

**BOARD OF DIRECTORS**

Sri T.G. Bharath
Chairman & Managing Director

Sri P.T. Reddy
(Resigned w.e.f. 09.04.2014)

Dr. A. H. Praveen

Sri D.V. Narendra Babu
(Resigned w.e.f. 14.08.2014)

Sri N Ramachandra Rao
(from 26.03.2014)

Smt. D. Sai Leela
(from 14.08.2014)

Sri Krishna Moorthy Chandraiah Naik
(from 14.08.2014)

Sri P. Ramachandra Gowd
(from 14.08.2014)

Chief Financial Officer
Sri A. Sambasiva Rao

Company Secretary
Smt. V. Surekha

AUDITORS

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

REGISTERED OFFICE & WORKS

Gondiparla, Kumool-518 004
Andhra Pradesh

**REGISTRAR & SHARE
TRANSFER AGENTS**

Aarathi Consultants Pvt. Ltd.
Regd. Office: 1-2-285, Domalguda
Hyderabad-500029, (Telangana State)
Tel No. 040-27638111 / 4445,
Fax No: 040-27632184

BANKERS

State Bank of Hyderabad

CONTENTS

	Page Nos.
Notice	2
Directors' Report	18
Auditor's Report	32
Balance Sheet	39
Statement of Profit & Loss Account	40
Cash Flow Statement	41
Notes to Balance Sheet :	42
Notes to Statement of Profit & Loss Account	55
Notes to Accounts - Schedules	57

**NOTICE**

NOTICE is hereby given that the 9th Annual General Meeting of the Members of **Sree Rayalaseema Hi-Strength Hypo Limited** (CIN : L24110AP2005PLC045726) will be held at the Registered Office of the Company at Gondiparla, Kurnool-518 004 (A.P.) on Monday, 29th September, 2014 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2014, the statement of Profit and Loss Account and Cash Flow Statement for the period ended on that date and the Reports of Directors' and Auditor's thereon.
2. To appoint Statutory Auditors and to fix their remuneration.

SPECIAL BUSINESS :

3. To appoint Sri N Ramachandra Rao (DIN : 06843417) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 149, 152, 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, Sri N Ramachandra Rao, (DIN : 06843417) who was appointed as an Additional Director pursuant to Section 161(1) of the Companies Act, 2013 and Article 115 of Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of the Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 14th Annual General Meeting of the Company in the calendar year 2019 and further that he shall not be liable to retire by rotation."

4. To appoint Smt D. Sai Leela (DIN : 06948544) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification (s) the following resolution as an Ordinary Resolution :

" RESOLVED THAT in accordance with the provisions of Sections 149, 152, 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, Smt D. Sai Leela, (DIN : 06948544) who was appointed as an Additional Director pursuant to Section 161(1) of the Companies Act, 2013 and Article 115 of Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of the Director, be and is hereby



appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 14th Annual General Meeting of the Company in the calendar year 2019 and further that she shall not be liable to retire by rotation."

5. To appoint Dr. A.H. Praveen (DIN: 01658123) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr. A.H. Praveen (DIN: 01658123), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 14th Annual General Meeting of the Company in the calendar year 2019 and further that he shall not be liable to retire by rotation."

6. To appoint Sri P. Ramachandra Gowd (DIN: 06948557) as a Director to fill up the vacancy of the retiring Director Sri D V Narendra Babu (DIN: 02692392) who retires at this Annual General Meeting and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Sri P. Ramachandra Gowd (DIN: 06948557) who is appointed in the casual vacancy of Sri D.V. Narendra Babu (DIN: 02692392) and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

7. To appoint Sri Krishnamoorthy Chandraiah Naik (DIN: 06948531) as a Director liable to retire by rotation and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, Sri Krishnamoorthy Chandraiah Naik (DIN: 06948531) who was appointed as an Additional Director pursuant to Section 161(1) of the Companies Act, 2013 and Article 115 of Articles of Association of the Company and who holds office up to the date of this Annual



General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation."

8. To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2015 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED that in suppression of the Resolution passed under Section 293 (1)(d) of the Companies Act, 1956 at the Annual General Meeting of members of the company held on 25th September, 2009 and pursuant to the provisions of Section 180(1) (C) and other applicable provisions, if any, of the Companies Act, 2013 and rules made there under and as may be amended from time to time, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time such sum or sums of money as the Board may deem fit for the purpose of the business of the Company notwithstanding that the moneys to be so borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up share capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose, provided however that the total amount so borrowed by the Board of Directors and outstanding at any one time shall not exceed Rs.500 Crores (Rupees Five Hundred Crores)."

10. 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 180(1) (a) and other applicable if any, of the Companies Act, 2013, and rules made there under and as may be amended from time to time, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for



mortgaging and / or charging the whole or any part of the undertaking or undertakings of the Company or any assets of the Company both present and future or the whole or substantially the whole of the undertaking or undertakings of the Company on such terms and in such manner as the Board may deem fit together with power to takeover the management of business and concern of the Company in certain events for securing any loans and /or advances already obtained or that may be obtained from any financial institutions, banks, insurance companies, investment companies, mutual funds, venture capital funds, utilities or any bodies corporate, person or persons, entity or entities and or to secure any debentures that may be issued and all interest, commitment charges, costs, charges and all other moneys payable by the Company to the concerned lenders."

11. To adopt new Articles of Association of the company containing regulations in conformity with the Companies Act, 2013, and in this regard to consider and if thought fit, to pass, with or without modifications(s) the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company ;
RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to section 197 read with Schedule V and other applicable provisions, if any of the Companies Act, 2013, subject to approval of the Central Government, consent and approval of the Company be and is hereby accorded to increase consolidated salary of Sri T G Bharath, Chairman & Managing Director from existing Rs. 4,00,000/- per month to Rs. 10,00,000/- per month w.e.f. 01.04.2014, during his tenure as Chairman & Managing Director which expires on 24.07.2016."

By Order of the Board

Sd/-

(V. Surekha)

Company Secretary

Place : Kurnool

Date : 14th August,2014

**NOTES :**

1. A Member entitled to attend and vote at a meeting is entitled to appoint one or more Proxies to attend and vote on a poll on his behalf and such proxy need not be a Member of the Company. A Proxy Form is enclosed. Proxy Form in order to be effective, duly completed, must be received by the Company at the Registered Office not less than 48 hours before the time fixed for the Meeting.
2. Explanatory Statement as required under Section 102 of the Companies Act, 2013 is annexed hereto.
3. Members are requested to bring with them the Attendance slip sent with the Annual Report duly completed and signed and hand it over at the entrance.
4. Pursuant to Sec.91 of the Companies Act, 2013 and Clause 16 of the Listing Agreement, the Register of Members and Share Transfer Books of the Company will remain closed for 5 days i.e. from 25.09.2014 to 29.09.2014 (both days inclusive).
5. Non-resident Indian Shareholders are requested to inform us immediately : the change in Residential status on return to India for permanent settlement the particulars of Bank NRE Account, if not furnished earlier.
6. The company is pleased to provide e-voting facility through Central Depository Services (India) Limited (CDSL) for all members of the Company to enable them to cast their votes electronically on the resolutions mentioned in the notice of 9th Annual General Meeting of the Company. The Company has appointed Sri M Nirmal Kumar Reddy, Practising Chartered Accountant as the Scrutinizer for conducting the e-voting process in a fair and transparent manner. The e-voting is optional. The e-voting rights of the shareholders/beneficial owners shall be reckoned on the equity shares held by them as on 22.08.2014.

**The instructions for members for e-voting electronically are as under:-
In case of members receiving e-mail:**

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.



(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user, follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN* Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

- Physical Shareholders who have not updated their PAN with the Company are requested to use the first two letters of their name in Capital Letter followed by 8 digits folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the folio number. Eg. If your name is Ramesh Kumar with folio number 1234 then enter RA00001234 in the PAN field.
- Demat Shareholders who have not updated their PAN with their Depository Participant are requested to use the first two letters of their name in Capital Letter followed by 8 digit CDSL client Id. For example: CDSL Account holder name is Rahul Mishra and Demat A/c No. is 12058700 00001234 then default value of PAN is 'RA00001234'. NSDL Account holder name is Rahul Mishra and DP ID is IN300000 and client ID 12345678 then default value of PAN is 'RA12345678'.

DOB # Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

Dividend Bank Details : Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

- Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company, please enter the folio/client ID.

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then reach directly the Company selection screen.

(x) Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company



opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES"/ "NO" for voting. Select the option "YES" or "NO" as desired. The option "YES" implies that you assent to the Resolution and option "NO" implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) Note for Non-individual Shareholders / Custodians.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user ID who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**In case of members receiving the physical copy:**

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on 22.09.2014 at 9.00 a.m and ends on 24.09.2014 at 6.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 22.08.2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

Request to the Members:

- 1. Members desiring any information on the financial statements at the Annual General Meeting are requested to write to the Company at least seven days in advance so as to enable the Company to keep the information ready.
- 2. Members are requested to quote Folio Number/Client ID No. in all correspondence.
- 3. Shareholders are requested to update their E-mail Id with their respective depository participant and with the Company's Registrar and Transfer Agents.
- 4. As the Company's Equity shares are compulsorily traded in demat mode, shareholders holding shares in physical form are requested to dematerialize the same.

EXPLANATORY STATEMENT

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

Item No 3

The Board of Directors of the Company had appointed Sri N Ramachandra Rao as an Additional Director of the Company with effect from 26.03.2014 and pursuant to Section 161 and Article 115 of Articles of Association of the Company.

In terms of Section 161(1) of the Act, Sri N Ramachandra Rao would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Sri N Ramachandra Rao for the office of Director of the Company.

Sri N Ramachandra Rao is not disqualified from being appointed as a Director in terms of Section 164 of the Act and given his consent to act as a Director.

Pursuant to provisions of section 149 of Companies Act, 2013, which came into effect from April 1, 2014, every Listed Public Company shall have at least one-third of the total number of Directors as Independent Directors who are not liable to retire by rotation.

The Nomination and Remuneration Committee has recommended the appointment of Sri N Ramachandra Rao as Independent Director from 29.09.2014 to 28.09.2019



and had given a declaration to the Board that he meet the criteria of independence as provided under Section 149(6) of the Act.

In the opinion of the Board, the Director fulfils the conditions specified in the Act and Rules framed there under for appointment as Independent Director and is independent of the management.

Brief resume of Sri N Ramachandra Rao is provided in the Corporate Governance Report forming part of the Annual Report.

Copy of the draft letter for appointment of Sri N Ramachandra Rao as Independent Director setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

The Board commends the Resolution at item no.3 for approval by members.

Save and except the above, none of the Directors / Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested in this resolution.

Item No 4

As per the provisions of Section 149(1) of the Act and amended Clause 49 of Listing Agreement, the Company should have atleast one woman Director. To comply with legal requirements, the Board of Directors have proposed Smt. D. Sai Leela be appointed as a Director of the Company.

The Board of Directors of the Company had appointed Smt. D. Sai Leela as an Additional Director of the Company with effect from 14.08.2014 and pursuant to Section 161 and Article 115 of Articles of Association of the Company.

In terms of Section 161(1) of the Act, Smt. D. Sai Leela would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Smt. D. Sai Leela for the office of Director of the Company.

Smt. D. Sai Leela is not disqualified from being appointed as a Director in terms of Section 164 of the Act and given her consent to act as a Director.

The Nomination and Remuneration Committee has recommended the appointment of Smt. D. Sai Leela as Independent Director from 29.09.2014 to 28.09.2019 and had given a declaration to the Board that she meet the criteria of independence as provided under Section 149(6) of the Act.

In the opinion of the Board, the Director fulfils the conditions specified in the Act and Rules framed there under for appointment as Independent Director and is independent of the management.

Brief resume of Smt. D. Sai Leela is provided in the Corporate Governance Report forming part of the Annual Report.

Copy of the draft letter for appointment of Smt. D. Sai Leela as an Independent



Director setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

The Board commends the Resolution at item no.4 for approval by members.

Save and except the above, none of the Directors / Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested in this resolution.

Item No. 5

It is proposed to appoint Dr. A.H. Praveen as Independent Director under Section 149 of Companies Act, 2013 and Clause 49 of Listing Agreement to hold office for 5 (five) years.

Dr. A.H. Praveen is not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given his consent to act as Director.

The Company has received notices in writing from member alongwith the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Dr. A.H. Praveen for the office of Director of the Company.

