47	116.85
f) Unexpired Letters of Credit established by the Company	1,566.60	491.65


**Schedules to Profit & Loss Account for the year ended 31-03-2010**

	Year Ended 31-03-2010 Rs.	Year Ended 31-03-2009 Rs.
<b>SCHEDULE - 15</b>		
Sales-Gross		
Chemicals		
Exports	1,01,58,27,944	1,03,80,33,091
Domestic	46,05,70,911	94,89,80,968
Steam	2,66,74,741	2,56,66,730
Energy	6,28,74,032	38,22,142
	<u>1,56,59,47,628</u>	<u>2,01,65,02,931</u>
Less: Sales Returns	43,08,074	1,17,63,910
<b>Total</b>	<u>1,56,16,39,554</u>	<u>2,00,47,39,021</u>
<b>SCHEDULE - 16</b>		
<b>Other Income</b>		
Interest Received-Gross	19,69,530	15,89,365
(Tax deducted at source Rs.2,04,635/- )		
Other Miscellaneous Income	95,76,578	25,97,493
Lease Rentals	46,80,000	46,80,000
Sale of scrap	50,93,881	80,84,656
Profit on sale of Assets/Investments	8,18,076	2,40,757
<b>Total</b>	<u>2,21,38,065</u>	<u>1,71,92,271</u>
<b>SCHEDULE - 17</b>		
<b>Increase/Decrease in Stock</b>		
<b>Closing Stocks:</b>		
Finished Goods	4,45,54,189	1,41,99,680
Stocks-in-Process	11,84,469	64,32,595
<b>Total A</b>	<u>4,57,38,658</u>	<u>2,06,32,275</u>
<b>Opening Stocks:</b>		
Finished Goods	1,41,99,680	2,33,42,124
Stocks-in-Process	64,32,595	58,50,099
<b>Total B</b>	<u>2,06,32,275</u>	<u>2,91,92,223</u>
Increase/Decrease in Stocks (A-B)	<u>2,51,06,383</u>	<u>(85,59,948)</u>
<b>SCHEDULE - 18</b>		
<b>Consumption of Raw-materials/Inputs</b>		
Opening Stock:	1,72,57,414	4,20,02,842
Purchases	66,96,80,669	91,20,95,734
	<u>68,69,38,083</u>	<u>95,40,98,576</u>
Less: Closing Stock	3,17,38,257	1,72,57,414
Consumption	<u>65,51,99,826</u>	<u>93,68,41,162</u>



## Schedules to Profit &amp; Loss Account for the year ended 31-03-2010

	Year Ended 31-03-2010 Rs.	Year Ended 31-03-2009 Rs.
<b>SCHEDULE - 19</b>		
<b>Manufacturing, Administration and Selling Expenses</b>		
Consumption of Other Chemicals	19,76,101	20,20,389
Consumption of Stores	9,98,27,973	9,24,24,847
Power and Fuel	5,13,47,769	5,37,54,978
Repairs and Maintenance		
Buildings	146,90,331	1,26,75,437
Plant and Machinery	8,66,06,109	11,66,93,045
Others	79,02,773	39,26,316
	<b>10,91,99,213</b>	<b>13,32,94,798</b>
Excise Duty (Refer Note below)	201,453	-25,33,246
Lease Rental Charges	33,000	10,12,071
Rents, Rates and Taxes	1,08,03,434	47,91,881
Insurance	63,69,615	70,00,732
Traveling and Conveyance	67,25,654	41,70,593
Printing and Stationery	12,43,639	18,32,520
Postage, Telegrams and Telephone Expenses	33,24,115	29,98,190
Selling Expenses		
Sales Commission	53,60,289	1,37,75,249
Shortage loss price difference	1,06,10,703	2,34,33,755
Others	60,30,756	50,71,005
	<b>2,20,01,748</b>	<b>4,22,80,009</b>
Foreign Exchange difference	6,66,094	41,83,388
Freight Outward and Incidental Expenses		
Ocean freight	15,25,46,372	14,01,28,237
Container freight	1,97,98,325	2,66,26,592
Clearing and forwarding charges	1,50,93,423	76,43,061
Freight on sales	44,29,075	37,05,943
	<b>19,18,67,195</b>	<b>17,81,03,833</b>
Fee and Charges	27,22,440	72,85,921
Legal and Professional Charges	11,08,983	3,62,687
Security and Other Service Charges	1,08,96,908	1,18,64,625
Other Misc. Expenses	1,02,97,976	1,95,70,696
Auditors Remuneration		
Audit Fee	85,000	60,000
Tax Audit Fee	15,000	15,000
Out of pocket expenses	18,554	31,132
	<b>1,18,554</b>	<b>1,06,132</b>
Advertisement	1,72,523	7,10,245
Managerial Remuneration ( Ref. note 4 of schedule 22 )	1,03,48,759	1,38,30,145
Directors Sitting Fees	41,000	40,000
<b>Total</b>	<b>54,12,94,146</b>	<b>57,91,05,434</b>

