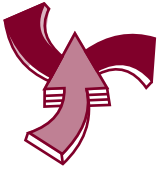


# Sree Rayalaseema Hi-Strength Hypo Limited

(CIN : L24110AP2005PLC045726)



1<sup>th</sup> Annual Report  
2015-2016



Plant at Gondiparla



**BOARD OF DIRECTORS**

**Sri T.G. Bharath**

Chairman & Managing Director

**Dr. A.H. Praveen** (up to 30.05.2016)

**Smt. D. Sai Leela**

**Sri Krishnamoorthy Chandraiah Naik**

**Sri P. Ramachandra Gowd**

**Sri H. Gurunath Reddy**

**Sri A.Kailashnath** (from 30.05.2016)

**G.M. & Company Secretary**

**Smt. V. Surekha**

**G.M. & Chief Financial Officer**

**Sri Shaik Ifthekhar Ahmed**

**Auditors**

**M/s. S.T. Mohite & Co.**

Chartered Accountants

Hyderabad.

**BANKERS**

State Bank of Hyderabad

**REGISTERED OFFICE & WORKS**

Gondiparla, Kurnool - 518 004.

Andhra Pradesh - India

**REGISTRARS & SHARE**

**TRANSFER AGENT**

Aarhi Consultants Pvt. Ltd.

Regd. Office : 1-2-285,

Domalguda,

Hyderabad - 500 029.

Telangana.

Tel No. : 040-27638111/4445,

Fax No. : 040-27632184

E-mail : info@aarhiconsultants.com

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**NOTICE**

NOTICE is hereby given that the 11th Annual General Meeting of the Members of SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED (CIN : L24110AP2005PLC045726) will be held at the Registered Office of the Company at Gondiparla, Kurnool-518 004 (A.P.) on Wednesday, 28<sup>th</sup> September, 2016 at 11.00 A.M. to transact the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt :
  - a) The Audited Financial Statements of the Company for the financial year ended March 31st, 2016 together with the reports of the Board of Directors and the Auditors thereon : and
  - b) The Audited Consolidated Financial Statements of the Company for the financial year ended March 31st, 2016 together with the report of the Auditors thereon.
2. To declare a dividend
3. To appoint a Director in place of Sri.H.Gurunath Reddy, who retires by rotation and being eligible offers himself for re-appointment.
4. To ratify re-appointment of S.T.Mohite & Co., Chartered Accountants, Hyderabad (Firm (Regn No. 011410S) as approved by members at the Ninth Annual General Meeting as statutory auditors of the company to hold the office until the conclusion of the next annual general meeting and to fix their remuneration for financial year ending 31.03.2017.

**SPECIAL BUSINESS :**

5. To re-appoint Sri.T.G.Bharath ( DIN:00125087 ) , Chairman & Managing Director for a period of 3 years and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to sections 196, 197 and 198 read with Schedule-V and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and remuneration of managerial personnel) rules, 2014 and subject to any other statutory provisions and on consideration and recommendations of Nomination and Remuneration Committee and Board of Directors in their meetings held on 25.07.2016 and subject to approval of the Central Government, consent and approval of the Company be and is hereby accorded for reappointment of Sri.T.G.Bharath, Chairman & Managing Director of the Company for a period of 3 years from 25.07.2016 to 24.07.2019 with remuneration as per following details .

- a. Salary : Rs. 2,40,00,000 per annum or 5% of net profits as per section 197 read with sec 198 of Companies Act, 2013 whichever is higher, with retrospective effect from 1st April, 2016.
- b. Other benefits :
  - (a) Company's contribution to Provident fund, pension and Superannuation fund in accordance with the company's rules in force from time to time.
  - (b) Earned leaves on full pay and allowance as per rules of the Company. Leaves accumulated and not availed during the tenure may be encashed as per rules of the Company.
  - (c) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

The above benefits will not be included in the computation of the ceiling on remuneration.



Not with standing above anything in this part, where in any financial year, during the tenure of the Managing Director, the Company has no profits or its profits are inadequate, it may pay him remuneration by way of Salary and perquisites as specified above, subject to the limits set out in Schedule V of the Companies Act, 2013 and Rules made there under.