The Company has also received declaration from Dr. A.H. Praveen that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and clause 49 of Listing Agreement.

Brief resume of Dr. A.H. Praveen are provided in the Corporate Governance Report forming part of the Annual Report.

In the opinion of the Board, the Director fulfils the conditions specified in the Act and Rules framed thereunder for appointment as Independent Director and is independent of the management.

Copy of the draft letter for appointment of Dr. A. H. Praveen as Independent Director setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

The Board commends the Resolution at item no.5 for approval by members.

Save and except the above, none of the Directors / Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested in this resolution.

Item No. 6

Sri P. Rama Chandra Gowd was appointed as Director in casual vacancy caused due to resignation of Sri D. V. Narendra Babu with effect from 14.08.2014 and he is liable to retire by rotation.

In terms of Section 161(1) of the Act, Sri P. Rama Chandra Gowd would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member along with the deposit



of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Sri P. Rama Chandra Gowd for the office of Director of the Company.

Sri P. Rama Chandra Gowd is not disqualified from being appointed as a Director in terms of Section 164 of the Act and given his consent to act as a Director.

The Board commends the Resolution at item no.6 for approval by members.

Save and except the above, none of the Directors / Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested in this resolution.

Item No. 7

The Board of Directors of the Company had appointed Sri Krishnamoorthy Chandraiah Naik as an Additional Director of the Company with effect from 14.08.2014 and pursuant to Section 161 and Article 115 of Articles of Association of the Company and he is liable to retire by rotation.

In terms of Section 161(1) of the Act, Sri Krishnamoorthy Chandraiah Naik would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Sri Krishnamoorthy Chandraiah Naik for the office of Director of the Company.

Sri Krishnamoorthy Chandraiah Naik is not disqualified from being appointed as a Director in terms of Section 164 of the Act and given his consent to act as a Director.

The Board commends the Resolution at item no.7 for approval by members.

Save and except the above, none of the Directors / Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested in this resolution.

Item No 8

The Board on the recommendation of Audit Committee, has approved the appointment and remuneration of the Cost Auditor of Rs. 35,000/- to conduct the audit of the cost records of the Company for financial year ending March 31, 2015.

In accordance with the provisions of Section 148 of Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors had to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.8 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

**Item No. 9**

At 4th Annual General Meeting held on 25.09.2009, the Members had, by way of Ordinary Resolution in pursuance to provisions 293(1)(d) of the Companies Act, 1956, authorized the Board of Directors to borrow monies as and when required in excess of paid - up capital and free reserves of the Company such that the aggregate borrowing of the Company shall not exceed Rs. 500 crores (Five hundred crores only).

Under Section 180(1) (C) of the Act, the above powers of the Board are required to be exercised only with the consent of the Company by a Special Resolution.

None of the directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested in passing the resolution set out at Item No.9 of the Notice.

The Board commends the Special Resolution set out at Item No. 9 of the Notice for approval by the shareholders.

Item No. 10

At Extra Ordinary General Meeting held on 25.03.2006, the Members had, by way of Ordinary Resolution in pursuance to provisions 293(1)(a) of the Companies Act, 1956, authorized the Board of Directors to mortgage, charge the assets, both present and future of the Company as Security to such Banks, Financial Institutions and others from time to time.

Under Section 180 of the Act, the above powers of the Board are required to be exercised only with the consent of the Company by a Special Resolution.

None of the directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested in passing the resolution set out at Item No.10 of the Notice.

The Board commends the Special Resolution set out at Item No. 10 of the Notice for approval by the shareholders.

Item No. 11

The Articles of Association (“AOA”) of the Company as presently in force since its incorporation is based on the Companies Act, 1956. The Companies Act, 2013 is now largely in force.

With the coming into force of the New Act, several regulations of the existing AOA of the company requires alteration or deletions in several articles. Given this position , it is considered expedient to give effect to certain changes and modifications in the existing AOA as mentioned here under.

1. In Article No.82, the word “thirty” shall be included in place of “five” appearing in the first line.
2. After Article No.86, a new Article with No. 86A shall be added to comply with the provisions of Companies Act, 2013 with respect of e-voting
86A.A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.



3. In Article 103, the word “12 (twelve)” appearing in second line shall be deleted and in its place “15 (fifteen)” shall be included. Further, in the same article, after the word Alternate, the word “Independent” shall be included.
4. After Article 115, new article 115 A be included
115A. Subject to the provisions of Section 149 of the Companies Act, 2013, Independent Directors be appointed.
5. In Article No 119, the words “Five Hundred Rupees” will be replaced by words “amount as may be prescribed in the Rules”.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested or otherwise in passing the resolution set out at Item No 11 of the Notice.

The Board commends the Special Resolution set out at Item No.11 of the Notice for approval by the shareholders.

Item No. 12

The Board of Directors in their meeting held on 14.08.2014 upon the recommendation of Nomination and Remuneration Committee in its meeting held on 14.08.2014, had decided to increase Consolidated salary of Sri T G Bharath, Chairman & Managing Director from Rs. 4,00,000/- per month to Rs.10,00,000/- per month subject to approval of the Central Government.

Sri T G Bharath has given declaration for complying the requirements of Part I of Schedule V of the Companies Act, 2013.

A Statement as required pursuant to Sec II of Schedule V of the Companies Act, 2013 is annexed to the Explanatory Statement.

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

The Explanatory statement may be treated as an abstract of the terms and conditions pursuant to Sec 190 of the Companies Act, 2013.

Your directors commend the above resolution as set out under item no.12 in the notice for approval by the shareholders.

Annexure referred to in the Explanatory Statement

Statement containing the information as required in respect of increase in remuneration of Sri T G Bharath, Chairman & Managing Director of the Company.

I. General Information

1. Nature of Industry: Manufacture of Inorganic Chemicals & Power Generation

2. Year of Commencement of Commercial production:

The Company was incorporated on 28.03.2005. The business of manufacturing of inorganic chemicals had been vested in the Company with effect from the Appointed date i.e., 1st April, 2005 by virtue of Scheme of Arrangement sanctioned by the Hon'ble High Court of Andhra Pradesh vide its order dated 15.06.2006 and generation of Wind Energy in the year 2008 and generation of thermal power in the year 2013.



3. In case of new companies, expected date of commencement of activities as per project approved by the financial institutions appearing in the prospectus:

Not Applicable.

4. Financial Performance

Particulars	Year ended (Rupees in Lacs)		
	31.03.14	31.03.13	31.03.12
Turnover	29670.11	29966.76	24345.89
Profit Before Interest, Depreciation and Tax	3581.01	3390.44	4702.08
Net Profit as per Profit and Loss Account	743.58	929.06	1820.44
Amount of Dividend paid	—	—	—
Rate of Dividend declared	—	—	—

The effective capital of the Company based on the latest audited accounts of the Company for the year ended 31st March, 2014 was Rs. 17351.57 Lakhs.

Exports performance and net foreign exchange earnings for the year ended 31st March, 2014 was Rs.11341.35 lakhs

5. Foreign investment or collaboration, if any:

The Company has no foreign collaboration so far.

II. Information about the appointee

1. Background details:

Sri T G Bharath, aged 38 years, is post graduate in Business Administration with experience of 14 years in business.

2. Past remuneration:

The Company has appointed managerial personnel for the first time since its incorporation and accordingly, no information could be furnished.

3. Recognition or awards:

Udyoga Ratna Award by IES
Long standing Customer Award by ECGC
Best Customer Award by State Bank of Hyderabad

4. Job profile and his suitability:

Sri T G Bharath, Chairman & Managing Director of the Company is in charge of the whole or substantially the whole of the management of the Company. He is most suited for the job.

5. Remuneration proposed: Rupees 10,00,000 per month or Rs. 1,20,00,000 per year subject to Central Government approval as per Schedule V of the Companies Act, 2013.

The remuneration payable includes all allowances and perquisites.

6. Comparative remuneration with respect to industry, size of the Company, profile of the person and position:

Considering the size of the Company and the job profile of the position and the credentials and performance of the appointees, the remuneration proposed is moderate and reasonable and compares well with that of similar companies.



7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:

Sri T G Bharath is promoter of the Company and together with his family and associate companies, he holds substantial stake in the Company. He has no relationship with any other Directors of the Board.

III. Other Information

1. Reasons for loss or inadequate profits:

The margins in the business are reasonable and the Company optimistic to generate higher margins considering the nature of business.

2. Steps taken or proposed to be taken for improvement:

Various measures like expansion of Calcium Hypo Chlorite and setting up of 10MW thermal Power Generation unit, have been taken and further measures are being taken for improving the margins and reduction in cost of operations.

3. Expected increase in productivity and profits in measurable terms:

The Company is expected to register an increase of 5% to 10% per annum in productivity and thereby profits by about 1 to 2% every year.

IV. Disclosures

The shareholders of the Company are informed about the remuneration package of the Managerial Personnel through the notice of the Annual General Meeting.

The Company being an listed Company, the Corporate Governance is applicable and the company has provides a detailed Corporate Governance Report as per Clause 49 of the Listing Agreement of BSE/NSE.

The Board commends the resolution at Item No. 12 for approval by members.

By Order of the Board

Place : Kurnool
Date : 14th August, 2014

(V. Surekha)
Company Secretary

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED



Name of the Director	Sri N . Ramachandra Rao	Smt. D. Sai Leela	Dr. A. H. Praveen	Sri P. Ramachandra Gowd	Sri Krishnamoorthy Chandraiah Naik
Date of Birth	01.09.1951	30.05.1964	30.04.1975	01.07.1953	13.07.1934
Date of appointment	26.03.2014	14.08.2014	30.04.2009	14.08.2014	14.08.2014
Expertise in specific functional areas	Nearly 38 years of experience in various Industrial sectors like chemicals, paper, fertilizers etc.	Practicing as an advocate since 26 years. Worked as Government Pleader for District Court at Kurnool and also standing council for United Bank, Kurnool	Nearly 7 years of experience in corporate sector	Nearly 33 years of experience in industrial sectors like chemicals and paper.	Nearly 50 years of experience in industrial sectors like chemicals and fertilizers
Qualifications	M.Sc (Chemistry)	B.Com., B.L.	M.D.S	B.Sc	H.S.C
Shareholdings in the Company	Nil	Nil	Nil	Nil	Nil
Directorship in other Public Limited Companies	Nil	Nil	Nil	Nil	Nil
Membership in committees in other public Limited Companies	Nil	Nil	Nil	Nil	Nil



DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the Ninth Annual Report of the Company for the year ended 31st March, 2014.

Financial Results: (Rs. in lakhs)

Particulars	2013-14	2012-13
Profit Before Interest, Depreciation and Tax	3581.20	3789.86
Less : Interest	924.13	789.44
Depreciation	1491.08	1319.94
Loss on sale / Loss due to floods	-	0.81
Prior period adjustments	0.18	398.62
Profit Before Tax	1165.81	1281.05
Provision for Taxation & Deferred Income Tax	422.22	351.99
Profit After Tax	743.58	929.06
Add: Balance brought forward from previous year	9307.98	8378.92
Balance carried forward to next year	10051.56	9307.98

Operations:

During the year the Company achieved turnover of Rs. 29670.11 lakhs against previous year turnover of Rs. 29966.76 lakhs. The project relating to 10MW thermal power plant is commissioned during financial year 2013-14.

Dividend:

In view of the need for augmenting resources for on going capex projects, margin for working capital and stabilization of activities, your Directors have decided not to declare any dividend for the year 2013-14.

Risk Management:

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

Fixed Deposits:

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

Preferential allotment of shares :

During the year there is an increase of Rs.49,25,060 in Paid Up Equity Share capital of the Company. The Company had allotted 4,92,506 Equity shares of Rs. 10/- each on 13.07.2013 pursuant to conversion of warrants under 2nd tranche to one of the promoters of the Company under preferential issue as per approvals given by the members and Stock Exchanges.

**Listing of Shares:**

The Equity shares of your Company are listed on BSE Ltd. and National Stock Exchange of India Ltd. The Company has paid the Annual Listing fees to each of these Stock Exchanges for the financial year 2014-15.

Particulars of Employees:

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

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

Information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are forming part of the Directors' Report for the year ended 31st March, 2014 is annexed to this Report (Annexure B).

Directors' Responsibility Statement:

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

- (i) that the preparation of the accounts for the financial year ended 31st March, 2014 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2014 on a 'going concern' basis.

