



BOARD OF DIRECTORS

Sri T.G. Venkatesh
Chairman and Managing Director
(upto 30.11.10)

Sri G.Krishna Murthy
(Chairman)

Sri M.P.Murti

Sri S.K.Ganguli
(Nominee of IFCI)

Sri P.Sitaram
(Nominee of IDBI)

Sri P.N.Vedanarayanan

Sri O.D.Reddy

Sri K. Karunakar Rao
Executive Director & CEO

Sri N. Jeswanth Reddy
Executive Director (Technical)

**CHIEF GENERAL MANAGER &
COMPANY SECRETARY**

Sri V. Radhakrishna Murthy

BANKERS

Indian Bank
United Bank of India
The South Indian Bank Ltd.
IDBI Bank Ltd.
Canbank Factors Ltd.
The Federal Bank Ltd.
ICICI Bank Ltd.

AUDITORS

Brahmayya & Co.
Chartered Accountants
21/142-6, S.K.D. Colony Extn.
Adoni - 518 301 (A.P.)

REGISTERED OFFICE & FACTORY

Gondiparla
Kurnool - 518 004 (A.P)

CORPORATE OFFICE

40-304, II Floor
Krishna Jyothsna Complex
Bhagyanagar
Kurnool - 518 004 (A.P)

**DEMAT REGISTRARS & SHARE
TRANSFER AGENTS**

Aarthi Consultants Private Limited
Regd.Office : 1-2-285, Domalguda
Hyderabad - 500 029. (A.P)
Tel.No. : 040 - 27638111/4445, 27642217, 66611921
Fax No. : 040 - 27632184

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SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

NOTICE

NOTICE is hereby given that the **29th Annual General Meeting of the Members of SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED** will be held at the Registered Office of the Company at the factory premises, Gondiparla, Kurnool - 518 004 (A.P.) on Tuesday 9th August, 2011 at 3.15 P.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the period ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Sri P.N.Vedanarayanan, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Sri G.Krishna Murthy, who retires by rotation and is eligible for reappointment.
4. To appoint Auditors and to fix their remuneration. In this connection, to consider and, if thought fit, to pass with or without modification the following as a **SPECIAL RESOLUTION.**

"RESOLVED THAT subject to the provisions of 224 A of Companies Act, 1956 the retiring Auditors, M/s.Brahmayya & Co., Chartered Accountants, Adoni, Kurnool District be and hereby appointed as Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration as decided by the Board of Directors on recommendation of the Audit Committee as "Audit Fee" exclusive of reimbursement of actual travelling and other expenses."

By Order of the Board

Sd/-

(V. RADHAKRISHNA MURTHY)

Chief General Manager and
Company Secretary

Place: Hyderabad
Date : 02.05.2011

NOTES:

1. A member entitled to attend and vote at a meeting is entitled to appoint one or more Proxies to attend and vote on a poll on his behalf and such proxy need not be a member of the company. A Proxy Form is enclosed. Proxy Form in order to be effective, duly completed, must be received by the company at the Registered Office not less than 48 hours before the time fixed for the Meeting.
2. Explanatory Statement as required under Section 173 (2) of the Companies Act, 1956 is annexed hereto.
3. Members are requested to bring with them the attendance Slip sent with the Annual Report duly completed and signed and hand it over at the entrance.
4. Pursuant to Sec.154 of the Companies Act, 1956 and Clause 16 of the Listing Agreement, the Register of Members and Share Transfer Books of the Company will remain closed for 5 days i.e., from 05-08-2011 to 09-08-2011 (both days inclusive).
5. Non-resident Indian Shareholders are requested to inform us immediately :
 - a) the change in Residential Status on return to India for permanent settlement.
 - b) the particulars of Bank NRE Account, if not furnished earlier.

REQUEST TO THE MEMBERS :

1. Queries, if any, on Annual Accounts may please be forwarded to the Registered Office of the Company atleast 7 days before the date of the Annual General Meeting to enable us to prepare the answers well in advance.
2. Members are requested to quote Folio No. / Client ID No. in all correspondence.
3. Since the company's shares are permitted for trading under compulsory demat mode, shareholders holding shares in physical form are requested to dematerialize the same immediately to avoid any inconvenience in future. Company's Equity Shares ISIN No.INE284B01028 and CRPS ISIN No.INE284B04014.



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

4. Members are requested to note the following "e-mail Id" for any clarification on shares and other related matters "sralkalies@tgvmail.net".

None of the Directors is interested or concerned in the resolution.

The Board of Directors recommends the above as Special resolution for your approval.

EXPLANATORY STATEMENT

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

By Order of the Board

ITEM NO. 4

Since the combined shareholding of public financial institutions in the Company together exceeds 25% of the subscribed share Capital, the reappointment of Auditors of the Company is required to be made by a Special Resolution, as required under Section 224 A of the Companies Act, 1956.

Place: Hyderabad
Date : 02.05.2011

Sd/-
(V. RADHAKRISHNA MURTHY)
Chief General Manager and
Company Secretary

Additional Information :

Details of Directors seeking reappointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement).

1.	Name of the Director	Sri P.N.Vedanarayanan	Sri G.Krishna Murthy
2.	Date of Birth	04.06.1933	17.09.1941
3.	Date of Appointment	April 1, 1994	November 30, 1996
4.	Experience in Specific areas	More than 42 years experience at very senior level in public sector units. Ex-Chairman and Managing Director of NTC Mills Ltd.	More than 40 years experience in Industrial and Business fields as Promoter and entrepreneur. He is an eminent personality having interest in the fields of social services and human relations.
5.	Qualifications	I.A.S. (Retd.)	Graduate of MILT
6.	Shareholding in the Company	NIL	NIL
7.	Directorships in other Public Ltd. Companies	NIL	NIL
8.	Membership in other Company Committees	NIL	NIL



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

DIRECTORS' REPORT

Dear Members,

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

Operations :

The turnover for the year under review was Rs. 76212 lakhs as compared to Rs. 63008 lakhs in the previous year. The increase in overall turnover is attributed to better performance of Caustic, Castor Oil, Fatty Acid divisions.

Division / Segment Wise Operations :

The Caustic plant has produced 111516 MT of Caustic Soda as against 99452 MT for the previous year. As against net sales of Rs. 21175 lacs for previous year, the current year sales comes to Rs. 24924 lacs representing an increase of 18 %.

The Potassium plant has produced 12111 MT of Potassium Hydroxide as against 9041 MT for the previous year. As against net sales of Rs. 6178 lacs for previous year, the current sales comes to Rs. 6189 lacs representing marginal increase of 0.17 %.

The Castor oil plant yielded 13190 MT of oil processing as against 10231 MT for the previous year. As against net sales of Rs. 6773 lacs for the previous year, the current year sales stood at Rs. 12303 lacs representing an increase of 82 %.

The Fatty acid plant has processed 25277 MT for the current year as against 23275 MT for the previous year. The net sales of this division has increased from Rs. 11929 lacs to Rs. 15973 lacs representing an increase of 34 %.

The Power plant at Bellary has billed 1821 lakhs KWH of electricity (including deemed generation) to Karnataka Power Transmission Corporation Limited (KPTCL) during the current year as against 1828 lacs KWH for the previous year.

As against sales to KPTCL (including deemed generation billing) of Rs. 12386 lacs for the previous year, the current year sales comes to Rs. 10375 lacs showing decrease of 16 %.

OUTLOOK FOR THE CURRENT YEAR :

Segmentwise discussion is furnished in **Management Discussion and Analysis** annexed to this report in page No. 16 as "Annexure - E".

FINANCIAL RESULTS :

	YEAR ENDED	
	31.03.2011 (Rs.in lakhs)	31.03.2010 (Rs.in lakhs)
Sales - Gross	76211.86	63008.29
Other Income	993.97	3389.67
Profit on sale of Fixed Assets/ Investments	-	1.78
Increase (Decrease) in Stocks	338.61	188.64
Total Income	77544.44	66588.38
Profit before Interest & Depreciation	9547.81	9674.03
Less: Interest	3340.89	3418.85
Profit before Depreciation	6206.92	6255.18
Less: Depreciation	3448.56	3272.28
Profit (Loss) before Extraordinary items and Taxation	2758.36	2982.90
Less: Expenses/Income relating to Earlier Years (Net)	40.13	21.51
Profit/Loss Before Taxation	2718.23	2961.39
Less: Provision for Taxation (MAT)		
- for Current Year	542.00	504.00
- for Earlier Year	55.08	17.29
- for Deferred Tax Liability	756.22	1039.17
Profit/Loss After Taxation	1364.93	1400.93
Add: Balance Carried from Previous year	2861.26	2460.33
Profit available for Appropriation	4226.19	3861.26
Less: Transfer to General Reserve	500.00	500.00
Less: Transfer to Debenture Redemption reserve	1000.00	500.00
Surplus carried to Balance Sheet	2726.19	2861.26



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

Profit for the Current year at Rs. 1364.93 Lakhs shows a marginal decrease of 2.5 % compared to previous year Profit of Rs. 1400.93 Lakhs. Stiff market and recessionary conditions are the main reasons for over all decrease in performance.

Dividend :

In view of the need for strengthening the financial base of the company, your Directors have decided not to declare any dividend for the year 2010-11.

Capital Expenditure :

During the year the Company has incurred an amount of Rs. 8287 lacs on Capital Expenditure which is mainly towards Electrolysers, Boiler, Turbine, Chloromethanes Project and other normal expenditure. The funds required for the above is met from Promoters / Term loan and other internal accruals.

Safety And Environment Protection :

Your management firmly believes the objective of company's growth by giving due importance to Safety and pollution free Environment as a matter of corporate responsibility which will pay dividends in the long run. Every effort is being made to ensure safety in all activities of the company by entrusting the safety of company in the hands of two experienced General Managers of proven track record and the steps taken by the management to develop green environs around the factory has given desired results. Towards achieving the Company's motto of continuous SAFETY FOR MEN, MACHINE AND MATERIALS the Company has implemented QUESH (Quality, Environment, Safety and Health Policy) policy. Apart from clean and green programmes undertaken both inside and outside the Factory, the Company is in the process of developing Green belt area to protect environment.

Listing Fees :

The Company has paid Listing Fee to Bombay Stock Exchange vide its letter dtd.19.04.2011.

Insurance :

Assets of the Company are adequately insured.

Fixed Deposits :

The Company has not accepted any fixed deposits during the year and there are no fixed deposits outstanding at as on 31.3.2011.

Directors :

Sri P.N.Vedananarayanan and Sri G.Krishna Murthy are retiring by rotation at the ensuing Annual General Meeting and they being eligible for reappointment offers themselves to be reelected as Directors. Sri T.G.Venkatesh has resigned

as Chairman as well as Managing Director of the Company from 01-12-2010. The Board has taken on record its appreciation for the remarkable contribution made by Sri T.G.Venkatesh during his tenure on the Board and Company.

Industrial Relations :

Your Company's Industrial Relations continue to be harmonious and cordial.

Particulars Of Employees :

Except Sri T.G.Venkatesh, CMD (From 20.09.10 to 30.11.10), there were no employee of the Company drawing monthly remuneration of Rs.5,00,000/- or more. Particulars of employees as required under section 217(2A) of the Companies Act, 1956 are given as "Annexure AE ".

Energy Conservation Technology Absorption And Foreign Exchange Earnings And Outgo :

Particulars required to be disclosed under Section 217(2)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed hereto as Annexure - A to this report.

Directors' Responsibility Statement :

As required by the provisions of Section 217(2AA) of the Companies Act, 1956, Directors' Responsibility Statement is attached as Annexure - B.

Corporate Governance :

Pursuant to clause 49 to the Listing Agreement, the mandatory requirements relating to Corporate Governance were to be complied with by your Company. Accordingly your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance in terms of Clause 49 to the Listing Agreements with the Stock Exchanges, are complied with.

Corporate Governance – Clause 49 of Listing Agreement :

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 (Annexure - D) regarding compliance of the conditions of Corporate Governance. The "Annexure C and D" are attached to this report.

Changes in CEO and CFO declaration :

Sri K.Karunakar Rao, Executive Director has been redesignated as Executive Director & CEO (Chief Executive Director) by the Board in its meeting dt.08.01.11 and Sri M.V.Kumara Swamy has been appointed as CFO (Chief Financial Officer) on the recommendation of Audit



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Committee by the Board in its meeting dt.08.01.11 to ensure continuous compliance of Clause-49 of Listing Agreement.

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

Auditors :

M/s.Brahmayya & Co., Chartered Accountants, Adoni, will retire at the conclusion of this Annual General Meeting and are eligible for reappointment. M/s.Brahmayya & Co., are being proposed for reappointment as Auditors to hold office for the current year 2011-12.

Cost Audit :

M/s. Geeyes & Co, A-3, III floor, 56, 7th Avenue, Ashok Nagar, Chennai - 600 083 has been reappointed as cost auditor of the company for the year 2010-11 by the Board in its meeting held on 28.01.10 upon the recommendation of Audit Committee to comply specific order of the Central Govt. (Cost Audit branch of Ministry of Corporate Affairs), with respect to Caustic Soda / Caustic Potash. As against the due date of 30.09.10 the Cost Audit Report has been filed on 24-09-2010 vide SRN No. A94680550 with MCA portal by the Cost Auditor / Company. The Company has complied with all the provisions of the said order regularly.