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


**Schedules to Profit & Loss Account for the year ended 31-03-2010**

	Year Ended 31-03-2010 Rs.	Year Ended 31-03-2009 Rs.
<b>SCHEDULE - 20</b>		
<b>Payments to Employees</b>		
Salaries,Wages and Bonus	6,51,47,696	6,13,12,727
Contribution and Provision for :		
Provident Fund	27,57,296	26,64,040
Employees State Insurance	12,15,101	12,98,202
Other Funds	8,12,254	11,50,776
Workmen and Staff Welfare Expenses	1,12,69,714	77,24,819
<b>Total</b>	<u>8,12,02,061</u>	<u>7,41,50,564</u>
<b>SCHEDULE - 21</b>		
<b>Finance Charges</b>		
Interest		
Fixed loans	8,84,09,797	4,14,90,431
Other interest	77,645	2,67,180
Bank and Other Finance Charges	2,12,51,047	2,76,91,853
<b>Total</b>	<u>10,97,38,489</u>	<u>6,94,49,464</u>

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

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

**2) Use of estimates**

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

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

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

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

**b) Depreciation**

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

**c) Investments****Classification :**

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

**Carrying amounts in books :**

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

**d) Inventories**

Inventories are valued as under :

**i) Raw Materials, fuels, packing materials, Stores and spares**

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

**ii) Stocks-in-process and Finished goods**

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

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

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

**e) Excise Duty**

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

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

**f) Cenvat**

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

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

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

**ii) Retirement benefits****Defined Contribution Plan :**

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

**iii) Defined Benefit Plan :**

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

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

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

**h) Sales :**

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

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

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

**(ii) Conversion**

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

**(iii) Forward Exchange Contracts**

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

**(iv) Exchange differences**

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

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

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

**ii) Insurance Claims**

Insurance claims are accounted on the basis of claims lodged.

**iii) Dividends**

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

**iv) Export incentives**

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

**k) Impairment**

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

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

**l) Borrowing costs**

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

**m) Accounting for taxes on income :**

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

**n) Provisions and contingent liabilities**

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

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

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

**q) Leases:**

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





#### 4) Particulars of Managerial remuneration

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

	<b>Current Year</b> <b>31.03.2010</b> <b>Rs.</b>	Previous year 31.03.2009 Rs.
Profit before tax	20,59,35,033	26,28,76,989
Add: Depreciation charged as per P&L A/c	9,43,36,137	5,45,97,013
Managerial remuneration	19,89,774	22,78,168
Directors sitting fee	41,000	40,000
Bad debts written off	1,17,800	77,47,239
Amounts Written off	<u>8,91,010</u>	<u>39,01,285</u>
	<b>30,33,10,754</b>	<b>33,14,40,694</b>
Less: Depreciation charged as per U/s 350 of Co. Act.	9,43,36,137	5,45,97,013
Profit on sale of Assets	0	2,40,757
Net Profit as per Section 198	<u>20,89,74,617</u>	<u>27,66,02,924</u>
B. Remuneration payable to Managing Director		
a) At 5% of the net profits under Sec.198	1,04,48,731	1,38,30,146
b) Payments/provision for managerial remuneration restricted to	<u>1,03,48,759</u>	<u>1,38,30,146</u>
C. Details of payments/provisions on account of remuneration to the Managing Director included in the Profit and Loss Account for year:		
Salary & allowances	19,19,214	22,07,608
Contribution to Provident Fund	70,560	70,560
Commission	<u>83,58,985</u>	<u>1,15,51,978</u>
	<b>1,03,48,759</b>	<b>1,38,30,146</b>

**Note:** The commission payable is Rs.83,58,985/-for the year 2009-10 which is provided for in the accounts as per approval accorded by members in the Annual General Meeting as per provisions of Schedule XIII of the Companies Act,1956.