Corporate Governance:

A separate report on Corporate Governance (Annexure -C) is being incorporated as a part of the Annual Report along with a Certificate from the Auditors of the Company regarding the compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement.

Management Discussion and Analysis Report :

Further to comply with Clause - 49 of listing agreement 'Management Discussion and Analysis ' has been given as Annexure - D to the Directors' Report.

**Directors:**

The Company had pursuant to clause 49 of the Listing Agreement entered with Stock Exchanges and Provisions of Companies Act, 2013, Sri N Ramachandra Rao, Dr A.H. Praveen and Smt D. Sai Leela are appointed as Independent Directors. Sri P.T. Reddy had resigned from the Board with effect from 09.04.2014 and Sri D.V. Narendra Babu with effect from 14.08.2014. Sri P Ramachandra Gowd and Sri Krishnamoorthy Chandraiah Naik are appointed as directors who are liable to retire by rotation.

As per section 149(4) of the Companies Act, 2013 which came into effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as Independent Directors. In accordance with these provisions, these directors are being appointed as Independent Directors to hold office as per their tenure of appointment mentioned in the Notice of the meeting.

Cost Audit

The Cost Audit under Section 233B is carried out in respect of the products of the Company by M/s. Kapardhi & Associates, (M 9488) - Cost Auditors of the Company for the financial year 2012-13 and Cost Audit Report (Form-I)in XBRL format had been filed with Central Government vide SRN No S29420221 on 26.02.2014.

Auditors:

The Statutory Auditors M/s. S.T. Mohite & Co., Chartered Accountants, Hyderabad, retire at the ensuing Annual General Meeting of the Company and have confirmed their eligibility and willingness to accept office, if re-appointed. Your Directors propose the re-appointment of M/s. S.T. Mohite & Co., as Statutory Auditors to hold office until the conclusion of the next Annual General Meeting of the Company. The Firm is peer reviewed and holds a peer review certificate.

Acknowledgements:

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from Customers, Banks, Suppliers, Shareholders, Government departments and other statutory authorities and others associated with the Company. Your Directors also wish to place on record their appreciation for the contributions made by employees at all levels, during the year under review.

For and on behalf of the Board

Sd/-

T.G. BHARATH

Chairman & Managing Director

DIN : 00125087

Place : Kurnool

Date : 14th August, 2014

**Annexure "A" to Directors' Report:**

Information as per the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (particulars of Employees) Rules, 1975 are forming part of the Directors' Report for the period ended 31st March, 2014.

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	38 Years	B.Com, MBA (UK)	Chairman & Managing Director	25.07.2006	43,78,126	14 Years	SRHHL Industries Ltd.

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. Steam Energy audit was conducted on the entire plant by M/s Armstrong International (P) Ltd., Chennai. Report received and being reviewed. Some energy conservation measures are recommended by the auditors which shall be implemented based on their feasibility.
2. Electrical Energy Audit was conducted on the entire plant by M/s K.R. Energy Consultants, Hyderabad. Report being received for feasibility of implementation.

FORM A

Disclosure of particulars with respect to Conservation of Energy:

	UNIT	Current year 2013-14	Previous year 2012-13
A. Power and Fuel consumption			
ELECTRICITY			
a. Purchased	(KWH)	24032326	22490944
Total Amount	(Rs.)	206117514	228820902
Rate per Unit	(Rs.)	8.58	10.17
b. Own Generation through Diesel Generator (Units)	(KWH)	1533	6684
Unit per Ltr. of Diesel Oil	(KWH)	0.72	0.38
Cost / Unit	(Rs.)	40.75	19.23
c. Own Generation through Wind Units	(KWH)	22236309	29380112
Cost / Unit	(Rs.)	3.11	2.25
B. Consumption per MT of production:			
Product Name			
Hi-strength Hypochlorite (HSH)	(KWH)	872	684
Sulphuric Acid (SA)	(KWH)	61	45
Chlorosulphonic Acid (CSA)	(KWH)	46	44
Stable Bleaching Powder (SBP)	(KWH)	142	141
Monochloroacetic Acid (MCA)	(KWH)	359	463
H2 Gas	(Cum)	0.25	0.31



B. Technology Absorption:

Efforts made in Technology Absorption as per Form B.

FORM B

Research and Development (R & D)

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

In old calcium hypo plant, chilled water supply system was modified. MOL of Reactors and slurry tanks, agitators was changed to Titanium. For calcium hypo tablets, packing automatic pouch machine installed. In caustic flow system, manual control was converted to auto control.

2. Benefits derived as a result of R & D

Sulphur filter commissioned in sulphuric acid plant helps in maintain sustained productivity. Low speed choppers installed in all 6 streams of calcium hypo chlorite plant not only conserve energy but reduce maintenance also.

3. Future plans in R&D

For calcium hypo chlorite recovery from mother water, an assignment was given to M/s GEIST Research Private Ltd., Goa. After receiving their report, proposal be implemented based on its feasibility. It will not only reduce raw materials consumption but will reduce dependency on mother water marketability.

4. Expenditure on R & D

Charged under primary heads

5. Technology Absorption, Adoption and Innovation:

There is no import of technology absorption, adoption and innovation 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 products- Hi-strength Hypo Chlorite, Stable Bleaching Powder, Mono-Chloro Acetic Acid and Sulphuric Acid.

b) Total Foreign Exchange used / earned (Rs. in Lakhs)

i. Foreign Exchanged earned	13,633.77
ii. Foreign Exchange used	2,292.42

For and on behalf of the Board

Sd/-

T.G. BHARATH

Chairman & Managing Director

DIN : 00125087

Place : Kurnool

Date : 14th August, 2014



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 practising 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 five Directors and majority of Directors are Independent Directors. Except Chairman & Managing Director, the other Directors are Non-Executive Directors. The details of Directors attending the meetings are further furnished hereunder:

S.No.	Name of the	Designation	Board meeting attendance	AGM Attendance	No. of Other Director ships	No. of Other Committee positions held
1.	Sri T.G. Bharath	Chairman & Managing Director	7	Yes	2	—
2.	Sri P.T. Reddy	Independent Director	7	Yes	—	—
3.	Dr. A. H. Praveen	Independent Director	7	Yes	—	—
4.	Sri D.V. Narendra Babu	Independent Director	7	No	—	—
5.	Sri N Ramachandra Rao	Independent Director	1	No	—	—

During the financial year ended 31st March, 2014, seven board meetings were held on (1) 30.05.2013 (2) 07.06.2013 (3) 14.08.2013 (4) 25.09.2013 (5) 14.11.2013 (6) 14.02.2014 (7) 26.03.2014.

The maximum time gap between any two meetings was not more than four calendar months.

3. COMMITTEES OF THE BOARD

AUDIT COMMITTEE

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

- Overview of the Company's financial reporting process to ensure that the financial statements is correct, sufficient and credible.



- (b) Recommending to the Board with regard to appointment, re-appointment, fixation of fees etc, of Statutory Auditors, Cost Auditors etc.,
- (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. It was reconstituted on 14.08.2014 with Sri N. Ramachandra Rao as Chairman, Dr. A. H. Praveen and Smt D. Sai Leela as members. The role, terms of reference and authority and powers of the Audit Committee are in conformity with the requirements of Companies Act, 2013 and Listing Agreement.

The Audit committee Meetings were held on following dates :

(1) 30.05.2013 (2) 14.08.2013. (3)14.11.2013 (4) 14.02.2014 and all the members attended the meetings.

NOMINATION AND 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. It was reconstituted on 14.08.2014 with Sri N Ramachandra Rao as Chairman, Dr A.H. Praveen and Smt D. Sai Leela 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.2,500 /- per each meeting of Board and Rs. 1500/- per each Audit Committee Meetings. 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
28,50,000	5,72,820	9,55,306	43,78,126



STAKEHOLDERS RELATIONSHIP COMMITTEE

To review the actions taken by the Company in relieving Investors' Grievances and its response to Stock Exchanges, SEBI and other related Government correspondence, Investors' Grievance Committee / Shareholders' Committee was constituted by the Board on 25.07.2006. The Committee comprises of Sri T.G. Bharath as Chairman, Sri P.T. Reddy and Dr. A.H. Praveen as Members. The committee reconstituted on 14.08.2014 with Sri N. Ramachandra Rao as Chairman, Dr. A. H. Praveen and Smt. D. Sai Leela 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 2013-14	Pending at the end of the year	No. of pending Share Transfer
43	N I L	N I L

Smt V. Surekha, Company Secretary has designated as Compliance Officer by the Board.

4. GENERAL BODY MEETINGS:

The last three Annual General Meetings of the Company were held on (1) 26.09.2011 (11 A.M.) (2) 28.12.2012 (11 A.M.) and (3) 27.09.2013 (11.30 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:

2010-11

1. Reappointment of Chairman & Managing Director Sri T. G. Bharath for further period of 5 years.
2. Issue of 5,47,370 Equity shares under preferential allotment to one of the promoters.
3. To increase Authorized Share Capital from Rs. 12 crores to Rs. 14 crores.
4. Alteration of Capital clause of Memorandum of Association.
5. Alteration of Articles of Association.

2011-12

1. Issue of 7,35,830 Convertible warrants under preferential allotment to one of the promoters.

2012-13

1. Increase in remuneration of Sri T. G. Bharath, Chairman & Managing Director.

Postal Ballot :

No postal Ballot was conducted during the year 2013-14.

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 note no. 30.9 of Notes to Accounts of Balance Sheet and Profit and Loss Account to comply with Accounting Standard 18. The Company has not received any notices from Stock Exchanges or SEBI regarding non-compliance of statutory provisions. The Company is complying with all mandatory requirements as per Clause 49 of the Listing Agreement and non-mandatory requirements are not yet adopted by the Company.

6. MEANS OF COMMUNICATIONS:

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

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

7. GENERAL SHAREHOLDER INFORMATION

(a) Annual General Meeting:

Date : 29th September, 2014

Time : 11.00 A.M.

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

(b) Tentative Financial Calendar : The next financial year covers the period from 1st April, 2014 to 31st March, 2015.

Un-audited Financial Results for :

First Quarter - July/August, 2014

Second Quarter - October/November, 2014

Third Quarter - January/February, 2015

Fourth Quarter - April/May, 2015

(c) Book Closure period : 25.09.2014 to 29.09.2014 (inclusive of both days)

(d) Dividend Payment Date: Not Applicable.

(e) Listing on Stock Exchanges: The shares of the Company are listed on BSE Ltd. & National Stock Exchange of India Ltd. Annual listing fee for the year 2014-15 has been paid to BSE and NSE.

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

BSE Ltd.	-	532842
The National Stock Exchange of India Ltd.	-	SRHHYPOLTD
Demat ISIN Nos. in NSDL and the CDSL	-	INE 917H01012

**(g) Market price Data for Financial year 2013-14:**

Month & year	B S E		N S E	
	High(Rs.)	Low (Rs.)	High(Rs.)	Low (Rs.)
April, 2013	33.80	28.25	34.00	27.65
May, 2013	30.10	25.70	29.20	25.05
June, 2013	28.00	22.20	29.95	23.75
July 2013	24.95	20.75	25.40	20.15
August, 2013	22.00	16.30	20.20	20.20
September, 2013	21.05	17.40	22.55	19.00
October, 2013	22.50	17.20	23.65	22.00
November, 2013	22.40	17.70	22.40	19.90
December, 2013	22.00	19.05	21.85	18.60
January, 2014	26.90	19.70	27.90	19.25
February, 2014	21.85	15.95	21.80	15.75
March, 2014	22.55	15.65	23.00	15.70

(h) Share Transfer Agents:

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

(i) Distribution of Shareholding as on 31st March, 2014:

Sl. No.	Category	No. of Shares	Amount. Rs.	%
1.	Promoters	81,59,540	8,15,95,400	55.44
2.	Mutual Funds	2225	22250	0.02
3.	Banks & Financial Institutions	44417	444170	0.30
4.	Bodies Corporate	5,75,289	57,52,890	3.91
5.	Indian public	48,28,750	4,82,87,500	32.81
6.	NRI/OCBS	11,06,468	1,10,64,680	7.52
Total		1,47,16,689	14,71,66,890	100.00

(j) Dematerialisation of shares and liquidity:

As on 31st March, 2014, 79.38 % 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 31.03.2014.