Audit Committee :

An Audit Committee continues to function to comply with provisions of Sec 292(A) of the Companies Act, 1956 and also Clause 49 of Listing Agreement. The Audit Committee comprises of Sri S.K.Ganguli, Sri P.Sitaram and Sri P.N.Vedananarayanan as members with Sri M.P.Murti as Chairman of the Audit Committee.

Acknowledgement :

Your Directors wish to express their sincere thanks to Financial Institutions, Bankers, Distributors and Customers for their continued support to the Company. The Directors also acknowledge with gratitude the continued help and support received from the various departments of the Government of India and the Government of Andhra Pradesh and Government of Karnataka.

The Directors place on record their appreciation of the sincerity, commitment and contribution made by the Employees at all levels and this was mainly responsible to carry on the business of the Company during the year.

On behalf of the Board of Directors

Sd/-

Place : Hyderabad

Date : 02.05.2011

K. KARUNAKAR RAO

Executive Director & CEO

"ANNEXURE - AE" TO THE DIRECTORS' REPORT

Information as per the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 are forming part of the Director's Report for the period ended 01.04.2010 to 30.11.2010.

Name of the Employee	Age	Qualifications	Designation/ Nature of Duties	Date of commencement of Employment	Remuneration Received Rs. (Gross)	Experience (years)	Last Employment held
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Employed for part of the Financial Year :

Sri T.G. Venkatesh (From 01.04.10 to 30.11.10)	61	B.Com.	Chairman & Managing Director	20.09.1985	34,07,504	39	General Manager (Commercial), Sree Rayalaseema Paper Mills Ltd.
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Notes :

1. Remuneration includes Salary and other perquisites.
2. The Appointment of the Managing Director is Contractual and on the terms and conditions approved by the Members in the Annual General Meetings held on 28.09.2007 and 07.08.2010.
3. Salary has been increased from Rs. 2 lakhs to Rs. 5 lakhs to be effective from 20.09.10 by the share holders in the Annual General Meeting held 07.08.10 at the time of approving reappointment.

On behalf of the Board of Directors

Sd/-

Place : Hyderabad

Date : 02.05.2011

K. KARUNAKAR RAO

Executive Director & CEO



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ANNEXURE 'A' TO THE DIRECTORS' REPORT

Particulars pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy :

1. Additional 2000 KVA Auxiliary Transformer along with PCC and MCC has been installed to improve power distribution and to reduce distribution losses.
2. 1 x 250 KVA (Reduced supply voltage) Lighting Transformer has been installed as energy saving device to reduce lighting energy.
3. 1 No. 4.4 MVR Capacitor Bank has been installed to improve power factor above 0.98 and to reduce distribution power factor above 0.98 and to reduce distribution losses.
4. Vapour Liquid separator is installed in soap noodles plant to increase additional production with same energy.

FORM – A

Disclosure of Particulars with respect to conservation of energy:	Current Year 31.03.2011	Previous Year 31.03.2010
A. Power and Fuel Consumption :		
1. Electricity:		
a) i) Electricity from APCPDCL		
Units (KWH)	178186700	179689309
Total Amount (Rs.in Lakhs)	5987.20	5196.59
Rate/Unit (Rs.)	3.36	2.89
ii) Electricity from APGPCL		
Units (KWH)	26142867	32577223
Total Amount (Rs.in Lakhs)	688.51	678.72
Rate/Unit (Rs.)	2.63	2.08
b) Own Generation:		
i) Through Diesel Generators		
Units(KWH)	-	688345
Unit per Lt of Fuel (KWH)	-	2.38
Cost/Unit (Rs.)	-	66.55
ii) Through Wind Farm		
Units(KWH)	1955493	2181082
Cost/Unit (Rs.)	5.26	3.80
iii) Through Co-Gen Plant		
Units(KWH)	139853600	83999480
Cost/Unit (Rs.)	3.16	3.39
2. Coal :		
Quantity (MT)	248149	193040
Total amount (Rs.in lakhs)	6133.94	4256.97
Average Rate (Rs./MT)	2472	2205
3. Fuel Oil :		
Qty (KL) (consist of HSD & FO)	429	769
Total Amount (Rs.in lakhs)	145.72	191.37
Average Rate (Rs/MT)	33949	24901
B. Consumption per MT of Caustic Soda Lye Production		
No.of Units (KWH) (AC Power)	2517	2440



B. Technology Absorption:

Efforts made in technology absorption are provided in "Form - B" as follows:

FORM – B

Research and Development (R & D) :

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

- New in-house process is developed to produce Methyl 12-Hydroxy Stearic Acid and using sodium methoxide instead of conventional process using Methanol.
- Pilot plant trials are in progress in association with supplier of Hcl plant to generate 12kg/cm2 steam while producing Hydrochloric Acid instead of conventional system of cooling tower.
- Experiments are in progress in association with reputed Research Centre to recover sulphates from brine (non-chemical treatment).

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

- By adopting new route to manufacture Methyl 12-Hydroxy Stearic acid, transportation, storage, handling of methanol is totally eliminated, which is highly inflammable.

3. Future Plans :

- Implementation of Filtered brine acidification and neutralization to remove $Mg(OH)_2$ from brine.
- Introduction of Evaluator for Electrolyser.

4. Technology Absorption, Adoption and Innovation :

- There is no technology innovation, absorption and adoption during the year.

C. Foreign Exchange Earnings And Outgo :

- a) Activities relating to exports; initiatives taken to increase exports, development of new export markets for products and services, and export plans:
- i) Exported Hydrogenated Castor Oil, 12 Hydroxy Stearic Acid, Caustic Potash and planning to enlarge exports by increasing export quantity and explore export possibility for other products.

b) Total Foreign Exchange used and earned		(Rs.in lakhs)
i) Foreign Exchange used	4712.26
ii) Foreign Exchange earned	8754.10

ANNEXURE 'B' TO THE DIRECTORS' REPORT

Directors' Responsibility Statement

Yours Directors Further confirm that :

- (i) In the presentation of the Annual Accounts, applicable Accounting Standards have been followed along with proper explanation relating to material departure or non-compliance in notes to accounts and Directors' Report.



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

- (ii) The accounting policies are consistently applied and reasonable, prudent judgment and estimates are made 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 that period.
- (iii) The Directors had 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.
- (iv) The Directors had prepared the Annual Accounts on a going concern basis.

On behalf of the Board of Directors

Sd/-

K. KARUNAKAR RAO

Executive Director & CEO

Place : Hyderabad

Date : 02.05.2011

ANNEXURE 'C' TO THE DIRECTORS' REPORT

Report on Corporate Governance :

The Management of SRAAC Ltd., hereby confirm and certify that the relevant provisions of Clause-49 of Listing Agreement dealing with "Corporate Governance" as amended from time to time by SEBI and BSE have been complied for the year 2010-11. The Corporate Governance compliance details are furnished hereunder:

(1) Company's Philosophy :

The company is firmly committed to fulfill the objective of good and effective Corporate Governance. The company has complied with almost all the provisions of Corporate Governance before its enactment in the Listing Agreement by respective Stock Exchanges on the order of SEBI. The company's humble philosophy is "SERVING SOCIETY THROUGH HARMONIOUS AND CORDIAL INDUSTRY ACTIVITIES AND RELATIONS" synchronizing socio, economic and human objectives which are backed by principles of concern, commitment, ethics, excellence and learning in all its acts and relationships with stakeholders, customers, associates and community at large which has always propelled the Company towards higher horizons.

(2) Board Procedure :

All the mandatory information as mentioned in Annexure – 1A for Clause 49 of Listing Agreement is being placed before the Board during its meetings.

(3) Board of Directors :

The Composition of the Board is in compliance with the guidelines given in Clause-49 of the Listing Agreement. The Board comprises of Eight Directors and Majority of Directors are independent/nominee Directors. Except two Executive Directors the other Directors are non-Executive Directors. The day-to-day management of the Company is conducted by Executive Director & CEO and Executive Director (Technical) subject to the Superintendence and control of the Board of Directors. The details of Directors attending the Meetings and Date of the Meetings are further furnished hereunder :



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

S.No	Name of the Director	Category	F.Y 2010-11 attendance at		As on 2 nd May, 2011		
			BM	Last AGM	No. of Directorship	Committee Positions Member	Chairman
1.	Sri G.Krishna Murthy	Chairman	3	No	-	-	-
2.	Sri K.Karunakar Rao	E.D & CEO	4	Yes	-	-	-
3.	Sri N.Jeswanth Reddy	E.D (Technical)	4	Yes	-	-	-
4.	Sri T.G.Venkatesh	CMD (Upto 30.11.10)	3	Yes	-	-	-
5.	Sri M.P.Murti	Director (Independent)	4	Yes	3	1	1
6.	Sri S.K.Ganguli	Director (IFCI Nominee)	4	No	4	-	3
7.	Sri P.Sitaram	Director (IDBI Nominee)	2	No	1	-	-
8.	Sri P.N.Vedanarayanan	Director (Independent)	4	No	-	-	-
9.	Sri O.D.Reddy	Director (Independent)	3	Yes	1	1	-

During the financial year ended 31st March, 2011, Four Board Meetings were held on (1) 11.05.10 (2) 20.07.10 (3) 20.10.10 and (4) 08.01.11 respectively.

(4) 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;

1. Oversight of the Company's financial reporting process to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board appointment, reappointment, fixation of fees etc., of Statutory auditors, Cost auditors and Tax Auditors etc.,
3. Reviewing with management the annual Financial Statement before submitting to the Board with particular reference to Directors Responsibility statement, Changes in Accounting Policies, major accounting entries involving estimates, compliance with other Listing Agreement, disclosure of other related party transactions.
4. Qualifications in draft Audit Report.
5. Reviewing with management quarterly financial statements.
6. The adequacy of internal audit functions.
7. Discussion with statutory auditors before the audit commences.
8. Reviewing the findings of any investigations by the internal auditors etc.,
9. Appointment of CFO.

In addition to quarterly and yearly Un-audited/Audited financial results the Committee deliberate upon the relevant matters mentioned in Listing agreement, Companies Act and Cost Audit Report rules etc., The Committee is headed by Sri M.P.Murti, the Senior most independent Director. Majority of the committee members are independent Directors or Nominee Directors of Financial Institutions viz., IDBI and IFCI. The Audit Committee was reconstituted by the Board in its meeting held on 02.05.09 with the following directors as its members (1) Sri M.P.Murti, Chairman (2) Sri S.K.Ganguli, Member (3) Sri P.Sitaram, Member and (4) Sri P.N.Vedanarayanan, Member.



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S.No	Name of the Director	Designation	No. of Meetings	
			Held	Attended
1.	Sri M.P.Murti	Chairman	4	4
2.	Sri S.K.Ganguli	Member	4	4
3.	Sri P.Sitaram	Member	4	2
4.	Sri P.N.Vedanarayanan	Member	4	4

During the financial year ended 31st March, 2011, Four Board Audit Committee Meetings were held on (1) 11.05.10 (2) 20.07.10 (3) 20.10.10 and (4) 08.01.11 respectively.

(5) Remuneration Committee :

The Remuneration Committee was reconstituted by the Board in its Meeting held on 09.01.2005 with the following Directors as its members. During the year one committee meeting was held on 11.05.2010 to consider appointment of Sri K.Karunakar Rao as Executive Director (F&C) and Sri N.Jeswanth Reddy, Executive Director (Technical) and to fix their remuneration. The committee comprises of the following Directors as its members (1) Sri M.P.Murti, Chairman (2) Sri P.N.Vedanarayanan, Member and (3) Sri O.D.Reddy, Member.

The non-executive Directors will be paid sitting fee of Rs.5000/- per meeting of Board and Audit Committee and Rs.1500/- for other Sub-committees of the Board. The Executive Directors will not be paid any sitting fee for attending the Board/ Committee meetings. The details of total remuneration paid to Sri T.G.Venkatesh, CMD (From 01.04.10 to 30.11.10) and Executive Directors from 11.05.10 during the year are furnished hereunder :

S.No	Name of the Director	Salary (in Rs.)	Perquisites (in Rs.)	Commission	Total (in Rs.)
1.	Sri T.G.Venkatesh(Upto 30.11.10)	23,10,000	10,97,504	N.A	34,07,504
2.	Sri K.Karunakar Rao (From 11.05.10)	9,63,000	2,63,042	N.A	12,26,042
3.	Sri N.Jeswanth Reddy(From 11.05.10)	9,63,000	3,82,901	N.A	13,45,901

(6) Shareholder(s) / Investor(s) Grievance Committee :

To review the actions taken by the company in relieving Investor's Grievances and its response to Stock Exchange, SEBI and other related Government correspondence Investors Grievance Committee/Shareholders Committee was constituted by the Board on 11.06.01 and the same was subsequently reconstituted latest on 27.01.03. The details of the committee meetings and composition are detailed hereunder:

S.No	Name of the Director	Designation	No. of Meetings	
			Held	Attended
1.	Sri M.P.Murti	Chairman	4	4
2.	Sri G.Krishna Murthy	Member	4	3
3.	Sri O.D.Reddy	Member	4	4

During the financial year ended 31st March, 2011, Four Investors Grievance Committee Meetings were held on (1) 08.04.10 (2) 08.07.10 (3) 08.10.10 and (4) 03.01.11 respectively.