6. To appoint Sri A. Kailashnath (DIN 03017003) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT in accordance with the provisions of Sections 149, 152, 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, Sri A. Kailashnath, (DIN 03017003) who was appointed in the casual vacancy caused due to resignation of Dr.A.H.Praveen (DIN:01658123) pursuant to Section 161(1) of the Companies Act, 2013 and Article 115 of Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of the Director be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 16<sup>th</sup> Annual General Meeting of the Company in the calendar year 2021 and further that he shall not be liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Sections 42, 62 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in accordance with enabling provisions of Memorandum and Articles of Association of the Company and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in terms of the provisions of Guidelines for Preferential Issues contained in Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (herein after referred as SEBI (ICDR) Regulations, 2009) and other applicable provisions of SEBI including any amendment(s) to or re-enactment thereof and subject to the approvals, consents, permissions and / or sanctions, as may be required from any appropriate authority, institution or body (hereinafter collectively referred to as the “the appropriate authorities”) and subject to such terms, conditions, alterations, corrections, changes, variations and / or modifications, if any as may be prescribed by any one or more or all of them in granting such approvals, consents, permissions and / or sanctions (hereinafter referred to as “the requisite approvals”) and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any committee duly constituted by the Board or any Committee which the Board may have constituted or hereafter constitute, to exercise one or more of its powers including the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board / committee to offer, issue and allot 24,48,132 (7,74,562 + 8,15,329 + 8,58,241 ) convertible warrants of face value of Rs.10/- each at an issue price of Rs. 98.19 per convertible warrant (including premium of Rs.88.19 per share) as computed in



accordance with SEBI (ICDR) Regulations, 2009 to M/s. Gowri Gopal Hospitals Private Limited, M/s. T G V Projects & Investments Private Limited and Sri T.G. Bharath promoters of the Company on preferential basis and convertible in equal number of equity shares in three (3) tranches within a period not exceeding 18 months from the date of allotment of Convertible warrants.

RESOLVED FURTHER THAT each of the aforesaid convertible warrants be converted into one fully paid-up Equity Share at an issue price of Rs.98.19 at the option of the holder at anytime within 18 months from the date of issue.

RESOLVED FURTHER THAT the "Relevant Date" for above mentioned preferential issue as per SEBI (ICDR) Regulations, 2009 for the determination of applicable price for Equity Shares is 29<sup>th</sup> August, 2016 being the date 30 days prior to the date of passing of this resolution.

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

RESOLVED FURTHER THAT the Company do apply for listing of new equity shares issued upon conversion of warrants in the ratio of 1:1 with BSE Limited, The National Stock Exchange of India Limited and for admission of new equity shares with Depositories (NSDL & CDSL) .

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

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

8. To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2017 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution** :



“RESOLVED THAT pursuant to the provisions of section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors ) Rules , 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force ), the Cost auditors appointed by the Board of directors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2017, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting.

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

By Order of the Board

Sd/-

**(V. Surekha)**

Company Secretary

Place : Kurnool

Date : 29<sup>th</sup> August, 2016

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**NOTES :**

1. A Member entitled to attend and vote at a meeting is entitled to appoint one or more Proxies to attend and vote on a poll on his behalf and such proxy need not be a Member of the Company. A Proxy Form is enclosed. Proxy Form in order to be effective, duly completed, must be received by the Company at the Registered Office not less than 48 hours before the time fixed for the Meeting.
2. Explanatory Statement as required under Section 102 of the Companies Act, 2013 is annexed hereto.
3. Members are requested to bring with them the Attendance slip sent with the Annual Report and duly completed, signed attendance slip to be handed over at the entrance.
4. Pursuant to Sec.91 of the Companies Act, 2013 and Regulation 42 of SEBI(LODR) Regulations, 2015, the Register of Members and Share Transfer Books of the Company will remain closed for 7 days i.e. from 22.09.2016 to 28.09.2016 (both days inclusive).
5. Non-resident Indian Shareholders are requested to inform us immediately: the change in Residential status on return to India for permanent settlement the particulars of Bank NRE Account, if not furnished earlier.
6. The company is pleased to provide E-Voting facility through Central Depository Services (India) Limited (CDSL) for all members of the Company to enable them to cast their votes electronically on the resolutions mentioned in the notice of 11<sup>th</sup> Annual General Meeting of the Company. The Company has appointed Sri M Nirmal Kumar Reddy , practicing Chartered Accountant as the Scrutinizer for conducting the e-voting process in a fair and transparent manner. The E-voting is optional. The E-voting rights of the shareholders/beneficial owners shall be reckoned on the equity shares held by them as on 21.09.2016.