Place: Kurnool
Date : 14th August, 2014

Sd/-
T.G. BHARATH
Chairman & Managing Director
DIN : 00125087

(m) Plant Locations:

- Stable Bleaching Powder Plant (3 Nos.) two located at Gondiparla, Kurnool District, Andhra Pradesh and other is at Manjawadi, Laxmapuram, Dharmapuri District, Tamilnadu.
- Sulphuric Acid, Chloro Sulphonic Acid, Monochloro Acetic Acid and Calcium Hypochlorite (Hi -Strength Hypo) plants are located at Gondiparla, Kurnool District, Andhra Pradesh.
- Bottling of Hydrogen Gas plant situated at Gondiparla, Kurnool District, Andhra Pradesh.
- Wind Mill Power units situated in Tamilnadu State.
- Sodium Methoxide and Sodium Hydraxide Plant at Gondiparla, Kurnool.
- 10MW thermal Power Plant at Gondiparla, Kurnool.

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

- (A) Registrar and Share Transfer Agent
M/s. Aarthi Consultants Pvt. Ltd.
Door No. 1-2-285, Domalguda
Hyderabad - 500 029. (Telengana State)
e-mail Id : info@arthiconsultants.com
- (B) Sree Rayalaseema Hi-strength Hypo Limited
No. 6-2-1012, II Floor, TGV Mansion
Above ICICI Bank, Khairatabad
Hyderabad - 500 004. (Telengana State)
Tel. Nos. 040-23313843, Fax No.: 040-23313875

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

for and on behalf of the Board of Directors

Place : Kurnool
Date : 14th August, 2014

Sd/-
T.G. Bharath
Chairman & Managing Director
DIN : 00125087



Auditor's 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.)

Annexure to the Directors' Report

To

The Members

Sree Rayalaseema Hi-strength Hypo Limited.

We have examined the compliance of the conditions of Corporate Governance by Sree Rayalaseema Hi-strength Hypo Limited for the year ended 31st March, 2014 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as on 31st March, 2014, there were no investor grievances remaining unattended / pending for a period exceeding 15 days against company as per the records maintained by the Company.

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

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

Sd/-

M.T. Sreenivasa Rao
Proprietor
(Membership No. 015635)

Place : Kurnool

Date: 14th August, 2014

**Annexure “D” to Directors’ Report:****MANAGEMENT DISCUSSION & ANALYSIS REPORT:****A) Industry Structure and Developments:**

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

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 Company.
- (4) The import of lime for the manufacture of Hi-strength Hypochlorite and Sodium Metal for Sodium Hydride may affect the profitability of the Company due to exchange fluctuations.
- (5) The generation of power through wind mainly depends on high wind velocity which is seasonal in nature and thermal energy mainly depends on availability of coal both indigenous and imported.

C) Segment-wise or Product-wise Performance:

The Company surpassed its previous year performance in case of Chloro Sulphonic Acid (CSA), Mono Chloro Acetic Acid (MCA), Bottling of Hydrogen Gas, Sodium Hydride and Hydrochloric acid (HCL). However, there was a slight decline in Hi-strength Hypo chlorite (HSH), Stable Bleaching Powder (SBP), Sulphuric Acid, Power generation through wind and Sodium Methoxide. The generation of thermal power was commissioned during financial year 2013-14.

D) Outlook:

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

E) Risks and Concerns:

- (i) Raw material prices are market driven and any upward revision will affect the profitability of the Company.
- (ii) Fluctuations in foreign exchange currencies in relation to exports, Imports and repayment of FCTL.
- (iii) The investments in shares are market driven which are exposed to related risks.

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

The Company has a good system of internal controls in all spheres of its activities. All the staff of the Internal Audit Department are well trained in internal control procedures and well versed with computerized environment. Further, in key areas like stores, finalization of purchase orders and fixation of material prices are under pre-audit supported by Advisory Committees. The Management regularly reviews the findings of the internal auditors and effective steps to implement the suggestions/ observations of the Auditors are taken and monitored regularly. In the opinion of the Board, an effective internal control system adequate to the size of the Company are in place.

G) Discussion on Financial Performance with respect to Operational Performance:

For the year 2013-14 net profit before Tax is Rs.1165.81 lakhs against Rs. 1281.05 lakhs during the previous year. The Company provided Rs.188.97 lakhs towards deferred tax and Rs. 233.25 lakhs towards current tax. Due to this, the net profit after Tax is Rs. 743.58 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 also for 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 of Directors

Sd/-

T.G. Bharath

Chairman & Managing Director

DIN : 00125087

Place : Kurnool

Date : 14th August, 2014



INDEPENDENT AUDITORS' REPORT

To the Members

Sree Rayalaseema Hi-Strength Hypo Limited.

1. Report on the Financial Statements

We have audited the accompanying financial statements of Sree Rayalaseema Hi-Strength Hypo Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, and the statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

5.1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

5.2. As required by section 227(3) of the Act, we report that:

- a. 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;
- b. 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 those books.
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account
- d. In our Opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of section 274(1)(g) of the Act.

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

Sd/-

Place : Kurnool
Date : 30th May, 2014

M.T. Sreenivasa Rao
Proprietor/ Membership No.015635



Annexure to Independent Auditors' Report

(referred to in Paragraph 4 of our Report of even date)

Sl.No.	Ref. to CARO	Report by Auditors of the Company
1	4(i)	Fixed Assets
	4(i)(a)	The company is generally maintaining proper records to show full particulars including quantitative details and situation of all fixed assets.
	4(i)(b)	We are informed that the company has formulated a programme of physical verification of all the fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the business of the company and nature of its assets. Accordingly, the physical verification of the fixed assets has been carried out by the management during year and no material discrepancies were noticed on such verification.
	4(i)(c)	In our opinion and according to the information and explanations given to us, the company has disposed off some of fixed assets which is not substantial to affect going concern concept.
2.	4(ii)	Inventories
	4(ii)(a)	As explained to us, the Finished Goods and Stocks-in-process in the company's custody have been physically verified by the management at the end of the financial year and in respect of raw materials, stores and spares there is a perpetual inventory system and physical verification programme to cover all items atleast once during the financial year. In our opinion, the frequency of the physical verification is reasonable.
	4(ii)(b)	In our opinion and according to the information and explanations given to us, the procedures of physical verification of the inventory followed by the management were generally reasonable and adequate in relation to the size of the company and the nature of its business.
	4(ii)(c)	In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and book records are not material having regard to the size of the operations of the company and have been properly dealt in the books of accounts.
3.	4(iii)	Loans to / from parties covered by Sec.301 of the Companies Act, 1956
	4(iii)(a) to (d)	In our opinion and according to the information and explanations given to us, the company has/had not granted 'loans' but paid interest-free advance for subscription of shares to a Company and Rent Deposit to two Companies, all of whom are covered in the Register maintained U/s 301. The maximum amount involved during the year is Rs.830.90 lakhs and the same is outstanding at the end of the year. The terms for receipt of principal and steps to be taken for recovery of principal and interest are not applicable.
	4(iii)(e) to (g)	In our opinion and according to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from any company, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956. Hence furnishing details required by 4(iii)(e) to (g) are not applicable.



4.	4(iv)	Adequacy of Internal control procedures
		In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of inventory, fixed assets and for sale of energy/services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5	4(v)	Register under Sec.301 of the Co. Act, 1956
	4(v)(a)	To the best of our knowledge and belief and according to the information and explanations given to us, the transactions made in pursuance to such contracts to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956 have been entered.
	4(v)(b)	According to the information and explanations given to us, the transaction made in pursuance to such contracts or arrangements entered in the Register maintained under Sec.301 of the Companies Act, 1956 and exceeding the value of Rs.5 lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6	4(vi)	Acceptance of Public Deposits
		As per the records examined by us and according to the information and explanations given to us, the company has not accepted any deposits from the public. Hence, compliance under Sec.58A and 58AA of the Companies Act, 1956 is not applicable to the Company.
7	4(vii)	Internal Audit System
		The internal audit function is carried out by a firm of independent Chartered Accountants appointed by the management and is commensurate with the size of the Company and the nature of its business.
8	4(viii)	Maintenance of cost records
		Cost Auditor has been appointed for the financial year 2013-14 and cost audit is in progress. We have broadly examined the books of accounts and records maintained by the company pursuant to the Rules prescribed by the Central Govt. for the maintenance of cost records u/s section 209(1)(d) of the Companies Act, 1956, in respect of all products of the company and are of the opinion that prima facie the prescribed accounts and records maintained. However, we have not made detailed examination of the records with a view to determine whether they are accurate.
9	4(ix)	Statutory Dues
	4(ix)(a)	The company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues material in amount with appropriate authorities as on the Balance sheet date.
	4(ix)(b)	According to the information and explanations given to us and the records examined by us, the particulars of Service Tax, Excise Duty, Income Tax as on 31.3.2014 which have not been deposited on account of dispute pending are as under:



Sl. No.	Name of the Statute	Nature of dues	Total Amount Rs.	Period to which the amt. relates	Forum where dispute is pending
1	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit for some input services	8,96,117	2007-08	Appeal filed with Service Tax Dept. pending before CESTAT
2	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit for some input services	3,64,324	2008-09	Appeal filed with Service Tax Dept. pending before Comm. Appeals, Guntur
3	Central Excise Act, 1944	Disallowance of CENVAT credit	32,19,175	2006-09	Appeal pending before Additional Comm., Tirupati
4	Central Excise Act, 1944	Disallowance of CENVAT credit	20,66,352	2009-10	Appeal pending before Additional Comm., Tirupati
5	Central Excise Act, 1944	Disallowance of CENVAT credit on input services	30,58,889	2010-11	Appeal pending before Additional Comm., Tirupati
6	Service Tax, 1944	Non payment of service tax on lease rentals	12,08,860	2010-11	Appeal pending before Comm., Appeals, Guntur
7	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit on Customs duty	32,52,002	2010-11	Appeal pending before Comm., Appeals, Tirupati
8	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit on input services	27,64,347	2010-11	Appeal pending before Comm., of Central Excise, Tirupati
9	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit on input services	25,54,120	2011-12	Appeal pending before Comm., of Central Excise, Tirupati
10	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit on input services	40,83,289	2012-13	Appeal pending before Comm., of Central Excise, Tirupati
11	Service Tax, 1944	Non payment of Service Tax on lease rentals on leased assets	8,00,354	2011-12 2012-13	Appeal pending before Additional Commissioner of Central Excise, Tirupati
12	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit on input services	22,53,557	2012-13	Appeal pending before Additional Commissioner of Central Excise, Tirupati
13	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit on input services	40,21,464	2012-13 2013-14	Appeal pending before Additional Commissioner of Central Excise, Tirupati
14	The Income Tax Act, 1961	Disallowance of amount as expenditure under section 14A	3,04,719	2008-09	Appeal pending before CIT (appeals) Hyderabad



10	4(x)	Erosion of Net worth & Cash losses incurred
		There are no accumulated losses at the end of year and the company has not incurred cash losses in the financial year ended on that date or in the immediately preceding financial year.
11	4(xi)	Defaults in repayment to Fls/Banks/Debenture holders
		Based on our examination of records and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to financial institutions or banks or debenture holders as at the balance sheet date.
12.	4(xii)	Maintenance of records for loans granted against securities
		According to the information furnished to us and verified by us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence clause 4(xi) of the Order is not applicable to the Company.
13.	4(xiii)	Special Statute – Nidhi/Mutual Benefit Fund/Chit Fund Companies
		Based on our examination of the records and information and explanation given to us, the company is not a Chit fund or a Nidhi/Mutual Benefit Fund/Society. Therefore, the provisions of clause 4(xiii) of the order are not applicable to the company.
14.	4(xiv)	Records for investments by the company dealing or trading in securities
		Based on our audit procedures and according to the information and explanation given by the management, the Company is not dealing in or trading in shares, debentures and other securities. Hence, the provisions of this para are not applicable to the Company.
15.	4(xv)	Guarantees given for loans by others
		According to the information explanation given by the management, the company has given guarantee aggregating to Rs.1052 lakhs (outstanding as on 31.03.2014 is Rs.230.21 lakhs) for loans taken by two associate Companies from bank or financial institutions. The terms of such guarantees are not prejudicial to the Company.
16.	4(xvi)	End use of funds for Terms loans
		In our opinion and according to the information and explanations given to us on an overall basis the term loans have been applied for the purpose for which they have been obtained.
17.	4(xvii)	Usage of short term funds for long-term investments
		According to the information and explanations given to us and overall examination of Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investments.
18.	4(xviii)	Preferential allotments to parties covered by Sec.301 of the Companies Act, 1956
		During the year, the Company has allotted Equity shares on preferential basis, upon conversion of warrants, to a Company covered in the Register maintained under section 301 of the Companies Act, 1956 consequent. The price at which these equity shares and warrants were issued has been determined as per SEBI(ICDR) Regulations, 2009 which, in our opinion, is not prejudicial to the interest of the Company.