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The Company is vested with the requisite powers and authorities to specifically look into redressal of shareholder and investor grievances.

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

(7) General Body Meetings :

The last three Annual General Meetings were held as follows :

Financial Year	Day & Date	Time	Venue
2007-08	Thursday & 10.07.2008	4.00 P.M	Regd.Off: Gondiparla, Kurnool
2008-09	Saturday & 18.07.2009	4.00 P.M	Regd.Off: Gondiparla, Kurnool
2009-10	Saturday & 07.08.2010	4.00 P.M	Regd.Off: Gondiparla, Kurnool

All resolutions moved at the last Annual General Meeting were passed unanimously by a show hands by the members attending the meeting. The last Annual General Meeting of the Company was held on 07.08.10 and it was attended by Sri T.G.Venkatesh, Chairman and Managing Director and Sri M.P.Murti, Chairman of Audit Committee besides other Directors viz., Sri K.Karunakar Rao, Sri N.Jeswanth Reddy and Sri O.D.Reddy.

The special business transacted and approved by the members at the previous 3 Annual General Meetings are as follows :

(a) 2007-2008

1. Recommendation for appointment of Statutory Auditors for the year 2008-09.

(b) 2008-2009

1. Recommendation for appointment of Statutory Auditors for the year 2009-10.

(c) 2009-2010

1. Ratification of Sri K.Karunakar Rao appoint as Executive Director (Finance & Commercial) and fixation of remuneration.
2. Ratification of Sri N.Jeswanth Reddy appoint as Executive Director (Technical) and fixation of remuneration.
3. Reappointment of Sri T.G.Venkatesh as Chairman and Managing Director and revision of remuneration.

(8) Disclosures :

None of the transactions with any of the related parties were in conflict with the interests of the Company at large. The details of related party transactions are furnished under Schedule I - Point No.11 of - Notes to Accounts of Balance Sheet and Profit & Loss account to comply with Accounting Standard 18. The company has not received any notices from Stock Exchange or SEBI regarding non compliance of statutory provisions. The Company is complying with all mandatory requirements stipulated in Clause 49 and non-mandatory requirements are not yet adopted by the Company.

(9) Means of Communication :

The Company publishes its quarterly, half yearly and annual results in the (1) Business Standard (English) (2) 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. The



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

company is also making presentations to the Financial Institutions with all the details relating its quarterly results. Further to confirm that the management discussion and analysis report communicated to shareholders and all the concerned has been made part and of parcel of Annual Report. Further the Quarterly/Half yearly Results are generally posted in Company's Website www.tgvgroup.com.

(10) General Shareholder Information :

- a. AGM Date, time and Venue : 9th August, 2011 at 3.15 P.M.
at Regd. Office : Gondiparla,
Kurnool - 518 004 (A.P).
- b. Tentative Financial Calendar : The next financial year covers the period from
1st April, 2011 to 31st March, 2012
- Un-Audited Financial results for : First Quarter - July / August, 2011
Second Quarter - October / November, 2011
Third quarter - January / February, 2012
Fourth quarter - April / May, 2012
- c. Book Closure period : 05-08-2011 to 09-08-2011 (both days inclusive)
- d. Dividend payment date : - Not Applicable -
- e. The Shares of the Company is listed on :

Bombay Stock Exchange Limited, Dalal Street, Mumbai.

ISIN NO : INE 284B01028, SCRIP CODE : 507753 in EQUITY SHARES

ISIN NO : INE 284B04014, SCRIP CODE : 700102 in C.R.P.S

The listing fee to the Stock Exchange for the year 2011-12 is paid by the Company vide its letter dtd.19.04.2011.

f. Market Price Data: The Monthly High And Low of Stock Quotations during the Financial Year 2010-11.

MONTH & YEAR	EQUITY SHARES		C.R.P.S.	
	HIGH (Rs.)	LOW (Rs.)	HIGH (Rs.)	LOW (Rs.)
April, 2010	15.40	11.65	5.30	3.66
May, 2010	15.84	13.10	5.14	3.68
June, 2010	16.00	13.22	12.00	4.06
July, 2010	15.50	13.05	12.52	6.86
August, 2010	14.99	12.50	9.35	7.00
September, 2010	17.49	12.86	12.13	6.66
October, 2010	18.70	15.10	11.74	7.84
November, 2010	16.95	12.20	9.80	7.06
December, 2010	16.10	12.11	10.11	5.64
January, 2011	13.50	10.25	10.08	4.53
February, 2011	11.79	8.82	7.21	4.21
March, 2011	10.39	8.90	6.35	4.00



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

g. Distribution of Shareholding pattern for Equity Shares and CRPS as on 31st March, 2011.

S.No	CATEGORY	EQUITY SHARES		C R P S (*)	
		SHARES	%	SHARES	%
1.	Promoter	28060658	41.58	8448145	44.74
2.	Mutual Funds and UTI	37787	0.06	37787	0.20
3.	Banks & Financial Institution & Insurance Companies	21068971	31.21	2424694	12.84
4.	Corporate Bodies	3454022	5.12	1577203	8.35
5.	Indian Public	13737129	20.35	5831739	30.89
6.	NRIs / OCBs	1134719	1.68	562764	2.98
	TOTAL	67493286	100.00	18882332	100.00

(*) CRPS Cumulative Redeemable Preference Shares

h. Share Transfer Agents :

M/s.Aarthi consultants Pvt. Ltd., Regd.Office : 1-2-285, Domalguda, Hyderabad – 500 029 has been acting as Share Transfer Agent (STA) to the company. Shareholders who desire to transfer (Physical) or dematerialise their shares are requested to send their shares along with supporting documents to the above Share Transfer Agent (STA).

i. Dematerialisation of Shares And Liquidity :

As on 31st March, 2011 out of 67493286 Equity Shares 65698316 No. of Shares were dematerialised (97.34 %). Out of 18882332 No. of 0.01% CRP Shares 16546281 (87.62 %) CRPS were dematerialized. Since the company's shares are trading under compulsory De-mat mode shareholders are requested to take necessary steps to dematerialise their shares held in physical form.

j. Outstanding GDR / ADRs / Warrants / Convertible Instruments :

- Not Applicable –

k. Code of Conduct :

In pursuance to the Clause 49 of the listing agreement “Code of Conduct” applicable to (1) Directors (2) Senior Management has been approved by the Board and the same has been placed on the company's website. Copy of the code of conduct circulated to all the concerned and obtained their affirmation.

DECLARATION BY CEO

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

On behalf of the Board of Directors

Sd/-

Place : Hyderabad

Date : 02.05.2011

K. KARUNAKAR RAO
Executive Director & CEO

l. Plant Location :

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

Bellary Power Plant : Tagginabudihalli, Bellary, Karnataka.



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

m. For all matters, address for Correspondance at any of the following addresses :

(A) New Registrar and Share Transfer Agent :

Aarathi Consultants Private Limited

Regd.Office : 1-2-285, Domalguda, Hyderabad – 500 029 (A.P)

Tel.No. : 040 – 27638111, 27634445, 27642217, 66611921 Fax No. : 040 – 27632184

E-mail : info@aarthiconsultants.com

(B) Sree Rayalaseema Alkalies And Allied Chemicals Limited

6-2-1012, II Floor, TGV Mansion,

Opp.Institute of Engineers, Khairatabad, Hyderabad – 500 004 (A.P)

Tel No. : 040 – 23313843 Fax No.: 040 - 23313875

n. E-mail ID : sralkalies@tgvmail.net

On behalf of the Board of Directors

Sd/-

K. KARUNAKAR RAO

Executive Director & CEO

Place : Hyderabad

Date : 02.05.2011

ANNEXURE 'D' TO THE DIRECTORS' REPORT

Auditor's Certificate on Corporate Governance :

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

To

The Members of

M/s. SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

We have examined the compliance of conditions of Corporate Governance by Sree Rayalaseema Alkalies and Allied Chemicals Ltd., Kurnool for the year ended March 31, 2011 as stipulated in Clause- 49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that generally no investor grievances are pending for a period exceeding one month against the 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 Brahmayya & Co.,
Chartered Accountants
Firm Regn. No. 000514S

Sd/-

B.DAIVADHEENAM REDDY

Partner

Membership No.026450

Place : Hyderabad (Camp)

Date : 02.05.2011



ANNUXURE 'E' TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS :

The Company is having mainly three Business Division namely:-

- (1) Chemicals Division
- (2) Oils and Fats Division
- (3) Power Division

Division wise analysis of Industry Structure, Opportunity and Threats and Out Look are discussed hereunder for information of the members.

1. CHEMICALS DIVISION :

Under this division Caustic Soda, Pottasium Hydroxide, Chlorine, Hydrochloric Acid etc. are manufactured. Chlorine is produced as a joint product along with Caustic Soda and Pottasium Hydroxide. Caustic Soda is used in industrial products like paper, pulp, aluminium, pvc, pharmaceuticals etc, chlorine is used in water treatment, pigments, pulp, paper, textiles etc. and Hydrochloric Acid is used in pesticides, cleaning purposes of metal etc.

Caustic Soda is a basic chemical and is used in almost all manufacturing processes. The performance of alkalie industry is reflected in the performance of the industry in general and also country's GDP. The Chloro Alkalie industry being power intensive, any increase in power cost would affect its performance. The commercial disposal of chlorine is the main concern for any caustic unit. To overcome this, the Company is setting up Chloromethane project. The company has achieved financial closure as a step towards implementation of the project. Works relating to the Chloromethanes Project are under progress. Signs of recovery shown in general market is a good sign towards the optimistic future market. Unseasonal rains and cyclones have affected salt availability in the market and as a result the cost of main raw material has gone up.

2. OILS AND FATS DIVISION :

Castor oil derivatives (comprising of Hydrogenated Castor Oil, 12 Hydroxy Stearic Acid and Recinolic Acid), Fatty Acids, Soap noodles, Glycerine and bathing / toilet soap forms part of this division. The raw materials namely Castor Oil, various industrial vegetable oils and crude glycerine are highly volatile in their prices. India is a leading country in exporting castor oil derivatives with abundant availability of raw material. Being a composite plant, many inputs like caustic soda, steam, Hydrogen are available internally and the same is main strength and an opportunity for the company. During the year the market for both fatty acids and castor oil is encouraging and it is hoped that the same will prevail in future. Frequent fluctuations in Castor Oil prices is the main concern for this division. The forecast of normal monsoon is also a good sign for better performance of this division in future.

3. POWER DIVISION :

The power plant at Bellary is being operated with furnace oil as feed stock and the company delivers its generation to KPTCL under a power purchase agreement. The increase in fuel costs though a concern, is a pass through in pricing the sale of power to KPTCL. Ever increasing demand for power is a favourable sign for better future of this division.



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

GENERAL-SEGMENT-WISE PERFORMANCE TOGETHER WITH DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE :

Segment-wise performance together with discussion on financial performance with respect to operational performance has been dealt with in the Directors' Report which should be treated as forming part of this Management Discussion and Analysis.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

The Company has established an appropriate system of internal control to ensure that there exists a proper control over all the transactions and that all its assets are properly safeguarded and not exposed to risk arising out of unauthorised use or disposal. The Internal Audit conducted at all divisions for all the key areas of business. The Internal Control System is supplemented by a programme of Internal Audits to ensure that the assets are properly accounted for and the business operations are conducted in adherence to laid down policies and procedures. The Internal Audit is oriented towards review of controls and operational improvements.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED :

Relations with the employees remained cordial in general throughout the year. In order to optimise the contribution of the employees to the Company's business and operations, in-house training is given to the employees to induce contribution to productivity increase and development programmes for all levels of employees have been devised. Occupational Health Safety and Environmental Management are given utmost importance. As at 31st March, 2011 the employee strength (on permanent rolls) of the Company was 966.

CAUTIONARY STATEMENT :

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations and such forward-looking statements involve risks and uncertainties. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the Countries in which the Company conducts business and other incidental factors. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new informations, future events, or otherwise. Readers are cautioned not to place undue reliance on these forward looking statements that speaks only as of their dates.

On behalf of the Board of Directors

Sd/-

K. KARUNAKAR RAO
Executive Director & CEO

Place : Hyderabad
Date : 02.05.2011



AUDITOR'S REPORT

To
The Members

**SREE RAYALASEEMA ALKALIES AND
ALLIED CHEMICALS LIMITED**

1. We have audited the attached Balance Sheet of M/s.Sree Rayalaseema Alkalies and Allied Chemicals Ltd., Kurnool as at 31st March, 2011 and the Profit and Loss Account and also Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books.

- iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- v) On the basis of written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and other notes thereon give the information required by the Companies Act, 1956, 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, 2011;
 - b) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Brahmaya & Co.,
Chartered Accountants
Firm's Regn. No. 000514S

Sd/-
(B.DAIVADHEENAM REDDY)

Place : Hyderabad (Camp)
Date : 02.05.2011

Partner
Membership No.026450



ANNEXURE TO AUDITOR'S REPORT

Re: Sree Rayalaseema Alkalies and Allied Chemicals Ltd., Kurnool.