- 5) The Sales tax liability is being accumulated in view of sanction of deferment by the Government of Andhra Pradesh as per State Incentive Scheme and is included under unsecured loans.
- 6) Confirmation of balances from certain parties for amounts due to them or due from them are yet to be received. Confirmation letters were received from some of the parties. No material discrepancies are observed.
- 7) The Company identified Micro, Small and Medium Enterprises on the basis of information made available to the company by the suppliers. The Company is regular in making payments to Micro, Small and Medium Enterprises. The principal amounts outstanding as on 31-03-2010 and remaining unpaid to any Micro, Small and Medium Enterprises is Rs.1,30,15,961/-and the said amounts are due for less than 45 days as on 31-03-2010. Hence, excepting above, there is no



reportable information under Sec 22 (i) to (v) of Micro, Small and Medium Enterprises Act, 2006 read with part I of Schedule VI to the Companies Act, 1956.

### 8) Deferred tax liability :

The company has accounted for Deferred tax in accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountant of India and has charged the net profit and loss account with the deferred tax liability relating to the year net of Rs.38,15,04,555/-

As a result of the adoption of this policy, the profit for the year is lower by Rs.12,96,73,398/-

	2009-2010 Rs.	2008-2009 Rs.
I. Deferred Tax Liabilities :-		
Depreciation differences	38,15,04,555	20,38,53,969
Others-preliminary exp.	0	0
<b>Total</b>	<u>38,15,04,555</u>	<u>20,38,53,969</u>
II. Deferred Tax Assets :-		
Unabsorbed Depreciation	0	0
Others	0	0
<b>Total</b>	<u>0</u>	<u>0</u>
III. Net Deferred Tax Liabilities(I-II)	<u>38,15,04,555</u>	<u>20,38,53,969</u>
IV. Tax liability at current rates	<u>12,96,73,398</u>	<u>6,92,89,964</u>

### 9. Related parties Disclosures :

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

#### (A) Particulars of Associate Companies

##### Name of the Related Party

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

**(B) Key Management Personnel :**

Name of the Related Party	Nature of Relationship
a) Mr. T G Bharath	Chairman & Managing Director

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

	31-03-10 Rs.in Lakhs	31-03-09 Rs.in Lakhs
(a) Goods sold	343.99	594.75
(b) Goods/Containers purchased	5,536.61	4,332.30
(c) Rents paid	107.09	58.29
(d) Rents received	48.43	46.80
(e) Services availed	97.26	73.26
(f) Investments made	726.25	744.86
(g) Corporate guarantees given(Outstanding)	775.90	1,105.00
(h) Outstanding balances as on 31.03.2010		
In advances to suppliers	623.45	156.28
In loans and advances-other advances	(1.92)	0.00
In Sundry debtors	0.00	410.89
In current liabilities-Acceptances	437.38	0.00
In current liabilities-Sundry Creditors	388.02	0.00
In current liabilities-other liabilities	0.00	69.91

**ii) Transaction with key management personnel:**

Managerial remuneration to Chairman & Managing Director		
Salary & allowances	19.19	22.08
Contribution to Provident Fund	0.71	0.71
Commission	83.59	115.52
<b>Total</b>	<b>103.49</b>	<b>138.30</b>

**10. Segment Reporting**

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

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

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

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

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



**Segment information for the year ended 31st March, 2010**  
**Information about Primary Business Segment.**

Rs. in Lakhs

S.No.	Particulars	Year Ended 31-03-2010	Year Ended 31-03-2009
<b>1.</b>	<b>Segment Revenue</b>		
a)	Chemicals	17,488.36	21,386.29
b)	Wind Power	628.74	38.22
	Total	18,117.10	21,424.51
<b>2.</b>	<b>Segment Results</b>		
a)	Chemicals	3,187.29	2,983.20
b)	Wind Power	(346.35)	(68.27)
	Total	2,840.94	2,914.93
<b>3.</b>	<b>Interest (Net)</b>		
a)	Chemicals	318.76	317.31
b)	Wind Power	546.42	84.37
	Total	865.18	401.68
<b>4.</b>	<b>Profit Before Tax</b>	1,975.76	2,513.25
<b>5.</b>	<b>Capital Employed</b>		
a)	Chemicals	5,963.65	5,017.49
b)	Wind Power	(414.62)	103.11
	Total	5,549.03	5,120.60
Segment information for the year ended 31st March, 2010			
Information about Secondary Business Segments			
Revenue by Geographical Market :			
	In India	6,264.23	10,963.22
	Outside India	11,852.87	10,461.29
	Total	18,117.10	21,424.51