19	4(xix)	Securities or charges for Debentures issued
		The company has not created any securities or charge in respect of debentures as the company has not issued any debentures during the year.
20	4(xx)	End use of monies raised by public issues
		The Company has not raised any money by way of public issue during the year. But during the year under review, the company made a preferential allotment and disclosed the utilization of the proceeds on such issue in the Balance Sheet.
21	4(xxi)	Frauds on or by the Company
		During the course of our examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given, we have not come across any instances of material fraud on or by the company, noticed or reported during the year.

for S.T. Mohite & Co.,
Chartered Accountants
(Regn. No. 0114105)

Sd/-

Place : Kurnool
Date : 30th May, 2014

M.T. Sreenivasa Rao
Proprietor/ Membership No.015635



Balance Sheet as at 31st March, 2014

Particulars	Note No.	As at 31st Mar, 2014 Rs.	As at 31st Mar, 2013 Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	1	147166890	142241830
(b) Reserves and Surplus	2	1345786542	1249452722
(c) Money received against share warrants	3	-	6727643
		<u>1492953432</u>	<u>1398422195</u>
(2) Share application money pending allotment			
		-	-
(3) Non-current liabilities			
(a) Long-term borrowings	4	562912244	727431476
(b) Deferred tax liabilities (Net)	5	256175839	232728446
(c) Other Long term liabilities	6	18600750	14264501
(d) Long-term provisions	7	59814887	109655557
		<u>897503720</u>	<u>1088629980</u>
(4) Current liabilities			
(a) Short-term borrowings	4	314291381	282130186
(b) Trade payables	8	412395182	362343056
(c) Other current liabilities	9	378579136	278848516
(d) Short-term provisions	10	177655903	169406969
		<u>1282921602</u>	<u>1092728727</u>
TOTAL		<u>3673378754</u>	<u>3579780902</u>
II ASSETS			
(1) Non-current Assets:			
(a) Fixed Assets			
(i) Tangible Assets	11	1999548963	1553790515
(ii) Intangible Assets		-	-
(iii) Capital work-in-progress		-	516867713
(iv) Intangible assets under development		-	-
		<u>1999548963</u>	<u>2070658228</u>
(b) Non-current investments	12	310708252	270120856
(c) Deferred tax assets(net)		-	-
(d) Long-term loans and advances	13	186810493	149521486
(e) Other non-current assets		-	-
(2) Current Assets:			
(a) Current investments	14	10000000	37392400
(b) Inventories	15	285489128	212175549
(c) Trade receivables	16	263737915	288347656
(d) Cash and Cash equivalents	17	73334750	51025075
(e) Short term loans and advances	18	491363378	465246106
(f) Other current assets	19	52385875	35293546
		<u>1176311046</u>	<u>1089480332</u>
TOTAL		<u>3673378754</u>	<u>3579780902</u>
Contingent liabilities	20		
Significant Accounting Policies and Notes to Accounts	30		

Notes "1" to "20" and Note No:30 annexed form integral part of Balance Sheet

As Per our Report of even date attached
For S.T.Mohite & Co., (Regn. No. 011410S)
Chartered Accountants

For and on behalf of the Board

Sd/-
M.T.Sreenivasa Rao
Proprietor, M.No:015635

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

Sd/-
N.Ramachandra Rao
Director

Place : Kurnool
Date : 30th May,2014

Place : Kurnool
Date : 30th May,2014

Sd/-
V.Sureka
Company Secretary

Sd/-
A. Sambasiva Rao
Chief Financial Officer



Statement of Profit and Loss for the year ended 31st March, 2014

Particulars	Note No.	Year Ended 31st Mar, 2014 Rs.	Year Ended 31st Mar, 2013 Rs.
Incomes:			
I Revenue from Operations (Gross)	21	3116927378	3136302648
Less : Excise Duty		149916167	139626534
Revenue from Operations (Net)		2967011211	2996676114
II Other Income	22	92115725	29627430
III Total Revenue (I+II)		3059126936	3026303544
IV Expenses:			
a) Cost of materials consumed	23	1606998112	1538223580
b) Purchases of Stock-in-Trade		36517	24961
c) Changes in inventories of finished goods work-in-progress and stock in trade	24	-50067981	3545745
d) Employee benefits expenses	25	108309258	111813915
e) Finance costs	26	92413111	78944292
f) Depreciation and amortization expense	11	149107793	131994135
g) Other expenses	27	1013402812	960789123
Total Expenses		2920199622	2825335751
V Profit before Exceptional and Extraordinary items and Tax (III-IV)		138927314	200967793
VI Exceptional Items	28	22328083	33001037
VII Profit before extraordinary items and Tax (V-VI)		116599231	167966756
VIII Extraordinary Items		-	-
IX Profit before tax and prior period expenses (VII-VIII)		116599231	167966756
X Prior period expenses		18445	39861529
XI Profit before tax for the period (IX-X)		116580786	128105227
XII Less: Tax Expenses			
(a) Current tax		23325192	25630974
(b) Deferred tax		18897393	9567899
Net Tax Expenses		42222585	35198872
XIII Profit for the period (XI-XII)		74358201	92906355
XIV Earnings per equity share: face value Rs.10/- each			
(a) Basic		5.05	6.53
(b) Diluted		5.05	6.53
(c) Face Value		10.00	10.00
Notes to statement of profit and loss	29		
Significant Accounting Policies and Notes to Accounts	30		
Notes "11", "21" to "30" annexed form integral part of Statement of Profit and Loss			

Notes "11" "21" to "30" annexed form integral part of Statement of Profit and Loss

As Per our Report of even date attached
For S.T.Mohite & Co., (Regn. No. 011410S)
Chartered Accountants

For and on behalf of the Board

Sd/-
M.T.Sreenivasa Rao
Proprietor, M.No:015635

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

Sd/-
N.Ramachandra Rao
Director

Place : Kurnool
Date : 30th May,2014

Place : Kurnool
Date : 30th May,2014

Sd/-
V.Surekha
Company Secretary

Sd/-
A. Sambasiva Rao
Chief Financial Officer


Cash Flow Statement for the year ended 31-03-2014 As per clause 32 of Listing Agreement
 Rs. in Lakhs

Particulars	Year Ended 31-03-2014	Year Ended 31-03-2013
A Cash Flow From Operating Activities		
Net Profit before Tax and extraordinary items	1165.81	1281.86
Depreciation	1491.08	1319.94
Interest Paid	924.13	789.44
Interest Received	-50.07	-15.42
Loss on sale of assets	-	-0.81
Operating Profit before Working capital changes	3530.95	3375.01
Adjustments for:		
Trade and Other receivables	1598.23	-1388.01
Inventories	-733.14	-19.68
Trade payable	-1105.83	3828.13
	-240.74	2420.44
Cash generated from operations	3290.21	5795.45
Interest Paid	-924.13	-789.44
Interest Received	50.07	15.42
Direct Taxes	-422.23	-351.99
Cash Flow From Operating Activities	1993.92	4669.44
Extra ordinary items	-	-
Net Cash Flow From Operating Activities	1993.92	4669.44
B Cash Flow From Investing Activities		
Purchase/Sales of Fixed Assets	-779.99	-5974.03
Purchase/Sales of Investments	-131.95	-825.80
Net cash used in Investing Activities	-911.94	-6799.83
C Cash Flow From Financing Activities		
Proceeds from long term borrowings	-1060.69	1901.57
Increase of share capital	-18.03	91.61
Increase of share premium	219.76	123.22
Net cash used in Financing Activities	-858.96	2116.40
Net increase in cash & cash equivalents (A+B+C)	223.03	-13.99
Cash & Cash equivalents as at 01-04-2013(op.B/s)	510.31	524.30
Cash & Cash equivalents as at 31-03-2014(cl.B/s)	733.34	510.31

For and on behalf of the Board

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

 Sd/-
N.Ramachandra Rao
 Director

 Place : Kurnool
 Date : 30th May,2014

 Sd/-
V.Surekha
 Company Secretary

 Sd/-
A. Sambasiva Rao
 Chief Financial Officer
CERTIFICATE

We have examined the above cash flow statement for the year ended 31st March, 2014. 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 Statement of Profit & Loss and Balance sheet of the company covered by our Report of 30th May, 2014 to the members of the company.

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

 Place : Kurnool
 Date : 30th May,2014

 Sd/-
M.T.Sreenivasa Rao
 Proprietor
 (Membership No. 015635)

**NOTE TO ACCOUNTS - BALANCE SHEET**

	As at 31st Mar, 2014 Rs.	As at 31st Mar, 2013 Rs.
1 Share Capital (item I (1) (a) of Balance sheet)		
1.1 Equity Share Capital		
a) Authorised: 4,90,00,000 - Equity shares of Rs.10/- each	490000000	490000000
b) Issued, Subscribed and fully paid-up 1,42,24,183 - Equity shares of Rs.10/- each	142241830	139808590
4,92,506 - Preferential allotment during the year	4925060	2433240
<u>1,47,16,689</u> No. of shares		
Total	147166890	142241830
1.2 Reconciliation of number of shares outstanding		
Equity shares	No. of shares	No. of shares
At the beginning of the year	14224183	13980859
Add: Preferential Issue during the year	492506	243324
Total	14716689	14224183

1.3 Rights, preferences and restrictions

The company has only one class of share capital being Equity Shares having a face value of Rs. 10/- per share. Each share holder is entitled to one vote per share. The company declares and pays dividend in indian rupees. The dividend payable on equity shares is subjected to recommendations of Board of Directors and share holders in Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company in proportionate to their share holdings

1.4 List of shareholders holding more than 5% Equity shares

Names of Equity Shareholders	After adjusting capital suspense (2013-2014)		Excluding capital suspense (2012-13)	
	%	No. of shares	%	No. of shares
Gowri Gopal Hospitals Pvt Ltd	10.80	1589291	771	1095765
Sree Rayalaseema Galaxy Projects Pvt Ltd	10.29	1513989	1064	1513989
TGV Projects & Investments Pvt. Ltd	8.97	1320013	928	1320013
Shares held by beneficiaries for the company	6.97	1025289	721	1025289

**NOTE TO ACCOUNTS - BALANCE SHEET (Contd...)**

- 1.5 The Company has no Subsidiaries or Holding Company as on date of Balance sheet
- 1.6 During the year 4,92,506 Equity shares of Rs. 10/- each were issued pursuant to conversion of warrants under preferential allotment for cash at a premium of Rs. 44.62 per share as fully paid up
- 1.7 Of the above 14716689 issued shares, 24,86,028 Equity share of Rs. 10/- each fully paid were issued for consideration with out payment received in cash as per terms of amalgamation

1.8 Utilisation of issue proceeds

Gross value of issue by preferential allotment during the year
 Less: Utilised for the object up to 31st Mar,2014
 Unused Balance represented in Bank Current Account

As at 31st Mar, 2014 Rs.	As at 31st Mar, 2013 Rs.
20173035	20018000
20173035	20018000
—	—

As at 31st Mar,14 Rs.	As at 31st Mar,14 Rs.	As at 31st Mar,13 Rs.	As at 31st Mar,13 Rs.
-----------------------------	-----------------------------	-----------------------------	-----------------------------

2 Reserves and Surplus

(item I (1) (b) of Balance sheet)

2.1 Capital Reserve**(a) Central/Capital Subsidy**

Balance as per last Balance Sheet	5820690		4355500	
Add : Additions during the year	—	5820690	1465190	5820690

(b) Securities Premium Reserve

Balance as per last Balance Sheet	64782556		53925439	
Add: Additions on Preferential issue during the year	21975618		10857117	
		86758174		64782556

2.2 General Reserve**(a) General Reserve**

Balance as per last Balance Sheet		5184797		5184797
-----------------------------------	--	---------	--	---------

(b) Amalgamation Reserve

Balance as per last Balance Sheet		242866501		242866501
-----------------------------------	--	-----------	--	-----------

(c) Surplus i.e. balance in statement of Profit and Loss

Balance as per last Balance Sheet	930798178		837891823	
Add: Profit for the year	74358202		92906355	