Referred to in Paragraph 3 of our report of even date;

- (i) In respect of fixed assets;
 - a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. As explained to us, all the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- (ii) In respect of inventories;
 - a. The inventories have been physically verified by the management at regular intervals during the year. In our opinion, the frequency of verification is reasonable.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company has maintained proper records of inventories. As explained to us, the discrepancies noticed on physical verification between the physical stocks and the book records were not material.
- (iii) a. The Company has taken interest free unsecured loan from one company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 520.00 lakhs and the year end balance of loan taken from such company was Rs. 520.00 lakhs. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
 - b. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which loans have been taken from the company listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
 - c. In our opinion and according to the information and explanations given to us and as represented by the Company, the loan amount was taken from Promoters group contribution towards Equity and no stipulation for repayment of principal and no interest payment on the loan amount. Therefore, no irregularity in repayment of principal and interest payment.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
- (v) In respect of transactions covered under Section 301 of the Companies Act, 1956;
 - a. According to the information and explanations given to us, we are of the opinion that the transactions made in pursuance of contracts or arrangements, that needed to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five 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.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public specified under the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. No order has been passed by the Company Law Board.



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has prescribed maintenance of Cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of chemicals and soaps manufacturing and electricity generation activities of the Company. We have broadly reviewed the books of account and records relating to materials, labour and other items of cost maintained by the Company and we are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (ix) In respect of statutory dues;
- a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees's State Insurance, Income-Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues have been generally regularly deposited with marginal delays with the appropriate authorities.
 - b. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.
 - c. According to the information and explanations given to us, there are disputed statutory dues, which have not been deposited in respect of the following :

Sl. No.	Name of the Statute	Nature of dues	Rs. in lakhs	Period	Forum where dispute is pending
1.	The Central Excise Act, 1944	CENVAT Credit availed on input services	8.35	2005 to 2007	Central Excise and Service Tax Appellate Tribunal, Bangalore.
2.	The Central Excise Act, 1944	CENVAT Credit availed against manufacture of exempted goods disallowed	95.41	2008-09	Central Excise and Service Tax Appellate Tribunal, Bangalore.
3.	The Central Excise Act, 1944	CENVAT Credit availed on welding electrodes disallowed	2.77	2008-09	Central Excise and Service Tax Appellate Tribunal, Bangalore.
4.	The Central Excise Act, 1944	CENVAT Credit availed on service tax disallowed	77.27	2007-08 (April, 2007 to Feb, 2008)	Central Excise and Service Tax Appellate Tribunal, Bangalore.
5.	The Central Excise Act, 1944	CENVAT Credit availed on service tax disallowed	45.67	2008-09 (March, 2008 to Aug, 2008)	Additional Commissioner of Central Excise, Tirupati.
6.	The Central Excise Act, 1944	CENVAT Credit on input service tax	40.41	2008-09 (Sep, 2008 to March, 2009)	Additional Commissioner of Central Excise, Tirupati.
7.	The Central Excise Act, 1944	CENVAT Credit on input service tax	52.88	2009-10 (April, 2009 to March, 2010)	Commissioner of Customs and Excise, Tirupati.
8.	A.P.VAT Act, 2005	Input tax credit on furnace oil & coal disallowed (Paid)	53.91 (53.91)	2005-06	Sales tax Appellate Tribunal, Hyderabad.
9.	KERALA VAT Act, 2005	Disputed VAT on estimated gross profit	20.51 (5.12)	2008-09	The Deputy Commissioner of Appeals, Ernakulam.
10.	Indian Customs Act, 1962	Differential customs duty on raw material purchases (Paid)	1161.14 (125.00)	2000 to 2006	Commissioner of Customs, Chennai.
11.	Indian Customs Act, 1962	Penalty on classification of goods disputed	9.90	2008-09	High Court of Andhra Pradesh, Hyderabad.
12.	Employees Provident Fund and Miscellaneous Provisions Act, 1952	PF delay charges/ damages for belated payments	15.34	May, 2002 to Nov, 2006	Regional PF Commissioner, Cuddapah(for waiver).



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

- (x) In our opinion, the company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, we are of the opinion, that the Company has not defaulted in repayment of dues to Financial Institutions, Banks or Debenture holders, except the interest and principal dues fallen due during the year, which were paid subsequent to due dates, but no amount was due at the year end.
- (xii) In our opinion and according to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and others investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loans received during the year have been applied for the purposes for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) According to the information and explanations given to us, during the year, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has created securities in respect of debentures issued.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For Brahmaya & Co.,
Chartered Accountants
Firm's Regn. No. 000514S

Sd/-
(B.DAIVADHEENAM REDDY)
Partner
Membership No.026450

Place : Hyderabad (Camp)
Date : 02.05.2011



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

BALANCE SHEET AS AT 31st MARCH, 2011

Rs. In Lakhs

SCHEDULE		As at 31.03.11	As at 31.03.10
SOURCES OF FUNDS			
(1) SHAREHOLDERS FUNDS:			
(a) Share Capital	A	8641.84	8641.84
(b) Reserves and Surplus	B	<u>12085.73</u>	<u>10720.80</u>
		20727.57	19362.64
(2) LOAN FUNDS:			
(a) Secured Loans	C	18225.58	22227.44
(b) Unsecured Loans	D	<u>3919.29</u>	<u>2866.71</u>
		22144.87	25094.15
(3) DEFERRED TAX LIABILITY			
		<u>6627.12</u>	<u>5870.91</u>
TOTAL		<u>49499.56</u>	<u>50327.70</u>
APPLICATION OF FUNDS			
(1) Fixed Assets -			
(a) Gross Block	E	72974.55	72661.61
(b) Less: Depreciation		<u>35019.08</u>	<u>31571.59</u>
(c) Net Block		<u>37955.47</u>	<u>41090.02</u>
(d) Capital Work-in-process		<u>10297.21</u>	<u>2344.41</u>
		48252.68	43434.43
(2) Investments			
	F	<u>198.81</u>	<u>198.31</u>
(3) Current Assets, Loans and Advances			
(a) Inventories		6251.99	4899.94
(b) Sundry debtors		7147.25	5683.70
(c) Cash and Bank Balances		<u>2331.20</u>	<u>1622.84</u>
		15730.44	12206.48
(d) Loans and Advances		<u>7348.68</u>	<u>7831.42</u>
		23079.12	20037.90
(e) Less: Current Liabilities	H-A	21447.19	12835.04
(f) Less: Provisions	H-B	<u>583.86</u>	<u>507.90</u>
Net Current Assets		1048.07	6694.96
TOTAL		<u>49499.56</u>	<u>50327.70</u>
Earning per share		2.02	2.08
Notes to Accounts	I		

Schedules "A" to "I" annexed form integral part of Balance Sheet

As Per our Report of even date attached

For and on behalf of the Board

For Brahmayya & Co.,

Chartered Accountants
Firm's Regn.No.000514S

Sd/-
K. KARUNAKAR RAO
Executive Director & C.E.O

Sd/-
M.P. MURTI
Director

Sd/-
B. DAIVADHEENAM REDDY
Partner
Membership No.026450

Sd/-
V. RADHAKRISHNA MURTHY
C.G.M. & Company Secretary

Sd/-
M.V. KUMARA SWAMY
Vice President (Finance)
Chief Financial Officer

Place : Hyderabad
Date : 02.05.2011

Place : Hyderabad
Date : 02.05.2011



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.11

Rs. In Lakhs

SCHEDULE		Year Ended 31.03.11	Year Ended 31.03.10
INCOME			
Sales - Gross	1	76211.86	63008.29
Less: Excise Duty & Sales Tax		<u>6468.62</u>	<u>4573.23</u>
Sales - Net		69743.24	58435.06
Export Incentives		530.36	329.37
Process Charges		107.04	163.00
Other Income	2	356.57	2897.30
Profit on Sale of Fixed Assets		-	1.78
Increase / (Decrease) in Stocks	3	<u>338.61</u>	<u>188.64</u>
TOTAL INCOME		<u>71075.82</u>	<u>62015.15</u>
EXPENDITURE			
Consumption of Raw materials	4	37962.95	32067.94
Employees Remuneration & Benefits	5	2434.95	2169.24
Power and Fuel		13102.01	10368.40
Consumption of Chemicals, Packing and stores		2651.70	2782.43
Other Manufacturing, Administrative &			
Selling Expenses	6	5376.40	4953.11
Interest/Finance Charges	7	3340.89	3418.85
TOTAL EXPENSES		<u>64868.90</u>	<u>55759.97</u>
PROFIT BEFORE DEPRECIATION & TAX		<u>6206.92</u>	<u>6255.18</u>
Less: Depreciation	E	3448.56	3272.28
Expenses/(Income) relating to Earlier Years (Net)		<u>40.13</u>	<u>21.51</u>
PROFIT BEFORE TAX		<u>2718.23</u>	<u>2961.39</u>
Less: Provision for Taxation(MAT) - for Current Year		542.00	504.00
Less: Provision for Taxation - for Earlier Years		55.08	17.29
Less: Provision for Deferred Tax Liability for the year		<u>756.22</u>	<u>1039.17</u>
PROFIT AFTER TAX		<u>1353.30</u>	<u>1560.46</u>
Add : Surplus Carried from Previous Year		1364.93	1400.93
PROFIT AVAILABLE FOR APPROPRIATION		<u>2861.26</u>	<u>2460.33</u>
Less: Transfer to Debentures Redemption Reserve		1000.00	500.00
Less: Transfer to General Reserve		<u>500.00</u>	<u>500.00</u>
Surplus carried to Balance Sheet		<u>2726.19</u>	<u>2861.26</u>
Notes to Accounts	I		

Schedules "1" to "7" and "E" to "I" annexed form integral part of Profit and Loss Account

As Per our Report of even date attached

For and on behalf of the Board

For **Brahmayya & Co.,**

Chartered Accountants
Firm's Regn.No.000514S

Sd/-

B. DAIVADHEENAM REDDY

Partner
Membership No.026450

Place : Hyderabad
Date : 02.05.2011

Sd/-

K. KARUNAKAR RAO

Executive Director & C.E.O

Sd/-

V. RADHAKRISHNA MURTHY

C.G.M. & Company Secretary

Place : Hyderabad
Date : 02.05.2011

Sd/-

M.P. MURTI

Director

Sd/-

M.V. KUMARA SWAMY

Vice President (Finance)
Chief Financial Officer



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

	As at 31.03.11 Rs. In Lakhs	As at 31.03.10 Rs. In Lakhs
SCHEDULE - A		
SHARE CAPITAL		
AUTHORISED:		
i) 6,80,00,000 Equity shares of Rs.10/- each (Previous Year 6,80,00,000 Equity shares of Rs.10/- each)	6800.00	6800.00
ii) 1,90,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each having Coupon rate of 0.01% redeemable after 15 years.	1900.00	<u>1900.00</u>
ISSUED:		
(A) 1,88,82,332 Cumulative Redeemable Preference Shares of Rs.10/- each allotted on sub-division and consolidation having a Coupon rate of 0.01% from April, 2002 redeemable after 15 Years in 4 Quarterly instalments commencing from 1.04.2018.	1888.23	1888.23
(B) 1,88,82,331 Equity shares of Rs.10/- each issued on sub-division and consolidation.	1888.23	1888.23
(C) 2,86,10,955 Equity Shares of Rs.10/- each issued on preferential allotment to IDBI & IFCI by Conversion of 15% of Rupee/Foreign Currency loans and Debentures.	2861.10	2861.10
(D) 2,00,00,000 Equity Shares of Rs.10/- each Share Warrants issued to Promoters group on Preferential allotment.	2000.00 8637.56	<u>2000.00</u> <u>8637.56</u>
SUBSCRIBED, CALLED-UP & PAID UP:		
(A) 1,88,82,332 Cumulative Redeemable Preference Shares of Rs.10/- each allotted on sub-division and consolidation having a Coupon rate of 0.01% from April,2002 redeemable after 15 Years in 4 Quarterly instalments commencing from 1.04.2018.	1888.23	1888.23
(B) 1,88,82,331 Equity shares of Rs.10/- each allotted on sub-division and consolidation.	1888.23	1888.23
(C) 2,86,10,955 Equity Shares of Rs.10/- each allotted on preferential allotment to IDBI & IFCI by Conversion of 15% of Rupee/F.C.loans and Debentures.	2861.10	2861.10
(D) 1,45,80,000 Equity Shares of Rs.10/- each allotted on Preferential allotment to Promoters group.	1458.00	1458.00
(E) 54,20,000 Equity Shares of Rs.10/- each allotted on 25.04.2006 to promoters group on conversion of fully paid share warrants issued on preferential allotment.	542.00 8637.56	<u>542.00</u> <u>8637.56</u>
ADD: Amount received on Forfeited Shares of Original issue in 1995-96 (180086 Shares)	4.28	4.28
	8641.84	<u>8641.84</u>