**The instructions for members for voting electronically are as under:-**

- (i) The voting period begins on 24.09.2016 at 10.00 A.M. and ends on 27.09.2016 at 5.00 P.M. . During this period shareholders' of the Company holding shares either in physical or in dematerialized form, as on 21.09.2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on shareholders.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details or Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or Company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (v)</li> </ul>



- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED on which you choose to vote.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) **Note for Non- Individual shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.





- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) in case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQS”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) , under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) .

#### **Request to the Members:**

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

#### **EXPLANATORY STATEMENT**

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

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

After considering the recommendation of Nomination & Remuneration Committee in its meeting held on 25<sup>th</sup> July, 2016 and the Board of Directors of the Company at its meeting held on 25<sup>th</sup> July, 2016 , subject to approval of members in the Annual General Meeting and Central Government, reappointed Sri T G Bharath, as Chairman & Managing Director for a period of 3 years from 25.07.2016 to 24.07. 2019. In accordance with the Articles of Association of the Company, the Managing Director will not be liable to retire by rotation.

None of the Directors of the company other than Sri T G Bharath may be deemed to be concerned or interested in passing of this resolution.

Your directors commend the resolution as set out in item No. 5 in the notice for your approval.

##### **Annexure :**

##### **I. General Information**

- (1) **Nature of Industry:** Manufacture of inorganic chemicals & generation of power through wind and thermal.
- (2) **Year of Commencement of Commercial production:**

The Company was incorporated on 28.03.2005 .The business of manufacturing of inorganic chemicals had been vested in the



Company with effect from the Appointed dated on 1<sup>st</sup> April, 2005 by virtue of Scheme of Arrangement sanctioned by the Hon'ble High Court of Andhra Pradesh vide its orders dated 15.06.2006 and generation of Wind Energy in the year 2008 and thermal energy in the year 2014.

- (3) **In case of new companies, expected date of commencement of activities as per project approved by the financial institutions appearing in the prospectus:** Not Applicable.

- (4) **Financial Performance** (Rupees in Lacs)

Particulars	Year ended 31.03.16	31.03.15	31.03.14
Turnover	38106.37	41114.96	31169.27
Profit Before Interest, Depreciation and Tax	4457.54	4712.51	3581.20
Net Profit as per Profit and Loss Account	1871.77	1937.08	743.58
Amount of Dividend paid	220.95	220.95	—
Rate of Dividend declared	15%	15%	—

The effective capital of the Company based on the latest audited accounts of the Company for the year ended 31<sup>st</sup> March, 2016 was Rs. 18919.31 Lakhs.

Exports performance and foreign exchange earnings for the year ended 31<sup>st</sup> March, 2016 was Rs. Rs 15461.32 Lakhs.

- (5) **Foreign investment or collaboration, if any:**

The Company has no foreign collaboration so far.

## II. Information about the appointee

- (1) **Background details:**

Sri T G Bharath, aged 40 years, is post graduate in Business Administration with experience of over 15 years in business.

- (2) **Past remuneration:**

Rs. 10,00,000 P.M. or Rs.1,20,00,000 P.A. plus retirement benefits.

- (3) **Recognition or awards:**

Udyoga Ratna Award

Best Customer Award by ECGC

Best Customer Award by State Bank of Hyderabad



**(4) Job profile and his suitability:**

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

**(5) Remuneration proposed:** As mentioned in the resolution.

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

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

**(7) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:**

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

**III. Other Information**

**(1) Reasons for loss or inadequate profits:**

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

**(2) Steps taken or proposed to be taken for improvement:**

Various measures like expansion and 10MW thermal Power generation unit have been taken and further measures are being taken for improving the margins and reduction in cost of operations.

**(3) Expected increase in productivity and profits in measurable terms:**

The Company is expected to register an increase of 5% to 10% per annum in productivity and thereby profits by about 4% to 6% every year.