**11). Disclosure pursuant to Accounting Standard 15 (Revised 2005)**

**Employee benefits:**

**A. Defined contribution plan:**

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

	2009-10 (Rs. in lakhs)	2008-09 (Rs. in lakhs)
Employer's contribution to Provident fund	27.57	26.64

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

**B. Defined benefit plan:**

The company has employees Group Gratuity Fund through a policy with LIC and contributes to the fund through annual renewal premium determined based on actuarial valuation using projected unit credit method as at 30-09-2009. The company has funded current service cost obligations and contributions made are recognized as expenses. The unfunded past service cost is provided as per actuarial valuation as on 30-09-2009. The disclosures in respect of funded and unfunded defined benefit obligations as required by Accounting Standard 15 are given below.



**1. Changes and reconciliation of obligation  
for the year ended 31-03-2010**

	Gratuity	
	Funded (Rs. in lakhs)	Unfunded (Rs. in lakhs)
Present value of defined obligation at beginning of year	35.51 (27.74)	33.64 (32.80)
Current service cost	8.11 (7.77)	0.00 (0.00)
Interest cost	2.84 (2.22)	2.69 (2.62)
Past service cost	0.00 (0.00)	0.00 (0.00)
Net actuarial(gain)/loss on obligations	2.73 (5.42)	5.73 (1.78)
Present value of define benefit obligation at the end of year	44.28 (35.31)	42.07 (33.64)

**2. Changes and reconciliation in fair value of plan asset as on 31-03-2010.**

Opening fair value of plan assets	32.55 (26.14)	0.00 (0.00)
Expected return on plan assets	3.09 (2.48)	0.00 (0.00)
Contribution	13.56 (11.33)	0.00 (0.00)
Benefits paid	4.91 (7.63)	0.00 (0.00)
Actuarial valuation (gain)/loss on plan assets	0.88 (0.22)	0.00 (0.00)
Closing fair value of plan assets	45.16 (32.55)	0.00 (0.00)
Total actuarial gain / (loss)	-1.05 (-5.20)	5.73 (-1.78)

**3. Assets recognised in balance sheet**

Present value of liability	44.28 (35.51)	42.07 (33.64)
Fair vale and plan assets	45.16 (32.54)	0.00 (0.00)
Net liability	0.87 (2.96)	42.07 (33.64)

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

Current service cost	8.11 (7.77)	0.00 (0.00)
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Interest on define benefit obligation	2.84	2.69
	(2.22)	(2.62)
Expected return as plan assets	3.09	0.00
	(-2.48)	(0.00)
Past service cost	0.00	0.00
	(0.00)	(0.00)
Net actuarial loss/gain	16.85	5.73
	(-5.20)	(-1.78)

#### 5. Movement in Net liability

Net liability at the beginning of the year	35.51	35.64
	(27.74)	(32.80)
Expenses	6.00	8.42
	(2.31)	(0.84)
Contribution Paid	13.56	0.00
	(11.33)	(0.00)
Net liability at the close of the year	27.95	42.07
	(18.71)	(33.64)

#### 6. Actual return plan assets

Expected return on plan assets	3.09	0.00
	(2.48)	(0.00)
Actuarial gain / loss on plan assets	0.88	0.00
	(0.22)	(0.00)
Actual return on plan assets	3.97	0.00
	(2.70)	(0.00)

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

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

#### 8. Principal actuarial assumptions:

##### Demographic assumptions

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

##### Financial assumptions

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



## 12) Operating Leases

	2009-10	2008-09
	Rs.in Lakhs	Rs.in Lakhs
<b>a. Future Lease rental payments</b>		
(i) Not later than one year	96.71	100.13
(ii) Later than one year and not later than five years	343.15	437.46
(iii) Later than five years	8.40	10.80
<b>b. Lease rentals receivables</b>		
(i) Not later than one year	48.30	48.23
(ii) Later than one year and not later than five years	144.23	191.03
(iii) Later than five years	2.88	4.38
c. Lease payments recognized in the Profit and Loss Account	108.14	59.03
d. Lease receipts recognized in the Profit and Loss Account	48.43	46.80
e. General description of the leasing arrangement		
(i) Assets taken on Lease: Factory Buildings, Office Buildings and Hydrogen Cylinders		
(ii) Leased out Assets: Chlorine Cylinders, D. G. Set .		
(iii) Future lease rentals are determined on the basis of agreed terms.		
(iv) At the expiry of the lease term, the Company has an option either to Return the asset or extended the term by giving notice in writing.		