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

	As at 31.03.11 Rs. In Lakhs	As at 31.03.10 Rs. In Lakhs
SCHEDULE - B		
RESERVES AND SURPLUS		
Central Subsidy - Per last Balance Sheet	111.67	111.67
Capital Reserve - Per last Balance sheet	2.00	2.00
Share Premium Account-Per last Balance Sheet	2288.51	2288.51
General Reserve - Per last Balance Sheet	1937.36	1437.36
Add : Transfer from Profit and Loss Account	<u>500.00</u>	<u>500.00</u>
	2437.36	1937.36
Investment Allowance Reserve - Per last Balance Sheet	520.00	520.00
Debentures Redemption Reserve - Per last Balance Sheet	3000.00	2500.00
Add : Transfer from Profit and Loss Account	<u>1000.00</u>	<u>500.00</u>
	4000.00	3000.00
	<u>9359.54</u>	<u>7859.54</u>
Surplus in Profit & Loss Account	2726.19	2861.26
TOTAL	<u>12085.73</u>	<u>10720.80</u>

SCHEDULE - C

SECURED LOANS

A) DEBENTURES (PRIVATELY PLACED) :

i) 8,50,000 - 11% Redeemable Non-convertible Debentures of Rs.100/- each issued to IDBI (As per Restructuring of Debts payable in 96 Monthly instalments from April, 2008)	531.25	637.50
ii) - 3,10,761- Series "A" 5% interest Redeemable Non-Convertible Debentures of Rs.100/- each issued to I.F.C.I.Ltd (as per restructuring package redeemable in 96 Monthly Instalments from April, 2008)	194.10	232.92
- 2,05,177 - Series "B" 5% interest, Redeemable Optionally Fully convertible debentures of Rs.100/- each issued to I.F.C.I. Ltd (as per restructuring package redeemable in 96 Monthly Instalments from April, 2008)	128.22	153.86
- 33,26,200 - Series "C" 5% interest, Redeemable Non-convertible Debentures of Rs.100/- each issued to I.F.C.I. Ltd (liability to the extent of crystallised dues as per restructuring package Redeemable in 96 Monthly Instalments from April, 2008)	<u>1894.98</u>	<u>2273.98</u>
	2748.55	3298.26



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

	As at 31.03.11 Rs. In Lakhs	As at 31.03.10 Rs. In Lakhs
B) LOANS FROM INSTITUTIONS:		
1) - Term Loans IDBI & IFCI Loans Repayable in 96 Monthly Instalments from April, 2008	9712.74	11636.62
- Deferred Loans (Repayable in 120 Monthly instalments from April, 2006 as per Restructuring package)	2390.55	2868.66
	12103.29	14505.28
2) Term Loans from Banks	429.83	-
3) Short Term Loans from Banks (Repayable within one year)	-	1836.92
C) WORKING CAPITAL LOANS FROM :		
United Bank of India	612.94	663.11
Indian Bank	473.99	581.90
South Indian Bank Ltd.	389.57	465.74
ICICI Bank Ltd.	200.86	-
Federal Bank Ltd.	152.62	109.12
IDBI Bank Ltd.	378.75	373.59
Canbank Factors Ltd., (Bills discounted)	735.18	393.52
	2943.91	2586.98
TOTAL	18225.58	22227.44

SECURITY:

- 1) The above Debentures issued to IDBI are secured by first charge of all the Company's immovable properties both present and future ranking paripassu with the mortgages and charges created / to be created with other loans and further secured by first charge by way of mortgage of Company's properties (save and except book debts and assets exclusively charged / to be charged in favour of IDBI) including movable machinery, machinery spares, tools and accessories present and future subject to prior charge created and /or to be created in favour of Company's Bankers on the Company's stock of raw materials as well as to Banks on semi- finished and finished goods, consumable stores and such other movables as may be agreed to by the Trustees for securing the borrowings for working capital requirements in the ordinary course of business and further secured by pledge of 804000 Nos. of APGPCL Equity shares of Rs.10/- each and guaranteed by the Ex-Managing Director, Sri T.G.Venkatesh.
- 2) The above series "A" debentures issued to IFCI are secured in favour of their Trustees by way of first charge on all immovable properties situated at Bellary both present and future and further secured by way of first charge on company's movable (save and except book-debts), including movable machinery, machinery spares, tools and accessories; present and future, subject to prior charge created and/or to be created in favour of company's bankers on the stock of raw materials, semi finished goods, consumable stores and such other movable, as may be agreed to by the trustees, for securing the borrowings for working capital requirements in the ordinary course of business and further guaranteed by Ex-Managing Director, Sri T.G.Venkatesh.



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

- 3) The above series "B&C" debentures issued to IFCl are secured in favour of their Trustees by way of first charge on all immovable both present and future and further secured by way of first charge on company's movable (save and except book-debts), including movable machinery, machinery spares, tools and accessories; present and future, subject to prior charges created and / or to be created in favour of company's bankers on the stock of raw materials, semi finished goods, consumable stores and such other movable, as may be agreed to by the trustees, for securing the borrowings for working capital requirements in the ordinary course of business and further guaranteed by Ex-Managing Director, Sri T.G.Venkatesh.
- 4) The above Term Loans from Institutions [except the Term Loan amount of Rs.3933.74 lakhs from M/s IFCl Ltd. secured by first exclusive charge on the building, plant and machinery acquired under project schemes of Fatty Acid, Pottassium Hydroxide / and power plant at Bellary are secured by first charge on all the immovable properties both present and future and further secured by first charge by way of hypothecation of all movables (save and except book debts and inventories including movable machineries, spares, tools, accessories both at present and future, subject to prior charges created/ to be created in favour of the company's bankers as specified movables for working capital requirements) and further Guaranteed by the Ex-Managing Director, Sri T.G.Venkatesh.

IFCl's Additional Margin money for working capital loan outstanding of Rs.531.25 Lakhs is further secured by pledge of 536000 Nos. of APGCL Equity shares of Rs.10/- each.

- 5) The above Term loans from Banks are secured by first charge on fixed assets of chloromethanes Project and second pari passu charge on all immovable properties and guaranteed by Ex-Managing Director, Sri T.G.Venkatesh.
- 6) The above Working Capital and Short Term Loans from Banks are secured by hypothecation of Raw materials, stock in process, finished goods, stores and spares of the company wherever situated and Book debts to the extent of sanctioned limits, and further secured by second charge on all immovable properties and guaranteed by the Ex-Managing Director, Sri T.G.Venkatesh. And the Bill discounting facility from Can Bank Factors Ltd., is secured by second charge on respective fixed assets of the company ranking pari passu with charges already created/ to be created by the Company and further guaranteed by the Ex-Managing director, Sri T.G.Venkatesh.

As at 31.03.11
Rs. In Lakhs

As at 31.03.10
Rs. In Lakhs

SCHEDULE - D

UNSECURED LOANS

Loans from promoters group	520.00	-
Trade Deposits	365.00	230.00
Factoring Bills Payable	1151.30	749.36
Sales Tax Deferment (Payable within 12 Months Rs. 5.24 Lakhs)	1882.99	1887.35
TOTAL	3919.29	2866.71



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

SCHEDULE "E" FIXED ASSETS

Rs.in Lakhs

Sl. No.	Description	GROSS BLOCK (ATCOST)		DEPRECIATION		NET BLOCK				
		As at 01/04/10	Additions	Deductions	As at 31/03/11	upto 31/03/10	For the year	Deductions	As at 31/03/11	As at 31/03/10
1	a) Free hold Land and Development	536.56	73.06	6.38	603.24*	-	-	-	603.24	536.56
	b) Lease hold Land	24.15	-	-	24.15	-	-	-	24.15	24.15
2	Buildings	5625.29	14.76	14.44	5625.61	1043.41	167.23	1.07	1209.57	4581.88
3	Plant & Machinery	42736.25	174.81	-	42911.06	19417.25	2066.56	-	21483.81	23319.00
4	Power Plant & Machinery	12607.77	-	-	12607.77	5782.22	665.69	-	6447.91	6825.55
5	Electricals & D.G.Sets	9989.96	-	-	9989.96	4537.43	474.59	-	5012.02	5452.53
6	Furniture & Fittings	83.63	3.86	-	87.49	59.08	4.80	-	63.88	24.55
7	Office and Telephone Equipment	253.92	26.30	-	280.22	135.07	18.68	-	153.75	118.85
8	Computers	272.89	23.74	-	296.63	227.42	21.76	-	249.18	45.47
9	Lab.Workshop & Other Equipment	237.22	16.48	-	253.70	130.27	16.28	-	146.55	106.95
10	Vehicles	293.97	0.75	-	294.72	239.44	12.97	-	252.41	54.53
	Total	72861.61	333.76	20.82	72974.55	31571.59	3448.56	1.07	35019.08	41090.02
11	Capital Works-in-Progress									
	a) Civil Works	120.03	1260.41	13.78	1366.66	-	-	-	-	120.03
	b) Plant & Machinery	2224.38	6808.47	102.29	8930.55	-	-	-	-	2224.38
	Total	2344.41	8068.87	116.07	10297.21	-	-	-	-	2344.41
	GRAND TOTAL	75006.02	8402.64	136.89	83271.76	31571.59	3448.56	1.07	35019.08	48252.68
	PREVIOUS YEAR	71172.55	8008.77	4175.30	75006.02	28376.98	3272.28	77.67	31571.59	43434.43

* Includes land value of Rs.85.26 Lakhs (previous year Rs. 85.26 lakhs) registered in the name of Ex-Chairman and Managing Director and Company's employee due to restriction on registration in Company's name.



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

	As at 31.03.11 Rs. In Lakhs	As at 31.03.10 Rs. In Lakhs
SCHEDULE - F		
INVESTMENTS		
NON-TRADE INVESTMENTS-IN GOVERNMENT SECURITIES		
National Saving Certificates (unquoted at cost)	1.50	1.00
NON-TRADE INVESTMENTS		
i) In Shares (unquoted at cost)		
a) Andhra Pradesh Gas Power Corporation Ltd., (536000 Equity Shares of Rs.10/- each and 804000 Equity Shares of Rs.10/- each at Rs.12.50 & Bonus Shares 53600, which are pledged with Financial Institutions)	144.05	144.05
ii) Quoted:		
a) SRHHL Industries Ltd. (316666 Equity Shares of Rs.10/- each)	31.67	31.67
b) Sree Rayalaseema Hi-Strength Hypo Ltd (resulting company) (208333 Equity Shares of Rs.10/- each)	20.83	20.83
c) Indian Bank (839 Equity Shares of Rs.10/- each at Rs.91/- each)	0.76	0.76
TOTAL	198.81	198.31
Aggregate Book Value of Quoted Investments	53.26	53.26
Aggregate Market Value of Quoted Investments	113.82	79.51
Aggregate Book Value of Unquoted Investments	145.55	145.05
SCHEDULE - G		
CURRENT ASSETS, LOANS AND ADVANCES		
A. CURRENT ASSETS		
1. Inventories		
(As taken, valued and certified by the Management)		
Raw Materials	1810.48	988.44
Stores, Consumables & Spares	2649.71	2028.12
Goods in Bonded Warehouse (Includes Capital goods)	-	430.19
Stock in Process	542.94	373.83
Finished Goods	1241.26	1073.59
Scrap & Disposables	7.60	5.77
	6251.99	4899.94
2. Sundry debtors (unsecured)		
Outstanding for more than six months	147.92	135.26
Considered good		
Considered doubtful	10.30	-
Less : Provision for doubtful debts	10.30	-
Others - (Less than six months) - Considered good	6999.33	5548.44
	7147.25	5683.70



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

	As at 31.03.11 Rs. In Lakhs	As at 31.03.10 Rs. In Lakhs
3. Cash & Bank Balances		
cash on hand	10.72	9.40
Balance with Scheduled Banks		
In Current Account	168.65	259.68
In Deposit Account (Includes Margin Money)	2007.38	1235.55
Interest Accrued on Bank Deposits	144.45	118.21
	<u>2331.20</u>	<u>1622.84</u>
TOTAL (1+2+3)	<u>15730.44</u>	<u>12206.48</u>
B. LOANS AND ADVANCES		
(Unsecured and considered good)		
Deposits for power supply	1012.85	1012.85
Other Deposits	716.18	480.85
Advances recoverable in cash or in kind or for value to be received		
Advance for supply of materials	418.67	319.48
Advance for supply of Capital goods	911.70	777.71
Advance to Contractors	124.53	55.19
Advance to Employees	79.52	46.45
Advance to Transporters	1.02	82.02
Other Advances	439.05	509.56
Advance Income Tax/TDS	352.99	227.76
Incentives Receivable	1076.72	669.72
Claims Receivable	2150.05	3580.23
Prepaid Expenses	65.40	69.60
TOTAL	<u>7348.68</u>	<u>7831.42</u>
SCHEDULE - H		
CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors for Capital Goods	3883.47	840.29
Sundry Creditors for Supplies		
- Micro, Small and Medium Enterprises	1019.95	44.07
- Others	<u>12761.58</u>	<u>9561.78</u>
	13781.53	9605.85
Sundry Creditors for Expenses	528.72	404.40
Customers Credit Balances	686.47	533.02
Other liabilities	1936.34	1304.23
Interest accrued but not due on loans	105.16	127.05
Balance due to Banks	525.50	20.20
TOTAL	<u>21447.19</u>	<u>12835.04</u>
B. PROVISIONS		
Provision for Taxation (MAT)	583.86	507.90
TOTAL	<u>583.86</u>	<u>507.90</u>