**IV Disclosures**

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

The Company being an listed Company, the Corporate Governance is applicable and the company has provides a detailed Corporate Governance Report as per SEBI(LODR) Regulations, 2015.

**Item No. 6**

It is proposed to appoint Sri A. Kailashnath as Independent Director to hold office for a period of 5 (five) years in the casual vacancy caused due to resignation of Dr.A.H.Praveen, Independent Director under Section 149 of Companies Act, 2013 and Regulation 25 of SEBI(LODR) Regulations, 2015 .

Sri.A.Kailashnath is not disqualified from being appointed as Director in terms of Section 164 of the Act, and have given his consent to act as Director.

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

The Company has also received declarations from Sri A.Kailashnath that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 .

Brief resume of Sri A.Kailashnath are provided in the Corporate Governance Report forming part of the Annual Report.

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

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

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

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

**Item No. 7**

As per the disclosure norms contained in Regulation 73(1) of Chapter VII of the SEBI( Issue of Capital and Disclosure Requirements ) Regulations, 2009 (referred as SEBI(ICDR) Regulations, 2009), the following disclosures were made for the purpose of passing of the said Special resolution by the shareholders at the ensuing Annual General Meeting.

**OBJECTS OF THE PREFERENTIAL ISSUE :**

(i) The proceeds of this issue shall be utilized for augmenting working capital requirements and to meet future capital expenditure requirements.

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

The preferential issue of convertible warrants would be made to M/s. Gowri Gopal Hospitals Private Limited, M/s T G V Projects and Investments Private Limited and Sri T.G. Bharath promoters of the Company who have given undertaking to subscribe to the preferential issue vide their undertaking letters dt. 24.08.2016 and to comply with other conditions stipulated in



SEBI(ICDR) Regulations, 2009 including applicable lock-in on their pre-preferential holdings of equity shares and proposed preferential allotment of Equity shares upon conversion of warrants.

- (iii) **The shareholding Pattern of the Company before and after the preferential issue in three tranches is as under:**

Category	Pre-issue	
	No. of Shares	% of Holding
<b>Promoters Group</b>		
Individuals	1038692	7.06
Bodies Corporate	7100841	48.25
Sub-total- Promoter group	8139533	55.31
<b>Non-Promoters</b>		
Mutual Funds / UTI	2250	0.02
NRIs	1044652	7.10
Bodies Corporate	328193	2.23
Financial Institutions	44417	0.30
General Public / Others	5157644	35.05
Sub-total- Public	6577156	44.69
<b>Total</b>	<b>14716689</b>	<b>100</b>

Category	Post-issue Shareholdings					
	After 1 <sup>st</sup> Tranche of conversion before 31 <sup>st</sup> March, 2017		After 2 <sup>nd</sup> Tranche of conversion before 31 <sup>st</sup> March, 2018		After 3 <sup>rd</sup> Tranche of conversion before 30 <sup>th</sup> April, 2018	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
<b>Promoters Group</b>						
Individuals	1138692	7.35	1238692	7.60	1338692	7.80
Bodies Corporate	7775403	50.19	8490732	52.07	9248973	53.88
Sub-Total Promoter group	8914095	57.54	9729424	59.67	10587665	61.68
<b>Non-Promoters</b>						
Mutual Funds / UTI	2250	0.01	2250	0.01	2250	0.01
NRIs	1044652	6.74	1044652	6.41	1044652	6.09
Bodies Corporate	328193	2.12	328193	2.01	328193	1.91
Financial Institutions	44417	0.29	44417	0.27	44417	0.26
General Public / Others	5157644	33.30	5157644	31.63	5157644	30.05
Sub-Total- Public	6577156	42.46	6577156	40.33	6577156	38.32
<b>Total</b>	<b>15491251</b>	<b>100</b>	<b>16306580</b>	<b>100</b>	<b>17164821</b>	<b>100</b>



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

The allotment of convertible warrants would be completed within the time prescribed under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 i.e. within 15 days from the date of passing resolution by the shareholders or sanction of required approvals from the stock exchanges, SEBI and other related authorities whichever is latter. An amount, as may be decided by the Board of Directors, not being less than 25% of the issue price shall be payable on the date of allotment of convertible warrants. The convertible warrants would be allotted on the following terms.