Total		1005156380		930798178
		1345786542		1249452722

**NOTE TO ACCOUNTS - BALANCE SHEET (Contd...)**

	No.of Warrants	Rs.	No.of Warrants	Rs.
3 Money received against share warrants (Item (i) (c) of Balance Sheet)				
Convertible Warrants issued at Rs. 54.62 /- (including premium) per warrant for cash and convertible into equity shares of Rs.10/- each in the ratio of 1 : 1	492506	26900678	735830	40191035
	<u>492506</u>	<u>26900678</u>	<u>735830</u>	<u>40191035</u>
Upfront amount received				
- Opening Balance	492506	6727643	-	-
Amount received during the year	-	<u>20173035</u>	<u>735830</u>	<u>20018000</u>
	492506	26900678	735830	20018000
Warrant money adjusted against conversion into Equity shares @ 54.62 per share	<u>492506</u>	<u>26900678</u>	<u>243324</u>	<u>13290357</u>
	-	-	<u>492506</u>	<u>6727643</u>

4 Borrowings
(item I (3) (a) of Balance Sheet)

4.1 Secured

- (a) Term loans from banks
(b) Term loans for vehicles from bank
(c) Loans repayable on demand from banks

Total of 4.1**4.2 Unsecured**

- (a) Deferred Sales Tax Liabilities
(b) Security deposits from customers

Total of 4.2**Total of 4****4.3 Disclosure in Balance Sheet**

- a) Short term borrowings under current liabilities (item I (4) (a) of Balance sheet)
b) Current maturities under other current liabilities (refer para 9)

	Long term	Short term	Long term	Short term
(a) Term loans from banks	549957324	163582000	711611590	156957000
(b) Term loans for vehicles from bank	715545	777744	-	-
(c) Loans repayable on demand from banks		310407326		276039374
Total of 4.1	<u>550672869</u>	<u>474767070</u>	<u>711611590</u>	<u>432996374</u>
(a) Deferred Sales Tax Liabilities	-	3884055	3830511	6090812
(b) Security deposits from customers	12239375	-	11989375	-
Total of 4.2	<u>12239375</u>	<u>3884055</u>	<u>15819886</u>	<u>6090812</u>
Total of 4	<u>562912244</u>	<u>478651125</u>	<u>727431476</u>	<u>439087186</u>
a) Short term borrowings under current liabilities (item I (4) (a) of Balance sheet)		314291381		282130186
b) Current maturities under other current liabilities (refer para 9)		164359744		156957000
		<u>478651125</u>		<u>439087186</u>

4.4 Additional information on borrowings**1. Security**

- (a) The term loan from banks are secured by exclusive charge on specified fixed assets.
- (b) The loan repayable on demand from banks are cash credits, bills purchases, bills discounting, letter of credits limits and bank guarantees which are secured by hypothecation of Raw-material, Stock in process, Finished goods, consumable Spares, Book debts and receivables.
- (c) The working capital and Term loans from banks are also secured by first and second charge on some of the fixed assets of the company.



Note to Accounts - Balance Sheet (Contd..)

(d) The working capital and Term loans from banks are further secured by guarantee from Managing Director and a promoter in their individual capacities

2. Defaults

There are no defaults/continuing defaults as on 31st Mar,2014 in payment of interest and repayment of loans.

	As at 31st Mar, 2014	As at 31st Mar, 2013
--	-------------------------	-------------------------

Additional information on borrowings (contd..)

3. Repayments

Term of repayment	Outstanding	Outstanding
A. Term Loans		
(a) Quarterly instalment of Rs. 60,00,000/- payable up to Dec,2013	-	17075120
(b) Quarterly instalment of Rs. 29,00,000/- payable up to Jun,2015		34995631
(c) Monthly instalment of Rs. 29,49,000/- payable up to Feb,2016	226350204	128352255
(d) Monthly instalment of Rs. 29,49,000/- payable up to Aug,2016		145330785
(e) Monthly instalment of Rs. 40,00,000/- payable up to Feb,2017		184207754
(f) Quarterly instalment of Rs. 5,77,000/- payable up to Mar,2015	151640089	6352794
(g) Monthly instalment of Rs. 6,00,000/- payable up to Dec, 2015		18824606
(h) Monthly instalment of Rs. 39,50,000/- payable up to Feb,2021	335549031	333429645
Sub - Total	<u>713539324</u>	<u>688568590</u>
B. Vehicle loans	1493289	-
C. Sales tax deferment	3884055	9921323
Repayable in 2014-15 is Rs.38,84,055/-		

5 Deferred tax liability

(item I (3) (b) of Balance sheet

Deferred tax liability	237278446	227710547
Less: Deferred tax during the year	18897393	9567899
Net Deferred tax liability	<u>256175839</u>	<u>237278446</u>

6 Other long-term liabilities

(item I (3) (c) of Balance sheet)

Trade payables for capital assets	18600750	14264501
Amounts due to micro, small and medium enterprises (Refer Note No.30.4)	-	-
	<u>18600750</u>	<u>14264501</u>

7 Long-term provisions

(item I (3) (d) of Balance sheet

Power charges - R&C, FSA	54973887	104247557
Gratuity provision	4841000	5408000
	<u>59814887</u>	<u>109655557</u>

**Note to Accounts - Balance Sheet (Contd..)**

CURRENT LIABILITIES	As at 31st Mar, 2014	As at 31st Mar, 2013
8 Trade Payables		
(item I (4) (b) of Balance Sheet)		
Sundry creditors-Acceptances	191444641	185279616
Sundry creditors-Trade & Services	195180936	144965725
Amounts due to micro, small and medium enterprises	25769605	32097715
	<u>412395182</u>	<u>362343056</u>
 Note: Trade payables include dues to related parties Rs.26,50,02,213/- includes by Lc's (LCs are fully secured by charge on current assets)		
9 Other current liabilities		
(item I (4) (c) of Balance Sheet)		
Secured		
(a) Current maturities of long term borrowings (Refer para 4.3)	164359744	156957000
(b) Interest accrued on loans	-	-
Unsecured		
(a) Advances from customers	116576338	28941588
(b) Un paid dividend	1964345	1965780
(c) Other liabilities	95678709	90984148
	<u>378579136</u>	<u>278848516</u>
10 Short-term provisions		
(item I (4) (d) of Balance Sheet)		
Employee benefits	7213785	7794890
Provision for Income Tax	170442118	161612079
	<u>177655903</u>	<u>169406969</u>
11 Fixed Assets schedule - given separately.		



Fixed Assets and Depreciation Statement

(Item II (1) (a) of Balance Sheet and IV (f) of Statement of Profit & Loss Account)

Schedule 11

Sl. No.	Particulars	Gross Block			Depreciation			Net Block			
		As at 31-Mar-13	Add. 2013-14	Disposals 2013-14	As at 31-Mar-14	Acc. Dep. Op. 1/4/2013	For the period 2013-14	Dep. On Dis 2013-14	Acc. Dep. Cl. 31/03/2014	As at 31-Mar-14	As at 31-Mar-13
1	On own use:										
	Land	8612075	684275	65700	9269950	-	-	-	-	9269950	8612075
	Factory Buildings	27940750	11510490	54000	39397260	39396762	1027044	232504	5373302	34399668	23940668
	Plant and Machinery	102116240	47674247	807899	146772588	345246942	8051978	5284330	420576590	1047145998	656962298
	Plant & Machinery-WEG	740771628			740771628	202155716	5372354		254932870	498043368	538615912
	Furniture and Fixtures	4798754	382333		5181087	1148690	371639		1518329	3627758	3632064
	Office Equipment	23781037	4650		23827537	14236779	1140349		15377128	8493009	9544258
	Other Equipment	2855799			2855799	1678423	23354		1904777	931022	1157276
	Vehicles	29555045	2702364		32059409	11919669	3381325		15181194	16877215	17436716
2	On Lease:										
	Plant and Machinery	25336845	-	25373793	25047	24304237	494546	25373796	25047	-	494546
	Total	216507798	58694309	3463892	275903390	641287478	14910789	30910630	75949637	199548663	1553790915
3	Capital Work-in-progress:										
	Civil Work-in-progress	10256673	1138686	11386839	-	-	-	-	-	-	10256673
	Machinery under erection	41427100	54511820	46878820	-	-	-	-	-	-	41427100
	Total	51683773	65801716	58278429	-	-	-	-	-	-	51683773
	Grand Total	271194576	66496025	617408121	275903390	641287478	14910789	30910630	75949637	199548663	2070598228
	Previous Year	211530440	981685906	38504640	271194576	510051694	131894135	768321	641287478	2070598228	

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

**Note to Accounts - Balance Sheet (Contd..)**

	As at 31st Mar, 2014	As at 31st Mar, 2013
12 Non current investments (at cost unless otherwise specified) (item II (1) (b) of Balance Sheet)		
A. Investments in equity shares		
a) Quoted - Fully paid up		
Trade		
Sree Rayalaseema Alkalies and Allied Chemicals Ltd (Associate co.,) 1,95,44,496 (Previous year 1,49,05,256) Equity shares of Rs10/- each (15000 shares pledged as security)* 35,52,278 Subscribed during the year Sree Rayalaseema Hi-Strength Hypo Ltd. (Shares held in trust) 10,25,289 (Previous year 10,25,289) Equity shares of Rs.10/- each	183248989	137756589
Others		
The South Indian Bank Ltd 530250 (Previous year 530250) Equity shares of Rs.1/- each (318000 shares pledged as security)* Roopa Industries Ltd 1372455 (Previous year 1372455) Equity shares of Rs.10/- each	705675	705675
Kabson Industries Ltd 10100 (Previous year 10100) Equity shares of Rs.10/- each	4117150	4117150
Karnataka Bank Ltd 3700 (Previous year 3700) Equity shares of Rs.10/- each (3700 shares pledged as security)* Lotus Chocolates Ltd 56800 (Previous year 56800) Equity shares of Rs.10/- each (56800 shares pledged as security)*	43935	43935
NEPC Micon Ltd 200 (Previous year 200) Equity shares of Rs.10/- each	259691	259691
BNR Udyog Ltd 500 (Previous year 500) Equity shares of Rs.10/- each	596400	596400
Consom Biotech Ltd 300 (Previous year 300) Equity shares of Rs.10/- each	750	750
Neha International Ltd 1700 (Previous year 1700) Equity shares of Rs.10/- each	500	500
Indo Wind Energy Ltd 42000 (Previous year 42000) Equity shares of Rs.10/- each	270	270
Ess Dee Aluminium Ltd 6886 (Previous year NIL) Equity shares of Rs.10/- each (Purchased during the year)	2890	2890
Surya Jyothi Spinning Mills Ltd 100 (Previous year 100) Eq.shares of Rs.10/- each) - paid Rs. 5/ per share	600000	600000
Ess Dee Aluminium Ltd 6886 (Previous year NIL) Equity shares of Rs.10/- each (Purchased during the year)	5094996	0
b) Quoted - Partly paid up (Non Trade)		
Surya Jyothi Spinning Mills Ltd 100 (Previous year 100) Eq.shares of Rs.10/- each) - paid Rs. 5/ per share	330	330

**Note to Accounts - Balance Sheet (Contd..)**

	As at 31st Mar, 2014	As at 31st Mar, 2013
c) Unquoted - Fully paid up		
Trade		
TGV Projects and Investments Pvt.Ltd (Associate co..)	13732000	13732000
13,73,200 (Previous year 13,73,200) Equity shares of Rs.10/- each)		
Others		
Brilliant Ind.Pvt. Ltd (Associate co..)	8137764	8137764
7,34,304 (Previous year 7,34,304) Equity Shares of Rs. 10/-each.		
Brilliant Bio Pharma Pvt. Ltd (Associate co..)	30435236	30435236
27,46,297 (Previous year 27,46,297) Equity Shares Rs. 10/-each.		
Sree Maruthi Agrotech Ltd (Associate co..)	2153620	2153620
2,15,362 (Previous year 2,15,362) Equity Shares of Rs.10/- each.		
Gowri Gopal Hospital Pvt.Ltd (Associate co..)	1990000	1990000
8,49,000 (Previous year 8,49,000) Equity shares of Rs.10/- each)		
Sree Rayalaseema Dutch Kassenbow Pvt.Ltd (Associate co..)	14004000	14004000
12,84,344 (Previous year 12,84,344) Equity shares of Rs.10/- each)		
Kurnool Power Projects Ltd	15000	15000
15000 (Previous year 15000) Equity shares of Rs.1/- each)		
B. Investments in preference shares		
Trade - Quoted - Fully paid up		
Sree Rayalaseema Alkalies and Allied Chemicals Limited	33498850	33498850
59,06,504 @ 0.01 % (Previous year 59,06,504) Cumulative Redeemable Pref.shares Rs.10/- each		
C. Investments in Government Securities		
National Saving Certificates	10000	10000
(Deposited with Sales Tax and other Govt. Depts.)		
D. Investments in others		
Convertible Warrants	-	10000000
10,00,000 Convertible Warrants of Sree Rayalaseema Alkalies & Allied Chemicals Limited (Associate company)		
Warrants convertible into equal No.of equity shares of investee company		
Total	310708252	270120856
Aggregate Book value of		
- Quoted Shares	240230632	189643236
- Unquoted Shares	70477620	80477620
Aggregate Market value of Quoted shares	216265867	193806463

* These shares are pledged with the bank as security for Bank Guarantee given on behalf of other companies.