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

	Year ended 31.03.11 Rs. In Lakhs	Year ended 31.03.10 Rs. In Lakhs
SCHEDULE - 1		
SALES (Gross)		
Caustic Soda Lye/Flakes	18118.87	18184.70
Liquid Chlorine/Gas	4776.45	2814.13
Hydrochloric Acid	3882.49	1197.44
Hydrogenated Castor Oil	3639.07	2150.83
12 Hydroxy Stearic Acid	8253.07	4567.07
Caustic Pottasium Hydroxide	6398.27	6566.24
Stearic Acid-Different Grades	5576.04	3823.12
Toilet Soaps	964.78	956.27
Soap Noodles	9563.74	6610.03
D.G.Power under Power Purchase Agreement	10375.37	12385.76
Miscellaneous and Other Oils Sales	4663.71	3752.70
TOTAL	76211.86	63008.29
SCHEDULE - 2		
OTHER INCOME		
F.E.Fluctuation gains	43.58	389.22
Hire Charges Receipts	4.06	3.44
Insurance Claims	9.64	2232.75
Other Miscellaneous Receipts	103.95	81.36
Interest Receipts-Gross (TDS Rs.22.90 Lakhs) (Previous year TDS Rs.19.88 Lakhs)	195.34	190.53
TOTAL	356.57	2897.30
SCHEDULE - 3		
INCREASE/(DECREASE) IN STOCKS		
CLOSING STOCKS		
Finished goods	1241.26	1073.59
Scrap & Disposables	7.60	5.77
Stock-in-process	542.94	373.83
TOTAL (A)	1791.80	1453.19
OPENING STOCKS		
Finished Goods	1073.59	958.15
Scrap & Disposables	5.77	9.70
Stock-in-process	373.83	296.70
TOTAL (B)	1453.19	1264.55
INCREASE/(DECREASE) IN STOCKS (A)-(B)	338.61	188.64



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

	Year ended 31.03.11	Year ended 31.03.11 Rs. In Lakhs	Year ended 31.03.10	Year ended 31.03.10 Rs. In Lakhs
	UNIT	QUANTITY	QUANTITY	COST

SCHEDULE - 4

CONSUMPTION OF RAW MATERIALS

i) Salt	MT	184276	3669.29	165020	3161.27
ii) Castor Oil	MT	13190	10104.38	10131	5630.10
iii) Acid Oil & Other Oils	MT	30536	11786.06	30476	8258.15
iv) F.O./HSD/Lubricants for Power Generation	KL	285868	8892.18	32588	11015.08
v) Potassium Chloride & Carbonate	MT	16520	3443.08	12813	3894.13
vi) Other Raw Materials			67.96		109.21
TOTAL			37962.95		32067.94

SCHEDULE - 5

EMPLOYEES REMUNERATION & BENEFITS

Salaries, Wages, Bonus and Allowances		1861.14		1680.68
Welfare expenses		369.23		333.70
Contribution to ESI & Provident Fund		119.20		107.88
Contribution to Gratuity & Superannuation Scheme		85.38		46.98
TOTAL		2434.95		2169.24



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

	Year ended 31.03.11 Rs. In Lakhs	Year ended 31.03.10 Rs. In Lakhs
SCHEDULE - 6		
MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES		
Insurance	108.29	68.75
Repairs & Maintenance		
a) Buildings	71.51	135.71
b) Plant & Machinery	786.27	715.60
c) Others	166.16	224.36
Excise duty on captive consumption/Stocks	4.83	4.45
Processing Charges	0.14	0.30
Travelling and conveyance	262.65	229.91
Printing and stationery	31.55	36.09
Postage Telegrams and Telephones	42.70	57.10
Directors sitting fee	2.33	2.32
Remuneration to Managing Director	34.08	30.00
Remuneration to Executive Directors	25.72	-
Directors Travelling	39.96	20.91
Remuneration to Auditors		
Audit - Fee	2.10	2.10
Tax Audit Fee	1.25	1.25
Audit - Expenses	0.18	0.28
Cost Audit Fee	0.30	0.30
Cost Audit expenses	0.05	0.08
Freight Inward & Material handling charges	354.27	508.28
Freight outward & Ocean freight	922.96	521.42
Selling expenses	687.87	744.28
Advertisement	1.81	1.09
Rent including Lease Rents	358.07	383.23
Fee and Expenses	65.03	72.82
Bank Charges	703.14	515.47
Service Charges	194.83	252.01
Rates & Taxes	8.59	7.00
Legal Expenses	14.07	18.76
Research and Development /Lab Expenses	36.79	39.76
Water Charges	25.71	17.21
Provision for Doubtful Debts	10.30	-
Other Expenses	295.44	242.62
Loss on sale of Fixed Assets	1.51	-
Donations	115.94	99.65
TOTAL	5376.40	4953.11
SCHEDULE - 7		
INTEREST/FINANCE CHARGES		
On Term loans	1563.99	1804.86
On cash credits	201.51	214.18
On Bill Discounting, Deposits & Others	1575.39	1399.81
TOTAL	3340.89	3418.85



SCHEDULE - I : NOTES TO ACCOUNTS

I. Significant Accounting Policies :

1. Basis of Preparation and Presentation of Financial Statements:

The financial statements are prepared under the Historical Cost Convention as a going concern in accordance with generally accepted Accounting principles in India and the provisions of Companies Act, 1956. The Company follows the mercantile method of accounting.

2. Inventories:

Inventories of Finished goods are valued at lower of cost or net realisable value. Inventories of Raw materials, Stock-in-Process and Stores & Spares are valued at cost. Scrap and disposables are valued at realisable value. Cost of Inventories consist of purchase price including duties and taxes, (other than CENVAT credit and input tax credit recoverable under respective VAT Acts of different States) cost of conversion and other costs incurred in bringing them to current location and condition. Value of finished goods comprises central excise duty, which is considered as cost in accordance with Accounting Standard (AS-2).

3. Depreciation:

Depreciation on Fixed Assets has been provided on Straight line method in respect of Plant & Machinery and Buildings and in respect of other assets on written down value method as per the rates prescribed in Schedule XIV to the Companies Act, 1956.

4. Revenue Recognition:

- (i) Sales revenue is recognised on supply of goods. Turnover includes Sales Tax, Excise Duty and Education Cess in respect of goods sold. Income and Expenditure are recognised on accrual basis except for transactions below Rs.10,000/- per transaction, accounted in the year of payment / receipt.
- (ii) Export incentives such as Duty Entitlement Pass Book (DEPB) license are taken into account on the basis of eligible export FOB value.
- (iii) Dividends on investments are recognised when the right to receive is established.
- (iv) Interest on delay payments to creditors / by debtors accounted on the basis of debit notes / Credit notes raised / received from the parties.
- (v) Insurance claims are accounted on the basis of claims lodged.
- (vi) Interest/Hire Charges on Hire Purchase Loans has been taken into account on due and payable basis.

5. Research and Development Expenditure:

Research and Development expenditure incurred on salaries of personnel engaged and cost of materials and services consumed are charged to Profit and Loss account of the year under relevant heads of account.

6. Fixed Assets and Capital Work-in-Progress:

Fixed Assets are stated at cost (net of CENVAT credit and including related financial costs till commencement of commercial production) less accumulated depreciation. Capital work-in-progress includes advances paid for capital items / works. Indirect & pre-operative expenses related or attributable to the capital works and trial run expenses incurred up to commencement of commercial production are added to the cost of fixed assets in the year of commencement of commercial production.



7. Foreign Currency Transactions:

Transactions in Foreign Currencies are recorded during the year at the exchange rates prevailing on the date of transaction. At the year-end, Current assets and Current Liabilities in Foreign currency are accounted as per the rates prevailing on the Balance Sheet date and the exchange differences are recognised as Income / expenditure in Profit and Loss Account. Foreign Currency Term Loans outstanding are stated at exchange rates prevailing on the Balance Sheet date. Any increase or decrease in foreign currency Term loans relating to acquisition of fixed assets, on account of exchange differences either paid or outstanding are treated as profit or loss in profit and loss account as per AS-11.

8. Retirement Benefits:

a) Gratuity:

The Company has created a Trust and has taken a Group Gratuity Life Assurance Policy with Life Insurance Corporation of India for future payments of Gratuity to employees. The premium paid thereon on actuarial valuation is charged to the Profit and Loss account.

b) Leave Encashment:

Liability on account of Leave Encashment is provided on accrual basis as per the rules of the company.

9. Investments:

Investments are stated at Cost. In case there is a permanent diminution in the value of any investments, the same is considered for valuation of investments.

10. Borrowing Costs:

Interest and other costs incurred in connection with the borrowing of funds that are directly attributable to the acquisition, construction or erection of a qualifying asset, are capitalised as cost of such asset and the other borrowing costs are recognised as an expense in the year in which incurred.

11. Segment Reporting:

For Segment Reporting, the business segments have been identified based on production process of individual products and its related products, such as (i) Chemicals (ii) Oils and Fats and (iii) Generation of Power under PPA.

12. Leases:

Lease payments in respect of operating leases, are recognised as an expense on due and payable basis as per the lease agreements and the future lease payments under non-cancelable operating leases for each period are disclosed in notes to accounts.

13. Accounting for Taxes on Income:

Current and deferred tax liability, if any, for the year is recognised for the estimated tax payable on the taxable income and timing differences, subject to consideration of prudence in respect of deferred tax asset and the same is treated as tax expense in determination of net profit for the year.

14. CENVAT / IN-PUT TAX CREDIT:

CENVAT Credit and Input Tax Credit recoverable under VAT Acts of different States on Capital goods, Raw materials, Stores and fuels is accounted for by reducing from its purchase cost.



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NOTES TO ACCOUNTS:

1. Contingent Liabilities not provided in respect of

Particulars	Current Year 2010-11 (Rs. in Lakhs)	Previous Year 2009-10 (Rs. in Lakhs)
a) Cheques / Bills Discounted with Banks.	226.67	217.94
b) Unexpired Bank guarantees / letters of Credit (net of margin money paid)	523.34	193.06
c) Estimated amount of Contracts remaining to be executed on Capital Account (Net of advances).	2705.05	3517.19
d) Arrears of dividend on cumulative redeemable preference shares of Rs.1888.23 lacs at a coupon rate of 0.01 %, issued and allotted as per Debt Restructuring package and scheme of arrangement sanctioned by High Court of A.P. for the period from 01.04.2002 to 31.03.2011 (payable after 15 years) i.e from 01.04.2018.	1.70	1.51
e) Claims against the company not acknowledged as debts, being disputed and pending in appeals/ Assessments in respect of		
i) Central excise matters regarding Cenvat credit availed on input consumables and on service tax payments on input services like freight, telephone, and courier etc.,	322.76	302.06
ii) Customs matters regarding dispute on classification of goods	9.90	9.90
iii) Sales tax matters regarding Input tax credit availed on fuels used for steam generation disallowed by the Department and levied penalty and interest (Paid under protest)	74.42 (59.03)	53.91 (53.91)
iv) Levy of delay charges on late payment of Provident Fund by Regional Provident Fund Commissioner	15.34	15.34
v) 1) Wheeling Charges levied by APCPDCL pending in Supreme Court	24.21	24.21
2) Wheeling charges levied on APGAS power supplies covered by Bank guarantee Rs.69.30 lacs	NIL	NIL
f) Differential duty on procurement of raw material as per show cause notices issued by the Customs Authorities is contested and for which no provision is considered as there will be no liability on the company as per legal opinion obtained (paid under Protest)	1161.14 (125.00)	1161.14 (125.00)
g) Refund sought by M/s.Karnataka Power Transmission Corporation Ltd., (KPTCL) / DISCOMS of the differential tax on account of Income Tax rates / tax holiday as per terms of PPA is contested by the Company before The Hon'ble High Court of Karnataka and the Court has directed to file a petition before the Electricity Regulatory Commission and further directed not to take any precipitate action against the Company	1609.00	NIL



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2. Customs Duty on goods in Bonded Ware house/at Port as at the year end has not been provided in accounts and not included in the valuation of inventory. The same is accounted at the time of clearance of goods and the duty is estimated at Rs.108.26 lacs (Previous Year Rs. Nil lacs) and this has no impact on profit for the year.

3. INSURANCE CLAIM:

Claims receivable under Loans and Advances (Schedule 'G') includes an amount of Rs.1755.36 lacs (Previous Year Rs. 3239.26 lacs) towards Insurance claim for loss of / damage to Inventories, Vehicles, Plant and Machinery and Loss of Profits on account of unprecedented floods at factories located at Kurnool and Bellary during October, 2009. The Insurance Claim for Loss of Profits on account of production loss during October, 2009 was considered by the company at Rs.1755.36 lacs on prudential basis and the claim is subject to final settlement by the Insurer.