## 13) Earnings per share (EPS) :

	2009-10 (Rs.)	2008-09 (Rs.)
I. Net Profit as per Profit and Loss Account available to equity share holders	<b>3,43,24,603</b>	15,22,72,219
II. No. of shares for computation of EPS	<b>1,04,51,163</b>	1,01,84,663
III. Earning per share (Rs.) (Basic)	<b>3.28</b>	14.95

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

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

### A. Licensed and Installed Capacity (in Metric Tonnes)

Product Name	UOM	Year Ended 31.03.2010		Year Ended 31.03.2009	
		Licensed*	Installed**	Licensed*	Installed**
Stable Bleaching Powder-I	MT	9900	9900	9900	9900
Stable Bleaching Powder-III (per day)	MT	15	15	15	15
Stable Bleaching Powder (Manjawadi)	MT	4950	4950	4950	4950
Hydrogen Gas	Cum	6570000	6570000	5544000	5544000
Monochloro Acetic Acid	MT	6000	6000	6000	4800
Sulphuric Acid	MT	49500	49500	45000	45000
Chlorosulphonic Acid	MT	15000	15000	15000	15000
Hi-Strength Hypo	MT	29200	19800	19800	13200
Bromine	MT	65	65	65	65
Wind Energy	MW	11.25	11.25	6.30	6.30

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

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

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

a. Product	Op.Stock	Value	Production	Sales	Turnover	Closing Stocks	
	as on 01.04.09 Qty (Mts)	as on 01.04.09 Rs.Lakhs	during the year Qty.in Mts	during the year Qty.in Mts	during the year Rs.Lakhs	as on 31.03.10 Qty(Mts)	as on 31.03.10 Rs.Lakhs
1. Stable Bleaching Powder	106.67 168.63	11.44 18.87	15265.76 14038.36	15241.85 14100.32	1991.68 1666.98	130.58 106.67	15.89 11.44
2. Monochloro Acetic Acid	25.24 80.88	9.30 38.28	1588.96 2743.36	1536.45 2799.00	529.95 1334.81	77.76 25.24	27.88 9.30
3. Hi-Strength Hypo	220.91 207.67	89.79 82.73	14378.00 13892.98	14450.40 13879.75	9667.38 9824.77	148.50 220.91	73.10 89.79
4. Sulphuric Acid	813.58 1212.18	20.25 58.74	29413.44 37335.33	30079.81 37733.93	953.47 3613.61	147.21 813.58	3.97 20.25
5. Chloro-sulphonic Acid	133.99 59.90	7.25 6.03	3683.01 9022.54	3801.90 8948.45	259.14 1387.15	15.10 133.99	1.05 7.25
6. Bromine(KGS)	36.00 0.00	0.03 0.00	0.00 15174.00	0.00 15138.00	0.00 10.70	36.00 36.00	0.03 0.03
7. Hydrogen Gas (cum)	7885.10 4362.00	1.87 0.73	2736899.60 2979160.22	2742868.72 2975637.12	759.78 846.27	1915.98 7885.10	0.54 1.87
8. Wind Power (Units)(Net)	0.00 0.00	0.00 0.00	18568935.00 1317983.00	18568935.00 1317983.00	628.74 38.22	0.00 0.00	0.00 0.00

**C. Raw Materials Consumed**

	Year Ended 31-03-2010		Year Ended 31-03-2009	
	Qty,(Mts)	Rs.(Lakhs)	Qty,(Mts)	Rs.(Lakhs)
Hydrated Lime	18004.75	1140.34	16301.98	1098.00
Chlorine	25593.98	1320.44	25745.93	738.69
Acetic Acid	1284.80	353.50	2429.49	819.42
Sulphur	13616.85	546.10	17601.01	3468.75
Quick Lime	4014.92	378.71	3674.64	346.55
Caustic Soda Lye	9537.28	1748.61	9277.85	1888.78
Others	—	1064.28	—	1008.22
<b>Total</b>		<b>6552.00</b>		<b>9368.41</b>