- The holder of warrants will have an option to apply for and be allotted 1 (one) equity share of the Company per warrant, any time after the date of allotment of warrants but on or before the expiry of 18 months from the date of allotment of warrants in three (3) tranches.
- Upon receipt of the payment and upon exercising the option by the allottee within 18 months, the Board /Committee shall allot one Equity share per warrant by appropriating Rs.10/- towards equity share capital.
- If the entitlement against the warrants to apply for the equity shares is not exercised within the period specified, the entitlement of the warrant holder to apply equity shares of the Company along with the rights attached thereto shall expire and any amount paid on such warrants shall stand forfeited.
- The warrant holder shall also be entitled to any future bonus/right issue(s) of equity shares or other securities convertible into equity shares by the Company, in the same proportion and manner as any other shareholders of the Company for the time being.
- The warrants by itself do not give to the holders thereof any rights of the shareholders of the Company.

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

Identity of the proposed allottee :

On account of proposed preferential issue and allotment of 24,48,132 convertible warrants at Rs.98.19 per share (including premium of Rs.88.19 per share) of the company to the said Promoters as set out in the resolution, the shareholding of the acquirers will be as per following details:

Particulars	Pre-Preferential Issue Capital		Post-Preferential Issue Capital	
	Shares	%	Shares	%
M/s. Gowri Gopal Hospitals (P) LTD.	2594573	17.63	3668639	21.37%
M/s. T.G.V. Projects & Investments (P) Ltd.,	1320013	8.97	2394079	13.95%
Sri T.G. Bharath	215737	1.47	515737	3.00%
<b>Total</b>	<b>4130323</b>	<b>28.07</b>	<b>6578455</b>	<b>38.32%</b>

and that of the total Promoters' Group holding will increase from 81,39,533 to 1,05,87,665 Equity shares comprising of 55.31% to 61.68 %.



Further identity of the proposed allottees are furnished hereunder.

- 1) M/s Gowri Gopal Hospitals Private Limited incorporated under the Companies Act, 1956 having its Registered Office at C-4, Industrial Area, Sanath Nagar, Hyderabad - 500018. The Company's main activity is healthcare.
- 2) M/s T G V Projects & Investments Private Limited incorporated under the Companies Act, 1956 having its Registered Office at C-4, Industrial Area, Sanath Nagar, Hyderabad - 500018. The Company's main activity is in the field of hospitality and real estate.
- 3) Sri T.G. Bharath Chairman & Managing Director and promoter of the Company. Residential Address : 43/262, New Sankal Bagh, N.R. Peta, Kurnool - 518004.

The proposed preferential allotment of resultant equity shares upon conversion of convertible warrants to the proposed allottees would not result in change in control and management of the Company.

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

The Board of Directors of the Target Company had recommended the Preferential Issue of equity shares under Sections 42 and 62 of the Companies Act, 2013 to seek the approval of the shareholders by means of a Special Resolution at their ensuing Annual General Meeting for the proposed allotment of 24,48,132 convertible Warrants of the target company at a price worked out as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. In the event where it is required to do so in terms of the SEBI (ICDR) Regulations, 2009, the company has undertaken that the issue price would be recomputed for the proposed preferential issue.

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

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

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

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

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

The issue price of each convertible warrant of Rs.98.19 (including premium of Rs.88.19) is determined as per the guidelines of preferential issue framed under SEBI(ICDR) Regulations, 2009 which shall be higher of the following:

- (a) The average of the weekly high and low of the volume weighted average price of Company's shares quoted on stock exchange during twenty six weeks preceding the relevant date or
- (b) The average of the weekly high and low of the volume weighted average price of Company's shares quoted on stock exchange during the two weeks preceding the relevant date

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

In accordance with the SEBI (ICDR) Regulations, 2009, the new Equity Shares to be allotted upon conversion of warrants on preferential basis to Promoters viz., M/s. Gowri Gopal Hospitals Private Limited M/s T G V Projects & Investments Private Limited and Sri T G Bharath shall be subject to a lock in period of three years from the date of trading approval granted by BSE Ltd and National Stock Exchange of India Ltd. In case of re-calculation of price under regulation 76(3) of SEBI(ICDR) Regulations, 2009, if the amount payable by the allottees is not paid till the expiry of lock-in period, the equity shares shall continue to be locked in till such amount is paid by the allottees.