4. Legal cases filed by the company for recovery of dues/advances and pending in courts for disposal:

	As at 31.03.2011 (Rs. in lakhs)	As at 31.03.2010 (Rs. in lakhs)
a) Against Debtors	55.26	50.45
b) Against suppliers/transporters	18.03	18.03

5. a) Exchange differences on Foreign Currency Term Loans from financial institutions in respect of installments paid during the year amounting to Rs. 6.31 lacs (previous year loss Rs.14.54 lacs) and exchange difference on outstanding loans as on 31.03.2011 valued at applicable Foreign Currency Exchange Rates on 31st March, 2011 and exchange difference amounting to Rs. 15.56 lacs debited to profit and loss account as per AS-11 (previous year gain Rs.307.02 lacs credited to profit and loss account).

b) Foreign Currency receivables on exports made and outstanding as on 31.03.2011 are valued at applicable exchange rate and the exchange difference of Rs. 1.70 lacs was debited to profit and loss account (Previous year Rs. 4.53 lacs debited to profit and loss account).

6. Particulars of Managerial Remuneration to Chairman and Managing Director and Executive Directors (Finance & Technical) :

	Current Year 2010-2011 (Rs. in lakhs)	Previous Year 2009-2010 (Rs. in lakhs)
a) Salary	42.94	24.00
b) Perquisites – rent, Electricity & Insurance	8.85	4.23
c) Contribution to Provident Fund and Superannuation	1.50	1.78
d) Gratuity	6.50	-
TOTAL	<u>59.79</u>	<u>30.01</u>

Computation of Profit U/s 350 of the Companies Act, 1956 has not been given since no commission is paid to Chairman and Managing Director.



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7. Under The Micro, Small and Medium Enterprises Development Act, 2006 and in accordance with the notification issued by the Ministry of Corporate Affairs, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises as defined in the said Act. The company is in the process of compiling the relevant information from its suppliers about their coverage under the said Act and hence required disclosures made to the extent available. The following are outstanding balances as at 31.03.2011:

A] SMALL ENTERPRISES	-	Rs.584.25 Lacs (Previous Year Rs.42.29 Lacs)
B] MICRO ENTERPRISES	-	Rs.1.62 Lacs (Previous Year Rs.1.78 Lacs) and
C] MEDIUM ENTERPRISES	-	Rs.434.08 Lacs (Previous Year Rs. Nil Lacs)

8. Lease Payments:

The total future minimum lease payments under non-cancelable operating leases are as under:

	2010-2011 (Rs. in lakhs)	2009-2010 (Rs. in lakhs)
(i) Not later than one year	Nil	18.60
(ii) Later than one year and not later than five years	Nil	37.50
(iii) Later than five years	Nil	Nil

9. DEFERRED TAX LIABILITY :

	As on 31.03.11 (Rs. in lakhs)	As on 31.03.10 (Rs. in lakhs)
Deferred tax liability as on 31.03.2011 in respect of timing difference arising on account of difference between straight line and written down Value methods and rates of depreciation.	6698.65	7077.24
Less: Deferred tax asset as on 31.03.2011 in respect of unabsorbed depreciation / losses and expenses allowable U/s 43 B of IT Act.	71.53	1206.34
Net Deferred tax liability as on 31.03.2011	6627.12	5870.90
Less: Opening Deferred tax liability as on 01.04.2010 / 01.04.2009	5870.90	4831.73
Net Deferred tax liability for the year 2010-11	756.22	1039.17



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10. SEGMENT REPORTING :

(Rs. in lakhs)

Sl. No.	Particulars	For the Year 2010-2011	For the Year 2009-2010
01	Segment Revenue		
	A. Chemicals	32277	28299
	B. Oils & Fats	28912	19206
	C. Power Plant	10375	12386
	TOTAL	71564	59891
	Less: Inter Segment Revenue	1065	877
	Net Sales/Income from Operations	<u>70499</u>	<u>58014</u>
02	Segment Results Profit/(Loss) before Tax and interest from segments		
	A. Chemicals	3780	4823
	B. Oils & Fats	1624	1189
	C. Power Plant	460	178
	TOTAL	5864	6190
	Less: i) a) Interest Expense	3341	3419
	b) Interest Income	(195)	(190)
	ii) Other un-allocable expenditure		
	(Net of un-allocable income)	-	-
	Total Profit before Tax	<u>2718</u>	<u>2961</u>
03	Capital Employed		
	(Segment Assets - Liabilities)		
	(Based on Estimates in terms of available data)		
	A. Chemicals	35545	37257
	B. Oils & Fats	1543	2365
	C. Power Plant	7308	8116
	D. Others	3611	1841
	TOTAL	48007	49579



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11. Related Parties Disclosures :

1. The names of transacting related party and description of relationship are given below :

A. Particulars of Associate Companies:

Sl. No.	Name of the transacting related party	Nature of Relationship
1.	Sree Royalaseema Hi-Strength Hypo Ltd.	Associate
2.	TGV Projects and Investments Pvt. Ltd.	Associate
3.	Brilliant Bio Pharma Ltd.	Associate
4.	Sree Maruthi Marine Industries Ltd.	Associate
5.	Sree Maurthi Agro Tech Ltd.	Associate
6.	Gowri Gopal Hospitals Pvt. Ltd.	Associate
7.	Sree Royalaseema Galaxy Projects Pvt. Ltd.	Associate
8.	SRHHL Industries Ltd.	Associate
9.	Roopa Industries Ltd.	Associate
10.	S.K.Salts Pvt. Ltd.	Associate
11.	JSM International Ltd.	Associate
12.	TGV Securities Pvt. Ltd.	Associate
13.	TGV Pharma Pvt. Ltd.	Associate

Note: Associate companies by virtue of shareholding by key management personnel and relatives.

B. Key Management Personnel: T.G.Venkatesh, Chairman and Managing Director and Executive Directors (Finance & Technical) and Directors of the company.

C. Relatives to Key Management Personnel: Sri T.G.Bharath, Smt T.G.Rajyalakshmi.

2. Disclosures of transactions between the company and related parties and outstanding balances as on 31st March 2011.

(Rs. in Lakhs)

Sl. No.	Nature of Transaction	For the year ended 31.03.11	For the year ended 31.03.10	Balance outstanding as on 31.03.11	Balance outstanding as on 31.03.10
A.	Associate Companies				
1	Sales / Receivables	5485.01	4420.13	372.99 (Dr)	37.05(Cr)
2	Purchases / Payables	896.46	1250.23	50.53 (Dr)	3.72(Dr)
3	Purchase of Capital Goods	-	4.27	-	-
4	Office / Lease Rentals Paid	204.01	212.98	-	-
5	Office / Lease Rents received	7.63	5.39	27.41 (Dr)	-
6	Rent /cylinder deposit paid	-	-	171.19(Dr)	171.19(Dr)
7	Services availed	71.02	71.77	-	1.26(Cr)
8	Services rendered	4.94	2.91	-	-
9	Guarantees provided by Associate Companies	Nil	Nil	-	4551.26
10	Investment in Equity Shares	-	-	52.50	52.50
B.	Key Management personnel				
1	Remuneration	59.79	30.01	-	-
2	Sitting fee to Directors	2.33	2.32	-	-
C.	Relatives to Key Management Personnel	-	-	-	-

Note : Cr indicates Credit balance & Dr indicates Debit balance



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12. Balances of Sundry Creditors and Debtors are shown as appearing in the books of account of the company and the company has sent confirmation letters to the parties and the confirmations are awaited.

13. Earnings per Share:

Basic and diluted earnings per share calculated in compliance with the provisions of Accounting standard (AS-20) for the year ending 31.03.11 comes to Rs.2.02 p.a (Previous year Rs.2.08 p.a.) and Rs.1.99 p.a (previous year Rs.2.03 p.a.) respectively.

The denominator for Basic EPS is 6,74,93,286 (previous year 6,74,93,286) equity shares and the numerator is net profit after tax as per Profit and Loss account and after adjusting preference dividend for the year and tax thereon, amounting to Rs.13,64,70,638 (previous year Rs.14,00,70,692)

The denominator for diluted EPS is increased by potential equity deemed to be issued for OFCD i.e., (6,74,93,286+13,99,735) = 6,88,93,021 (previous year 6,91,49,461) and the numerator for this calculation is the net profit after tax as per Profit and Loss account and after adjusting preference dividend and the interest at 5% on OFCDs and the tax liability thereon, amounting to Rs.13,69,38,027 (previous year Rs.14,06,19,225).

14. Figures have been rounded off to the nearest to thousand and expressed in decimals of lacs.

15. Previous year figures have been regrouped/ rearranged wherever necessary to make them comparable with the current year figures.

16. Additional Information pursuant to paragraphs 3, 4C and 4D of Schedules - VI of Companies Act, 1956.

A. Licensed and Installed Capacity:

Product	As on 31.03.2011		As on 31.03.2010	
	Licensed	Installed	Licensed	Installed
Caustic Soda Lye	181700	123950	181700	123950
Liquid Chorine	92729	92729	92729	92729
Hydrochloric Acid	109190	57187	109190	57187
Barium Sulphate	1980	1980	1980	1980
Bleach Liqour	1650	1650	1650	1650
Hydrogenated Castor Oil	33000	16500	33000	16500
12 Hydroxy / Rubber Grade Stearic Acid	23100	9900	23100	9900
Risinolic Acid	660	660	660	660
Sodium sulphate	7920	1980	7920	1980
Distilled Fatty Acid / Stearic Acid	18150	18150	18150	18150
Glycerine	24750	24750	24750	24750
Potassium Hydroxide	47850	23100	47850	23100
Methyl Chloride	150	-	150	-
Methylene Chloride	20100	-	20100	-
Chloroform	29140	-	29140	-
Potassium Carbonate	3300	3300	3300	3300
Soap Noodles	33000	33000	33000	33000
Toilet Soaps and Bathing Soaps	16500	16500	16500	16500
Wind Power Generation	3 MW	3 MW	3 MW	3 MW
Power Generation (Commercial)	37.8 MW	37.8 MW	37.8 MW	37.8 MW
D.G.sets	31.0 MW	24.8 MW	31.0 MW	24.8 MW
Co-gen power plant	76.0 MW	45.0 MW	76.0 MW	45.0 MW



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B. Actual Production, Turnover and Stocks: (Quantity in MTs and Rs. in lakhs)

Product	Opening Stock		Production	Turnover		Closing Stock	
	Qty	Rs.	Qty	Qty	Rs.	Qty	Rs.
1. Caustic Soda Lye/Flakes	507 (1339)	65.29 (211.37)	103123 (92333)	102905 (93165)	18118.87 (18184.70)	725 (507)	81.06 (65.29)
2. Liquid Chlorine	151 (324)	3.85 (3.33)	72998 (69256)	72917 (69429)	4776.45 (2814.33)	232 (151)	9.68 (3.85)
3. Hydrochloric Acid	103 (299)	2.05 (2.48)	88123 (65961)	87968 (66157)	3489.27 (1110.44)	258 (103)	8.59 (2.05)
4. Barium Sulphate	239 (49)	31.04 (14.54)	885 (1059)	1108 (869)	332.34 (275.64)	16 (239)	4.60 (31.04)
5. Hydrogen Gas (M3) Saleable	40 (40)	- (-)	3312553 (2737412)	3312553 (2737412)	940.50 (694.54)	40 (40)	- (-)
6. Bleach Liquor	41 (225)	1.01 (7.22)	12700 (12974)	12671 (13158)	584.70 (531.43)	70 (41)	1.88 (1.01)
7. HCL Gas	- (-)	- (-)	2973 (1230)	2973 (1230)	393.21 (87.01)	- (-)	- (-)
8. Hydrogenated Castor Oil	77 (134)	55.80 (79.52)	4225 (3296)	4185 (3353)	3639.07 (2150.83)	117 (77)	145.49 (55.80)
9. 12 Hydroxy Stearic Acid	282 (177)	97.76 (132.39)	8109 (6212)	8157 (6107)	8253.07 (4562.38)	234 (282)	308.09 (97.76)
10. Risinolic Acid	23 (1)	17.90 (0.92)	529 (174)	542 (152)	639.13 (104.91)	10 (23)	12.56 (17.90)
11. Caustic Potash Flakes/Lye	547 (515)	309.20 (258.07)	12557 (9802)	12904 (9770)	6105.57 (6484.05)	200 (547)	79.05 (309.20)
12. Stearic Acid	222 (48)	90.59 (17.23)	8766 (8405)	8732 (8231)	5575.88 (3823.11)	256 (222)	170.00 (90.59)
13. Soap Noodles	317 (86)	129.46 (30.47)	18081 (16006)	18292 (15775)	9518.88 (6556.79)	106 (317)	64.62 (129.46)
14. Toilet Soaps	163 (178)	123.23 (120.40)	999 (1013)	1045 (1028)	886.25 (929.43)	117 (163)	107.40 (123.23)
15. Refined Glycerine	251 (123)	75.49 (36.43)	4575 (5533)	4498 (5405)	1660.07 (1679.37)	328 (251)	129.93 (75.49)
16. Wind Power Generation (KWH)	- (-)	- (-)	1955493 (2181082)	1955493 (2181082)	- (-)	- (-)	- (-)
17. Power Generation at Bellary(KWH)	- (-)	- (-)	182101943 (182796519)	182101943 (182796519)	10375.37 (12385.76)	- (-)	- (-)



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- a) Production shown is net of internal consumption.
- b) Figures in brackets relate to previous year.
- c) Opening and closing stocks includes sales returns, branch and consignment stock transfers.
- d) Above production figures are exclusive of production made under processing agreements Refined Glycerine 1603 MTs (Previous Year 2419 MT).
- e) Previous year turnover Quantities includes Stocks Lost in Floods – namely
 - (1) Caustic Soda Flakes – 231 MTs.
 - (2) Hydrogenated Castor Oil – 41 MTs.
 - (3) 12 Hydroxy Stearic Acid – 55 MTs.
 - (4) Caustic Potash Flakes – 182 MTs.
 - (5) Stearic Acid – 98 MTs.
 - (6) Risinolic Acid – 2 MTs.
- f) Power generation at Bellary includes deemed generation value of Rs.623.50 lacs (previous year Rs.358.45 lacs).
- g) Wind power generation was totally used for captive consumption through grid.