Note : Some of the shares acquired under amalgamation are in the process of transfer in the companies name.

**Note to Accounts - Balance Sheet (Contd..)**

	As at 31st Mar, 2014	As at 31st Mar, 2013
13 Long term Loans and advances		
(item II (1) (d) of Balance Sheet)		
Unsecured and considered good		
(a) Capital Advances	81936925	92127218
(b) Security Deposits with APCPDCL and other govt. depts.	7368498	6597198
(c) Advances to Related parties:		
-for investment in shares	76451820	9084820
-for Advances	-	20000000
-Rent Deposit	21048500	21688500
(d) Other Rent Deposits	4750	23750
Total	186810493	149521486
14 Current Investments		
(item II (2) (b) of Balance Sheet)		
10,00,000 (Previous year 3739240) Convertible Warrants of Sree Rayalaseema Alkalies and Allied Chemicals Limited (Associate company) (convertible on or before 18-04-2014)	1000000	37392400
	<u>1000000</u>	<u>37392400</u>
15 Inventories		
(item II (2) (b) of Balance Sheet)		
(a) Raw Materials	71406537	42497506
(b) Work-in-progress	24062399	12695478
(c) Finished Goods	32564608	38821513
(d) Stores and spares, Chemicals, fuel and packing materials	71174924	76838357
(e) Goods in transit	86280660	41322695
TOTAL	285489128	212175549
16 Trade receivables		
(item II (2) (c) of Balance Sheet)		
Unsecured and considered good		
(a) Trade Receivables outstanding for a period exceeding six months from the date due for payment	19208215	6619363
(b) Others	244529700	281728293
	<u>263737915</u>	<u>288347656</u>
17 Cash and cash equivalents		
(item II (2) (d) of Balance Sheet)		
(a) Cash on hand	608027	738453
(b) Balances with banks in current accounts	32982046	13484728
(c) Deposit with banks under lien as margin	39744677	36801894
	<u>73334750</u>	<u>51025075</u>


Note to Accounts - Balance Sheet (Contd..)

	As at 31st Mar, 2014	As at 31st Mar, 2013
18 Short term loans and advances (item II (2) (e) of Balance Sheet)		
Unsecured and considered good		
(a) Advance to related parties	26834560	2529380
(b) Advances to others		
(i) Advance to Suppliers	23280114	25897610
(ii) Advance to Employees	6648065	5549431
(iii) Prepaid Insurance and other Expenses	5747408	6721623
(iv) Export incentives receivable-DEPB,FMS and Target plus.	29736101	32613100
(v) Advance Income Tax and TDS	127082705	123744928
(vi) Other Deposits	152742565	152176310
(vii) Short term advances	119291860	116013724
	491363378	465246106
19 Other current assets (item II (2) (f) of Balance Sheet)		
(i) Service tax, brokerage receivable and sales tax advance.	52385875	35293546
	<u>52385875</u>	<u>35293546</u>
20 Contingent liabilities and Commitments		
Contingent liabilities: (to the extent not provided for)		
a) Claims against company not acknowledged as debts	102024054	128903475
b) Guarantees outstanding	23020816	37075000
c) Other money for which company is contingently liable Commitments :		
1) Estimated amount of contracts remaining to be executed on capital account and not provided for	36143574	44177391
2) Uncalled liability on shares & other investments partly paid	500	500
3) Other commitments		
i) Income tax appeal pending against ITO AO	304714	304714
ii) Customers cheques / bills discounted with Banks	168848875	158034276
iii) Unexpired Bank Guarantees provided by the Company	10601216	12102768
iv) Unexpired Letters of Credit established by the Company	271450919	217701067


Note to Accounts - Statement of Profit and Loss

	Year ended 31.3.2014 Rs.	Year ended. 31.3.2014 Rs.	Year ended 31.3.2013 Rs.	Year ended 31.3.2013 Rs.
21 Revenue from Operation (item I of Statement of Profit and Loss)				
Sale of Manufactured Products		2980237808		2982626127
Sale of Wind Energy		86574160		103249485
Other operating revenues :				
Sale of Scrap	6179153		11903110	
Export Incentives	43936257		38523926	
		50115410		50427036
Total		3116927378		3136302648
22 Other Incomes (item II of Statement of Profit and Loss)				
Interest on Bank and other deposits and customers		5006756		4701792
Lease Rent Receipts		1500000		4500000
Other Incomes		85608969		20425638
Total		92115725		29627430
Note on Dividend : Accumulated dividend of Rs.70,879/- on cumulative preference shares held by the company is not accounted pending declaration&payment by the investee company				
23 Cost of material consumed (item IV (a) of Statement of Profit and Loss)				
Opening stock of Raw Material	42497506		41262836	
Add: Purchase of Raw Material	1553037304		1437344527	
Less: Closing stock of Raw Material	71406537		42497506	
Raw Materials Consumed		1524128273		1436109857
Stores, Spares, Chemicals & Packing Materials Consumed		82869839		102113723
Total		1606998112		1538223580
24 Change in inventories of Work in process & Stock in Trade (item IV (c) of Statement of Profit and Loss)				
Closing stock				
a) Finished goods		118845268		80144208
b) Stock-in-process		24062399		12695479
Total		142907667		92839687
Opening stock				
a) Finished goods		80144208		86901789
b) Stock-in-process		12695479		9483643
Total		92839687		96385432
Net increase or decrease in stocks		50067980		-3545745


Note to Accounts - Statement of Profit and Loss (contd.)

	Year ended 31.3.2014 Rs.	Year ended 31.3.2014 Rs.	Year ended 31.3.2013 Rs.	Year ended 31.3.2013 Rs.
25 Employee benefits expenses (item IV (d) of Statement of Profit and Loss)				
Salaries, Wages, Bonus and Allowances		84537643		89684640
Contribution to ESI and Provident Fund		4683042		4390644
Contribution to Gratuity		478493		849028
Staff Welfare expenses		18610080		16889603
Total		<u>108309258</u>		<u>111813915</u>
26 Finance cost (item IV (e) of Statement of Profit and Loss)				
Interest expenses				
On Term Loans		73300260		53160783
On Working capital limits		13284128		23446096
On Others		5828723		2337413
		<u>92413111</u>		<u>78944292</u>
27 Other expenses (item IV (g) of Statement of Profit and Loss)				
Power and Fuel		206117514		228820902
Rents		11117072		10192912
Rates & Taxes		804391		854087
Repairs & Maintenance				
a) Buildings	24207438		39490615	
b) Plant & Machinery	191818874		139451013	
c) Others	<u>12049077</u>		<u>13193440</u>	
		<u>228075389</u>		192135068
Insurance		13944365		16573280
Excise duty (Refer Note below)		862398		967658
Travelling and Conveyance		10621634		11203491
Printing and Stationery		921727		2282192
Postage Telegrams and Telephones		3269857		3894162
Directors sitting fee		73000		121500
Remuneration to Managing Director		4307566		4769975
Audit fees & Expenses		193182		217338
Freight outward & Incidental Expenses				
Ocean Freight	204062766		205968686	
Container freight	61726093		53064627	
Clearing and forwarding Charges	13240865		20949171	
Freight on Sales	<u>9487715</u>		<u>15817138</u>	
		<u>288517439</u>		295799622
Discounts and Commission on sales		13440785		8676854
Shortages & Price differences		49732519		34247654
Other Selling expenses		9322219		7542574
Advertisement		341392		606149
Fee and Charges		6207061		10396098
Bank Charges		19485311		25295884


Note to Accounts - Statement of Profit and Loss (contd.)

	Year ended 31.3.2014 Rs.	Year ended. 31.3.2014 Rs.	Year ended 31.3.2013 Rs.	Year ended 31.3.2013 Rs.
Security & other Service Charges		46370401		47910269
Legal Expenses		2971789		1253947
Other Expenses		75511073		53387507
Donations		259383		3640000
		<u>992467467</u>		<u>960789123</u>
<p>Note : Excise duty represents difference in duty liability on opening and closing stock of finished goods.)</p>				
28 Exceptional items (item VI of Statement of Profit and Loss)				
Loss on sale of Fixed Assets	-		81075	
Net Loss on Exchange fluctuations	<u>43263428</u>		<u>32919962</u>	
		<u>43263428</u>		<u>33001037</u>
		<u>43263428</u>		<u>33001037</u>

**29. Additional Notes to statement of profit and loss:****29.1 Payment to Statutory Auditors towards**

(Amount in Rs.)

Particulars	2013-14	2012-13
Audit fees	125000	125000
Tax audit fees	25000	25000
Out of pocket expenses	43182	37338

29.2 Details of raw materials and traded goods

a) Raw Material consumed

Year Particulars	2013-2014		2012-2013		
	Unit	Qty	Rs. In lakhs	Qty	Rs. In lakhs
Caustic Soda Lye	Ton	13628	3801.67	13708	3852.04
Chlorine	Ton	36384	1112.82	36815	1065.84
H2 Gas	Cum	4465937	1121.77	3919193	963.75
Acetic Acid	Ton	2730	1022.63	1976	652.60
Hydrated Lime	Ton	27250	2305.52	27888	2235.50
Sulphur	Ton	17715	1720.86	19620	2514.95
Others			4156.01		3076.42
Grand Total			15241.28		14361.10

b) Goods Purchased-Trade

	Year ended 31st March 2014 (Rs. In Lakhs)	Year ended 31st March 2013 (Rs. In Lakhs)
Chemicals	0.36517	0.24961

29.3 Details of Work in progress

	Year ended 31st March 2014 (Rs. In Lakhs)	Year ended 31st March 2013 (Rs. In Lakhs)
Chemicals in process	240.62	126.95

29.4 a) Value of imports on CIF basis

	Year ended 31st March 2014 (Rs. In Lakhs)	Year ended 31st March 2013 (Rs. In Lakhs)
Raw materials	1592.89	1187.02
Plant and Machinery	127.52	933.86
Packing & Spares	10.37	60.24



b) Expenses incurred in Foreign Currency

	Year ended 31st March 2014 (Rs. In Lakhs)	Year ended 31st March 2013 (Rs. In Lakhs)
Travelling Expenses	5.62	5.89
Overseas Sales Commission	33.95	23.06
Freight/Demurrages	509.40	42.73
Sales promotion expenses	0.00	0.00
Advertisement	0.00	0.00
Fee and charges	8.99	0.16
Printing and stationery	0.24	0.22
Subscriptions	3.44	0.00
Others	0.00	4.07

c) Raw Material Consumed

	2013-2014		2012-2013	
	Value Rs. In lakhs	%	Value Rs. In lakhs	%
Imported	2015.27	13.22	1391.80	9.69
Indigenous	13226.01	86.78	12969.29	90.70
Total	15241.28	100.00	14361.10	100.00

d) Dividends remitted in Foreign Currency during the year

- | | |
|---|-------|
| i) Total number of shares held by non-residents | } Nil |
| ii) Amount of dividend | |
| iii) No. of non resident share holders | |
| iv) Year to which the dividend is related | |

e) Earnings in foreign exchange

Particulars	Year ended 31st March 2014 (Rs. In Lakhs)	Year ended 31st March 2013 (Rs. In Lakhs)
FOB value of exports	13,633.77	14,275.12

**30. Notes forming part of accounts:****30.1 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 transaction 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.

30.2 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.

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

Tangible 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 investments and other investments are classified as Long Term Investments. Trade investments comprising investments in associate and entities in which the company has strategic business interest.