**(xi) Approvals :**

Section 42 and 62 of Companies Act, 2013 provides inter alia, that when it is proposed to increase the issued capital of the Company by allotment of further shares etc., such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Section 42 and 62 unless the shareholders in general meeting decide otherwise by passing a special resolution.

Hence, consent of the shareholders by way of Special Resolution is being sought pursuant to the provisions Sections 42 and 62 and all other applicable provisions of the Companies Act, 2013 and in terms of the provisions of SEBI(ICDR) Regulations, 2009 and SEBI(LODR) Regulations, 2015.

The Company is taking necessary steps to obtain the required approvals from the stock exchanges , or any other regulatory agency as may be applicable for the proposed preferential issue of convertible warrants and allotment of equity shares upon conversion of the warrants.

As per provisions of SEBI(SAST) Regulations, 2011 ,the promoters of the Company are allowed to increase their stake/ holding by 5% of post issue capital every year to certain limit .





**(xii) Other conditions :**

- a) The entire shareholding of the proposed allottees in the Company are held in dematerialized form .
- b) The entire pre-preferential shareholdings of proposed allottees shall be under lock in from the relevant date up to a period of six months from the date of trading approval.
- c) The Company had obtained the permanent account number of the proposed allottees.
- d) The proposed allottees have complied with all conditions as laid down therein.

**(xi) Interest of Directors:**

None of the Directors except Sri T G Bharath, Chairman & Managing Director is interested or concerned in the resolution.

Your directors recommend the resolution for approval of the shareholders in pursuance to Sections 42 and 62 of the Companies Act, 2013.

**Item No. 8**

The Board on the recommendation of Audit Committee, has approved the appointment and remuneration of the Cost auditor of Rs. 50,000/- to conduct the audit of the cost records of the Company for financial year ending March 31, 2017.

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

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2017.

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

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

By Order of the Board

Sd/-

**(V. Surekha)**

Company Secretary

Place : Kurnool

Date : 29<sup>th</sup> August, 2016



**Details of Directors seeking appointment/reappointment at the forthcoming Annual General Meeting**

**(Pursuant to regulation 36(3) of the SEBI(LODR) Regulations, 2015)**

<b>Name of the Director</b>	Sri.T G Bharath	Sri.H.Gurunath Reddy	A.Kailshnath
Date of Birth	05.08.1976	10.06.1960	06.09.1983
Date of Appointment	26.07.2006	15.06.2015	30.05.2016
Expertise in specific functional areas	More than 15 years experience in chemical industry	More than 30 years of experience in paper and chemical industry	Since 5 years into business of industrial packing materials,experience on market research analyst, worked in an automotive filter Company
Qualification	B.Com.,M.B.A(UK)	M.Sc(Chemistry)	B.Com., M.B.A.
Shareholdings in the Company	2,15,283	Nil	Nil
Directorship in other Listed Entities	Nil	Nil	Nil
Membership in committees in other Listed Entities	Nil	Nil	Nil



## DIRECTORS' REPORT

To  
The Members

Your Directors have pleasure in presenting the Eleventh Annual Report of the Company for the year ended 31<sup>st</sup> March, 2016.

### Financial Results:

( Rs. in lakhs )

Particulars	2015 - 2016	2014 - 2015
Profit before interest, Depreciation and Tax	4457.54	4712.51
Less : Interest	935.26	1160.97
Depreciation	971.68	975.77
Profit before Tax	2550.60	2575.77
Provision for Taxation & Deferred Income Tax	678.83	638.69
Profit after Tax	1871.77	1937.08
Add: Balance brought forward from previous year	12196.21	10051.56
Other adjustments	(359.47)	207.56
Balance carried forward to next year	13708.51	12196.21

### Performance:

During the year the Company achieved turnover of Rs. 38106.37 lakhs against previous year turnover of Rs. 41114.96 lakhs. The profit before tax stood at Rs.2550.60 lakhs as against Rs.2575.77 lakhs for the previous year.