C. Value of Imports (Calculated on C.I.F basis):

(Rs. in lakhs)

	Current Year 31.03.2011	Previous year 31.03.2010
i) Raw Materials	5128.11	4632.88
ii) Chemicals	168.82	129.40
iii) Components, Spares & Stores	435.40	232.78
iv) Capital Goods / Services	2225.29	750.22

D. Raw material consumed :

	Current Year 2010-11			Previous Year 2009-10		
	Qty. MT/KL	Rs. in lakhs	%	Qty. MT/KL	Rs. in lakhs	%
a) IMPORTED :						
i) Palm Fatty Acid Distilled	-	-	-	1422	367.61	8.94
ii) Palm Kernal Oil/Distilled Fatty Acid	1781	1053.00	59.62	479	188.20	38.47
iii) Lauric Acid	609	342.76	100	1345	559.33	100
iv) Potassium Chloride	16520	3443.08	100	12813	3894.13	100
v) Crude Glycerine	3823	648.14	83.67	3957	620.01	69.53
TOTAL		<u>5486.98</u>			<u>5629.28</u>	
b) INDIGENOUS :						
i) Salt	184276	3669.29	100	165020	3161.27	100
ii) Castor Oil	13190	10104.38	100	10131	5630.10	100
iii) Palm Kernal Oil /Distilled Fatty Acid	1207	712.97	40.38	740	301.04	61.53
iv) Furnace Oil, Diesel & Lubricant for Power Project	285868	8892.18	100	32588	11015.08	100
v) Palm Fatty Acid Distilled	16043	6396.51	100	12909	3745.02	91.06
vi) RBD Palm Stearine	5123	2169.44	100	5175	1568.26	100
vii) Crude Glycerine	827	126.47	16.33	1989	271.76	30.47
viii) Other Raw Materials	-	404.73	100	-	746.13	100
TOTAL		<u>32475.96</u>			<u>26438.66</u>	
Total of Imports and Indigenous		<u>37962.95</u>			<u>32067.94</u>	



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E. Value of chemicals, Packing and stores consumed (other than used for repairs) :

(Rs. in lakhs)

	Current Year 2010-11		Previous Year 2009-10	
	Rs. in lakhs	%	Rs. in lakhs	%
a) Imported	287.11	10.83	242.58	8.72
b) Indigenous	2364.59	89.17	2539.85	91.28
TOTAL	2651.70	100.00	2782.43	100.00

F. Earnings in Foreign Exchange :

(Rs. in lakhs)

	Current Year 31.03.2011	Previous year 31.03.2010
i) FOB value of exports	8380.83	5344.34
ii) Others	Nil	Nil

G. Expenditure in Foreign Exchange :

(Rs. in lakhs)

	Current Year 31.03.2011	Previous year 31.03.2010
i) Management Fees, Commitment Charges and legal charges	-	0.11
ii) Travelling	37.18	5.34
iii) Fees and charges	1.42	-
iv) Commission Paid	20.24	25.82
v) Raw Materials and Chemicals	1749.99	1237.39
vi) Stores & Spares	393.16	370.99
vii) Capital Goods	2510.27	964.81
viii) Others	-	12.17



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (Submitted in terms of Part IV of Schedule VI to the Companies Act, 1956)

I. Registration Details

Registration No.

L	2	4	1	1	0	A	P	1	9	8	1	P	L	C	0	0	3	0	7	7
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

 State Code :

0	1
---	---

Balance Sheet Date

3	1
---	---

0	3
---	---

2	0	1	1
---	---	---	---

Date Month Year

II. Capital Raised during the year (Amount in Rs. Lakhs)

Public Issue

			N	I	L		
--	--	--	---	---	---	--	--

 Rights Issue

			N	I	L		
--	--	--	---	---	---	--	--

Bonus Issue

			N	I	L		
--	--	--	---	---	---	--	--

 Private Placements

			N	I	L		
--	--	--	---	---	---	--	--

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

Total Liabilities

4	9	4	9	9	.	5	6
---	---	---	---	---	---	---	---

 Total Assets

4	9	4	9	9	.	5	6
---	---	---	---	---	---	---	---

SOURCE OF FUNDS

Paid up Capital

	8	6	4	1	.	8	4
--	---	---	---	---	---	---	---

 Reserves and Surplus

1	2	0	8	5	.	7	3
---	---	---	---	---	---	---	---

Secured Loans

1	8	2	2	5	.	5	8
---	---	---	---	---	---	---	---

 Unsecured Loans

3	9	1	9	.	2	9	
---	---	---	---	---	---	---	--

Deferred Tax Liability

	6	6	2	7	.	1	2
--	---	---	---	---	---	---	---

APPLICATION OF FUNDS

Net Fixed Assets

4	8	2	5	2	.	6	8
---	---	---	---	---	---	---	---

 Investments

		1	9	8	.	8	1
--	--	---	---	---	---	---	---

Net current Assets

	1	0	4	8	.	0	7
--	---	---	---	---	---	---	---

 Misc. Expenditure

			N	I	L		
--	--	--	---	---	---	--	--

Accumulated Losses

			N	I	L		
--	--	--	---	---	---	--	--

IV. Performance of the Company (Amount in Rs. Lakhs)

Total Income

7	1	0	7	5	.	8	2
---	---	---	---	---	---	---	---

 Total Expenditure

6	8	3	5	7	.	5	9
---	---	---	---	---	---	---	---

Profit Before Tax

2	7	1	8	.	2	3	
---	---	---	---	---	---	---	--

 Profit after Tax

1	3	6	4	.	9	3	
---	---	---	---	---	---	---	--

Earnings per share(Rs.)

			+	2	.	0	2
--	--	--	---	---	---	---	---

 Dividend %

			N	I	L		
--	--	--	---	---	---	--	--

V. Generic Names of three Principal Products of the Company (as per monetary terms)

- Item Code No. (ITC Code)

2	8	1	5	1	2	0	0
---	---	---	---	---	---	---	---

Product Description

C	A	U	S	T	I	C		S	O	D	A		L	Y	E
---	---	---	---	---	---	---	--	---	---	---	---	--	---	---	---
- Item Code No. (ITC Code)

2	8	0	1	1	0	0	0
---	---	---	---	---	---	---	---

Product Description

L	I	Q	U	I	D		C	H	L	O	R	I	N	E
---	---	---	---	---	---	--	---	---	---	---	---	---	---	---
- Item Code No. (ITC Code)

1	5	0	4	0	0		
---	---	---	---	---	---	--	--

Product Description

H	Y	D	R	O	G	E	N	A	T	E	D		C	A	S	T	O	R		O	I	L
---	---	---	---	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	--	---	---	---

SIGNATURE TO SCHEDULES "A" TO "I" AND "J" TO "7"

As Per our Report of even date attached

For and on behalf of the Board

For Brahmaya & Co.,
Chartered Accountants
Firm's Regn.No.000514S
Sd/-

Sd/-
K. KARUNAKAR RAO
Executive Director & C.E.O

Sd/-
M.P. MURTI
Director

B. DAIVADHEENAM REDDY
Partner
Membership No.026450
Place : Hyderabad
Date : 02.05.2011

Sd/-
V. RADHAKRISHNA MURTHY
C.G.M. & Company Secretary
Place : Hyderabad
Date : 02.05.2011

Sd/-
M.V. KUMARA SWAMY
Vice President (Finance)
Chief Financial Officer



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

CASH FLOW STATEMENT FOR 31-3-2011 AS PER CLAUSE 32 OF LISTING AGREEMENT

	2010-11			2009-10		
	+	-	Rs. in lakhs	+	-	Rs. in lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES						
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS			2718.23			2961.38
ADJUSTMENT FOR:						
DEPRECIATION	3448.56		3448.56	3272.28		3272.28
FOREIGN EXCHANGE						
LOSS / PROFIT ON SALE OF FIXED ASSETS	1.51		1.51		1.78	(1.78)
INTEREST PAID / RECEIVED	3340.89	195.34	3145.55	3418.86	190.53	3228.33
TOTAL	6790.96	195.34	6595.62	6691.14	192.31	6498.83
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			9313.85			9460.21
ADJUSTMENTS FOR:						
TRADE AND OTHER RECEIVABLES		980.80	(980.80)		3800.29	(3800.29)
INVENTORIES		1352.05	(1352.05)	2277.37		2277.37
TRADE PAYABLES	10097.62		10097.62	927.13		927.13
	10097.62	2332.85	7764.77	3204.50	3800.29	(595.79)
CASH GENERATED FROM OPERATIONS			17078.62			8864.42
INTEREST RECEIVED / PAID	195.34	3340.89	(3145.55)	190.53	3418.86	(3228.33)
DIRECT TAXES PAID	-	597.08	(597.08)	-	521.29	(521.29)
DEFERRED REV.EXP.WRITTEN OFF	-		-	-		-
CASH FLOW BEFORE EXTRAORDINARY ITEMS			13335.99			5114.80
EXTRAORDINARY ITEMS (DECREASE IN RESERVES)			-			-
NET CASH FLOW FROM OPERATING ACTIVITIES			13335.99			5114.80
B. CASH FLOW FROM INVESTING ACTIVITIES						
SALE / PURCHASE OF FIXED ASSETS	18.24	8286.56	(8268.32)	18.72	3928.06	(3909.34)
DEFERRED REVENUE EXPENDITURE	-	-	-	-	-	-
PURCHASE OF INVESTMENTS	-	0.50	(0.50)	-	-	-
SALE OF INVESTMENTS / REDUCTION	-	-	-	-	-	-
INTEREST RECEIVED	-	-	-	-	-	-
DIVIDEND RECEIVED	-	-	-	-	-	-
NET CASHFLOW FROM INVESTING ACTIVITIES	18.24	8287.06	(8268.82)	18.72	3928.06	(3909.33)
C. CASH FLOW FROM FINANCING ACTIVITIES						
PROCEEDS FROM ISSUE OF SHARE CAP.	-		-	-		-
EXCHANGE FLUCTUATION ON F.C. LOANS	21.87		21.87		321.56	(321.56)
REPAYMENT OF FINANCE/LEASE LIABILITIES	429.83	4810.51	(4380.68)	1836.92	3003.90	(1166.98)
NET CASH FLOW FROM FINANCING ACTIVITIES	451.70	4810.51	(4358.81)	1836.92	3325.46	(1488.54)
NET INCREASE IN CASH AND CASH EQUIVALENTS			708.36			(283.07)
CASH AND CASH EQUIVALENTS AS AT 01.04.10			1622.84			1905.91
(OPENING BALANCE)						
CASH AND CASH EQUIVALENTS AS AT 31.03.11			2331.20			1622.84
(CLOSING BALANCE)						

CERTIFICATE

The above Cash Flow Statement has been prepared on the basis of Audited Accounts approved by the Board of Directors and is in agreement with the Profit and Loss Account and Balance Sheet.

For Brahmaya & Co.,

Chartered Accountants
Firm's Regn.No.000514S
Sd/-

B.DAIVADHEENAM REDDY

Partner
Membership No.026450

Place : Hyderabad

Date : 02.05.2011

For and on behalf of the Board

Sd/-

K. KARUNAKAR RAO
Executive Director & C.E.O



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

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

PROXY FORM

Regd. Folio No.	
No. of Shares held	

* DP ID	
* Client ID	

I/We _____ of _____ being a member/ members of SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED hereby appoint _____ of _____ any my/our proxy to attend and vote for me/us on my/our behalf at the 29th Annual General Meeting of the Company to be held on Tuesday 9th August, 2011 at 3.15 P.M. and at any adjournment thereof.

Signed this _____ day of _____ Two Thousand Eleven.



- Note :
1. A member entitled to attend and vote at the meeting is entitled to attend and vote instead of himself.
 2. A proxy need not be a member of the Company.
 3. This Form duly completed should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.



SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED

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

ATTENDANCE SLIP

29th Annual General Meeting, 9th August, 2011 at 3.15 P.M.

Regd. Folio No.	
No. of Shares held	

* DP ID	
* Client ID	

Name of the Shareholder	
Name of Proxy	
Signature of Member / Proxy	

I hereby record my presence at 29th Annual General Meeting of the SREE RAYALASEEMA ALKALIES AND ALLIED CHEMICALS LIMITED held at Regd. Office : Gondiparla, Kurnool - 518 004.

- Note :
1. To be signed and handed over at the Meeting Venue.
 2. Members are requested to register their names atleast 15 minutes prior to the commencement of the meeting.

* Applicable for investors holding shares in electronic form

INTENTIONALLY KEPT BLANK