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 including trade investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments.

d) Inventories

Inventories are valued as under :

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



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

Finished Goods and stock-in-process are valued at lower of cost and net realizable value whichever is lower. Stock-in-process and finished goods are valued at cost of purchase, Cost of Conversion and other costs Incurred in bringing the inventories to their present location and condition. Cost of finished goods includes Excise duty.

Net realizable 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 statement of Profit and Loss.

f) **Cenvat**

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

g) **Employee Benefits**

i) **Short Term Benefits**

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

ii) **Retirement Benefits - Defined Contribution Plan:**

Employee's contribution to Provident fund and Employee State Insurance are recognized as expenditure in statement of Profit and Loss, as they are incurred. There are no other obligations other than the contribution payable to aforesaid respective Trusts / Govt. Authorities.

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 recognized 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 it's 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 obligations 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 recognition.
- 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.

30.4 Micro, Small and Medium Enterprises

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 31-03-2014 and remaining unpaid to any Micro, Small and Medium Enterprises is Rs25769605/- and the said amounts are due for less than 45 days as on 31-03-2014. 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.

30.5 Disclosure pursuant to clause 32 of the listing agreement (As applicable to the company)

- 1) Cash flow statement according to AS3, Cash flow and related party disclosure as per AS18 are furnished as part of this financial statements.
- 2) Investments in own shares of the company
The company had acquired its own equity shares as per scheme of arrangement from transferor company. The beneficiary interest is held through its Directors. The shares held as on 31.03.2014 are 1025289 equity shares.
- 3) Loans and Advances
Loans and Advances to associates is Rs. 26834560/- outstanding as on 31.03.2014.

30.6 Disclosure under AS-15 Employee benefits

A. Defined contribution plan:

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

	2013-14 (Rs.)	2012-13 (Rs.)
Employers contribution to Provident fund	29.47	29.69

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

B. Defined benefit plan:

The company has employees group gratuity fund through a policy with LIC and contributes to the fund through annual renewal premium determined based on actuarial valuation using projected unit credit method as at 31-03-2014. The company has funded current service cost obligations and contributions made are recognized as expenses. The unfunded past service cost is provided as per actuarial valuation as on 31-03-2014. The disclosures in respect of funded and unfunded defined benefit obligations as required by AS 15 are as below.



	Gratuity	
	Funded (Rs.)	Unfunded (Rs.)
I. Changes and reconciliation of obligation for the year ended 31-03-2014		
Present value of defined obligation at Beginning of year	54.06	46.62
	(54.06)	(46.62)
Current service cost	8.07	0.00
	(8.07)	(0.00)
Interest cost	4.32	3.73
	(4.32)	(3.73)
Past service cost	8.07	0.00
	(8.07)	(0.00)
Net actuarial (gain)/loss on obligations	-0.81	3.73
	(-0.81)	(3.73)
Present value of define benefit obligation at the end of year	62.40	46.62
	(62.40)	(46.62)
II. Changes and reconciliation in fair value of plan asset as on 31-03-2014.		
Opening fair value of plan assets	54.06	46.62
	(54.06)	(46.62)
Expected return on plan assets	5.14	0.00
	(5.14)	(0.00)
Contribution	8.07	0.00
	(8.07)	(0.00)
Benefits paid	-5.10	0.00
	(-5.10)	(0.00)
Actuarial valuation (gain)/loss on plan assets	0.23	0.00
	(0.23)	(0.00)
Closing fair value of plan assets	62.40	46.62
	(62.40)	(46.62)
III. Assets recognized in Balance Sheet		
Present value of liability	62.40	46.62
	(62.40)	(46.62)
Fair value and plan assets	-62.40	0.00
	(-62.40)	(0.00)
Net liability	0.00	46.62
	(0.00)	(46.62)
IV. Expenses recognized in Profit and Loss		
Account for the year		
Current service cost	8.07	0.00
	(8.07)	(0.00)
Interest on define benefit obligation	4.32	3.73
	(4.32)	(3.73)
Expected return as plan assets	-5.14	0.00
	(-5.14)	(0.00)
Past service cost	0.00	0.00
	(0.00)	(0.00)
Net actuarial loss/gain	-0.81	3.73
	(-0.81)	(3.73)



V.	Movement in Net liability		
	Net liability at the beginning of the year	54.06	46.62
		(54.06)	(46.62)
	Expenses	6.45	7.46
		(6.45)	(7.46)
	Net liability at the close of the year	52.44	54.08
		(52.44)	(54.08)
VI.	Actuarial on plan assets		
	Expected return on plan assets	5.14	0.00
		(5.14)	(0.00)
	Actuarial gain / loss	0.23	0.00
		(0.23)	(0.00)
VII.	Major category of fair value of plan asset at close of the year Fund with LIC under a policy		
	Percentage of total plan assets	100%	
VIII.	Principal actuarial assumptions:		
	Demographic assumptions		
a)	Retirement age of employees of the company are assumed at 58 years and average age is 39years.		
b)	The Mortality is as per the published rates of Life Insurance Corporation of India (1994-96). Mortality table (ultimate), which is considered as a Standard Table.		
c)	Average past service:	9.57 years	
d)	Withdrawal rate:	1 to 3% depending upon age	
	Financial assumptions		
a)	Discount rate(p.a.)	8.00%	8.00%
b)	Expected rate of return(p.a.)	9.00%	9.50%
c)	Salary escalation rate(p.a.)	7.00%	7.00%

30.7 Disclosure under AS-16 Borrowing cost

During the financial year the company has one qualifying assets i.e., setting up of Captive Thermal Project at the end of the year and these are under implementation. The Borrowing cost that are directly relate to these qualifying assets are determined, identified and capitalised during the financial year amount to Rs 19315471.-/ (previous year : Rs.4,88,93,646/-)

30.8 Disclosure under AS-17 Segment reporting

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

The Company 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 un-allocable corporate cost.

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



Segment information for the year ended 31st Mar,2014. Information about primary Business Segment.

S. No.	Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
1.	Segment Revenue		
	a) Chemicals	29644.27	29230.54
	b) Power	947.00	1032.49
	Total	30591.27	30263.04
2.	Segment Results		
	a) Chemicals	2889.17	3275.98
	b) Power	(496.99)	(172.12)
	Total	2392.18	3103.86
3.	Interest (Net)		
	a) Chemicals	436.21	543.59
	b) Power	487.92	245.89
	Total	924.13	789.44
4.	Profit before tax	1165.31	1281.06
5.	Capital Employed		
	a) Chemicals	17879.06	14954.41
	b) Power	10027.87	(970.19)
	Total	27906.93	13984.22
Segment information for the year ended 31st March,2014, Information about secondary Business Segment. Revenue by Geographical Market :			
	In India	14413.72	13548.15
	Out side India	16177.55	16714.89
	Total	30591.27	30263.04

30.9 Disclosure under AS-18, Related Party Disclosures.

In terms of Accounting Standard -18, the Company has the following related parties on account of shareholdings by Key Management Personnel and their relatives.

- (A) Particulars of Associate Companies by exercise of significant influence
- | Name of the Related Party | Transactions during the year |
|---|------------------------------|
| a) Sree Rayalaseema Alkalies and Allied Chemicals Ltd., | Yes |
| b) Sree Rayalaseema Dutch kassenbouw Pvt. Ltd., | No |
| c) TGV Projects & Investments Pvt. Ltd., | Yes |
| d) Brilliant Bio Pharma Ltd | Yes |
| e) Gowri Gopal Hospitals Pvt. Ltd | Yes |
| f) Sree Maruthi AgroTech Ltd, | Yes |
- (B) Enterprises on which Key Managerial Person has Significant Influence
- | | |
|---------------------------------------|-----|
| a) TGV Securities Pvt.Ltd | No |
| b) Vibhu Cement Pvt.Ltd | No |
| c) Shri Arya Lakshmi Steels Pvt.Ltd., | Yes |
- (C) Key Management Personnel :
- | Name of the Related Party and Relationship | |
|---|-----|
| a) Mr. T G Bharath Chairman & Managing Director | Yes |



(D) Relatives of Key Management person	Relationship to Key Management person	
a) Sri T G Venkatesh	Father	
b) Smt.T G Rajyalakshmi	Mother	
c) Smt.T G Shilpa Bharath	Wife	
(E) Transaction by the company with Related Parties during the year :	31.03.2014	31.03.2013
(i) Transactions with Associate Companies	Rs in Lakhs	Rs in Lakhs
(a) Goods/ Equipment sold	811.70	465.97
(b) Goods purchased/services availed	7790.63	7746.51
(c) Rents paid	109.71	92.96
(d) Rents received	15.00	45.00
(e) Investments made during the year	454.92	829.15
(f) Assets purchased	14.14	0.00
ii) Transaction with key management personnel:		
Managerial remuneration to Chairman & Managing Director		
Salary & allowances	33.52	19.11
Contribution to Provident Fund	0.71	0.71
Commission	9.55	27.88
Total	43.78	47.70
(iii) Outstanding balances as on	31.03.2014	31.03.2013
In advance to suppliers	-	-
In loans and advances-other advances	268.35	737.95
In current liabilities-Acceptances	1914.45	1852.80
In current liabilities-Sundry Creditors	735.58	378.41
In advance for investments	2,872.00	2891.00
For dues under corporate guarantees given	230.21	370.75
30.10 Disclosure under AS-19 Accounting for Lease.	2013-14	2012-13
a. Future Lease rental payments	Rs.in Lakhs	Rs.in Lakhs
(i) Not later than one year	62.43	92.96
(ii) Later than one year and not later than five years	10.80	59.46
(iii) Later than five years	0.00	1.20
b. Lease rentals receivables		
(i) Not later than one year	0.00	42.83
(ii) Later than one year and not later than 5years	0.00	0.00
(iii) Later than five years	0.00	0.00
c. Lease payments recognized in the Profit and Loss account	109.71	92.96
d. Lease receipts recognized in the Profit and Loss account	15.00	45.00
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.		
(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.		

**30.11 Disclosure under AS-20 Earnings per share.**

	31.03.2014	31.03.2013
I. Net Profit as per Profit and Loss Account available to equity share holders	74358201	9,29,06,355
II. No. of shares for computation of Earnings per share	1,47,16,689	1,42,24,183
III. Earnings per share (Rs.) (Basic)	5.05	6.53

30.12 Disclosure under AS-22 Taxes on income.**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.18897393/-

As a result of the adoption of this policy, the profit for the year is higher by

	2013-2014	2012-2013
	Rs.	Rs.
I. Deferred Tax Liabilities:		
Depreciation differences	5,82,44,392	2,94,89,594
Others-preliminary exp.	-	-
	<u>5,82,44,392</u>	<u>2,94,89,594</u>
II. Deferred Tax Assets:		
Unabsorbed Depreciation	-	-
Others	-	-
Net Deferred Tax Liabilities (I-II)	<u>5,82,44,392</u>	<u>2,94,89,594</u>
Tax liability at current rates	<u>1,88,97,393</u>	<u>95,67,899</u>

30.13 Confirmation of balances.

Confirmation of balances from certain parties for amounts due to them or due from them is yet to be received. Confirmation letters were received from some of the parties. No material discrepancies are observed.

30.14 Regrouped/ Rearranged/ Reclassified.

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

30.15 Regrouped/ Rearranged/ Reclassified.

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

Signature to notes 1 to 30

As Per our Report of even date attached
For S.T.Mohite & Co., (Regn. No. 011410S)
Chartered Accountants

Sd/-
M.T.Sreenivasa Rao
Proprietor, M.No:015635

Place : Kurnool
Date : 30th May,2014

For and on behalf of the Board

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

Place : Kurnool
Date : 30th May,2014

Sd/-
N.Ramachandra Rao
Director

Sd/-
A. Sambasiva Rao
Company Secretary
Chief Financial Officer



Intentionally left Blank



SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

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

CIN: L24110AP2005PLC045726

Form No. MGT-11

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 read with Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Client ID: _____ Regd. Folio No. : _____

DIP ID : _____ No. of Shares held : _____

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

Members of the above named Company hereby appoint _____ of _____ in

the district of _____ as my/our Proxy to vote for me/us and on my/our behalf at the 9th Annual General Meeting of the Company held at the Registered Office of the Company on Monday, the 29th September, 2014 at 11.00 a.m. or at any adjournment thereof.

Signed this day of 2014



Signature

Signature of the Share holder

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 9th Annual General Meeting on Monday, the 29th September, 2014 at 11.00 a.m.

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

Signature of Member / Proxy

Intentionally left Blank