### Dividend:

Your Directors have recommended a final dividend of Rs.1.50 (i.e.,15%) per equity share of face value Rs.10/- each for the financial year ended 31<sup>st</sup> March,2016 . The dividend payment is subject to approval of members at the ensuing Annual General Meeting. The total cash outflow on account of dividend on equity shares for the financial year 2015-16 would aggregate Rs.2,20,94387/-. The dividend will be paid to members whose names appear in the Register of Members as on 21.09.2016. The dividend payment date is 25.10.2016.

### Scheme of Arrangement:

The Board of Directors of the Company in their meeting held on 19<sup>th</sup> September, 2015 approved draft Scheme of Arrangement between Company and its four Wholly Owned Subsidiary Companies. After receipt of NOC from Stock Exchanges BSE and NSE where the shares of the Company are listed, draft scheme was filed with Hon'ble High Court of Judicature at Hyderabad for the State of Telengana and Andhra Pradesh. The draft Scheme of Arrangement was approved by members in the Court convened Extra Ordinary General Meeting with Appointed



date as 01.04.2016. Due to technical matters and subsequent developments the Company could not file the Company Petitions. The Board of Directors in their meeting held on 29.08.2016 had decided not to proceed with Scheme of Arrangement as it is not viable due to technical issues in respect of thermal and wind power generation undertakings, legal and tax matters. As per advice of counsels, the Company decided to drop the Scheme of Arrangement by not filing Company Petitions. There are no demerger of any undertakings as per proposed Scheme of Arrangement and status quo continue.

**Board Meetings:**

During the year 9(nine) Board meeting and 5(five) Audit Committee Meetings were held and the details of which are mentioned in Corporate Governance Report.

**Reserves:**

During the year the Company had transferred an amount of Rs.93,58,857/- to General Reserves.

**Subsidiaries, Joint Ventues and Associate Companies :**

As on 31.03.2016 your Company has four Wholly Owned Subsidiary Companies and one Associate Company. As required under SEBI(LODR) Regulations, 2015 and Sec129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, the consolidated financial statements of your Company, its subsidiaries and Associate Company are provided in the Annual Report. The Consolidated financial statements have been prepared in accordance with AS 21, Consolidated Financial Statements and AS 23, Accounting treatment of investments of associate companies, issued under the Company(Accounting Rules),2006 which are deemed accounting standards under section 133 of the Companies Act, 2013. The consolidated financial statements have been prepared on the basis of audited financial statements of its subsidiaries and associate company as approved by their respective Board of Directors. The Consolidated financial statement shows the financial resources, assets, liabilities, income, profits and other details of your Company and its subsidiaries after elimination of inter-company transactions and in case of associate accounting for its share of profits by a single entity after eliminating un-realised profits. A separate statement is annexed to the Notes on accounts explaining salient features of the financial statements of the Company and its subsidiaries and associates in AOC-1 (Annexure-A) pursuant to Rule 8(5) (iv) of the Companies (Accounts) Rules, 2014 and the name of subsidiaries and associates of the Company formed/acquired and /or companies ceased to be subsidiary companies and associate company during the year are provided in (Annexure-B).

**Insurance:**

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

**Deposits:**

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

**Listing of Shares:**

The Equity shares of your Company are listed on BSE Ltd. and National Stock Exchange of India Ltd. The Company has paid the Annual Listing fees to each of these Stock Exchanges for the financial year 2016-17.

**Directors:**

Sri. H.Gurunath Reddy, Director is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. Dr. A.H.Praveen, Independent Director resigned from the Board with effect from 30.05.2016 and Sri.A.Kailashnath appointed as Director on 30.05.2016 in casual vacancy caused due to resignation of Dr.A.H.Praveen.

The brief particulars of the Directors seeking appointment / re-appointment at this Annual General Meeting are being annexed.

**Evaluation of Board Performance**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of SEBI(LODR)Regulations, 2015, the Board has carried out performance evaluation taking into consideration of various aspects of the Board's functioning, composition of Board, and its Committees, execution, and performance of specific duties, obligations and governance. The Performance of evaluation of Independent Directors was completed. The Performance evaluation of Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with evaluation process.