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

	Year Ended 31-03-2010 (Rs.in Lakhs)	Year Ended 31-03-2009 (Rs.in Lakhs)
Raw Material	364.26	343.55
Advance for Plant and Machinery	78.64	0.00
Office Equipment	6.21	0.00
Spares	17.30	36.37
Trading Purchases	80.06	0.00

**b) Expenditure incurred in foreign currency**

Traveling expenses	13.59	1.66
Overseas Sales Commission	32.48	41.70
Freight/Demerages	3.67	137.74
Sales promotion expenses	4.06	0.00
Advertisement	0.13	0.00
Fee and Charges	3.19	0.00
Printing & stationery	0.05	0.22

**c) Raw material Consumed**

	2009-2010		2008-2009	
	Value Rs.	%	Value Rs.	%
Imported	521.98	7.97	505.90	5.40
Indigeneous	<u>6,030.02</u>	<u>92.03</u>	<u>8,862.51</u>	<u>94.60</u>
	<u>6,552.00</u>	<u>100.00</u>	<u>9,368.41</u>	<u>100.00</u>

**d) Earnings in Foreign Exchange**

	Year Ended 31-03-2010 (Rs. in Lakhs)	Year Ended 31-03-2009 (Rs. in Lakhs)
FOB value of exports	10,554.34	8,972.13

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

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

Signatures to Schedules 1 to 22

as per our report of even date attached.

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

Chartered Accountants (Regn. No. 011410S)

**For and on behalf of the Board**

Sd/-

**M.T.Sreenivasa Rao**

Proprietor/Membership No.15635

Sd/-

**T.G.Bharath**

Chairman & Managing

Director

Sd/-

**P.T.Reddy**

Director

Sd/-

**V.Surekha**

Company Secretary

Place : Kurnool

Date : May 28<sup>th</sup>, 2010

Place : Kurnool

Date : May 28<sup>th</sup>, 2010



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

**I. Registration details :**

Registration No.	L 2 4 1 1 0 A P 2 0 0 5 P L C 0 4 5 7 2 6												
Balance Sheet Date	31-03-2010	State Code	01										

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Issue	2665
Calls in Arrears	NIL		

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

Total Liabilities	1653512	Total Assets	1653512
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**Source of Funds :**

Paid-Up Capital	104512	Reserve & Surplus	450689
Secured Loans	761090	Unsecured Loans	44622
Deferred Tax Liability	292600		

**Application of Funds :**

Net Fixed Assets	1233139	Investments	45604
Net Current Assets	374472	Misc. Expenditure	298
Accumulated Losses	NIL		

**IV. Performance of Company (Rs. in Thousands)**

Total Income	1848289	Profit/(Loss) Before Tax	197576
+/- Total Expenditure	1650713	+/- Profit/(Loss) After Tax	34325
Earnings per Share (Rs.)	3.28	Dividend Rate (%)	NIL



### 1. Generic Name of Principal Products of the Company

Item Code No. (ITC Code)	28281000
Product Description	STABLE BLEACHING POWDER
Item Code No. (ITC Code)	28070001
Product Description	SULPHURIC ACID
Item Code No. (ITC Code)	29154001
Product Description	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)	8501
Product Description	WIND ENERGY

as per our report of even date attached.

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

**Sd/-**

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

**For and on behalf of the Board**

**Sd/-**

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

**Sd/-**

**P.T.Reddy**  
Director

**Sd/-**

**V.Surekha**  
Company Secretary

Place : Kurnool  
Date : May 28<sup>th</sup>, 2010

Place : Kurnool  
Date : May 28<sup>th</sup>, 2010



**SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

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

**PROXY FORM**

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

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

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being a Member/

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

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

for me/us and on my/our behalf at the 5th Annual General Meeting of the Company held at the Registered Office of the Company on Friday, the 24th September, 2010 at 11.00 A.M. or at any adjournment thereof.

Affix 1  
Rupee  
Revenue  
Stamp

Signature

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

**SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

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

**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 5th Annual General Meeting on Friday, the 24th September, 2010 at 11.00 A.M.

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

Signature of Member / Proxy