**Company's policy on Directors' appointment and remuneration**

The Nomination and Remuneration Committee had been constituted by the Board which ensures the selection, appointment of persons having wide exposure in their respective fields and remuneration to Directors, Key Managerial Personnel and Senior Management of the Company. The Board on the recommendation of the Nomination & Remuneration Committee takes necessary steps and decisions.

**Statement of declaration given by Independent Directors under section 149(6)**

The company has received the necessary declarations from each Independent Director in accordance with Section 149(7) of the Companies Act, 2013 that he/ she meets the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act, 2013.

**Particulars of loans, guarantees or investments under section 186**

The Company had not given any loans, guarantees during the year 2015-16. But investments to the extent of Rs.4,00,000/- in wholly owned subsidiary companies were made during the year.

**Particulars of contracts or arrangements with related parties**

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All Related Party Transactions are placed before the Audit Committee as also the Board for approval, where ever required. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseeable and repetitive nature. A statement giving details of all related party transactions entered into pursuant to the omnibus approval so granted are placed before the Audit Committee and the Board of Directors on a quarterly basis. Form AOC-2 is annexed as (Annexure-C).

**Risk Management Policy**

A special team with senior executives had been formed to assist the Board (a) Overseeing and approving the Company's enterprise risk management framework and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal and other risks and there is an adequate risk management infrastructure. The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives.

**Vigil Mechanism / Whistle Blower Policy**

In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behaviour, the company has adopted a vigil mechanism policy.

**Extract of Annual Return :**

The details forming part of the extract of Annual Return (Form-MGT-9) is annexed as (Annexure-D.)

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

Information as per Section 134 (3) of the Companies Act, 2013 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2016 is annexed to this Report (Annexure-E).

**Corporate Governance:**

A separate report on Corporate Governance (Annexure-F) is being incorporated as a part of the Annual Report along with a Certificate from the Auditors of the Company regarding the compliance of the conditions of Corporate Governance as stipulated under regulation 34(3) and 53(f) read with Schedule V of SEBI(LODR) Regulations, 2015.

**Management Discussion and Analysis Report :**

Further to comply with regulation 34(3) and 53(f) read with Schedule V of SEBI(LODR) Regulations, 2015, 'Management Discussion and Analysis' has been given as Annexure-G to the Directors' Report.

**Corporate Social Responsibility :**

Composition of CSR Committee : CSR Committee reconstituted on 30.05.2016 with Sri A Kailashnath as Chairman and Smt.D S Sai Leela and Sri P Ramachandra Gowd as members. During the financial year 2015-16, the company had spent Rs.2,52,189/- for providing drinking water, Rs.10,90,000 for promotion of education and Rs.2,33,200 towards animal welfare.

Amount to be spent as per section 135 of Companies Act, 2013 - Rs. 32,76,921/-

Total amount spent by Company during financial year - Rs. 15,75,389/-

**Cost Auditors:**

The Cost Audit under Section 148 of Companies Act, 2013 is carried out in respect of the products of the Company by M/s. Kapardhi & Associates, (M 9488) - Cost Auditor of the Company for the financial year 2014-15 and Cost Audit Report ( Form-I ) in XBRL format had been filed with Central Government .

**Statutory Auditors:**

The Statutory Auditors M/s. S.T. Mohite & Co., Chartered Accountants, Hyderabad, were appointed at the 9<sup>th</sup> Annual General Meeting held on 29.09.2014 for a period of 3 years. As per the provisions of Section 139 of Companies Act, 2013 , the appointment of auditor is required to be ratified by members at every Annual General Meeting.

**Secretarial Auditors:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has re-appointed M/s. Geetha Serwani & Associates, Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the Financial Year 2015-16. The Report of the Secretarial Audit Report is annexed herewith as "Annexure-H".

**DISCLOSURE AS PER SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment



at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed there under.

During the financial year 2015-16, the Company received no complaints on sexual harassment.

#### **Directors' Responsibility Statement:**

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2016 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that the Directors had prepared the accounts for the financial year ended 31<sup>st</sup> March, 2016 on a 'going concern' basis.
- (v) that the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (vi) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **Explanations or comments on qualifications, reservations or adverse remarks or disclaimers made by the Auditors and the Practicing Company Secretary in Practice.**

There are no qualifications, reservation or adverse remark or disclaimer made by Statutory auditor in his report and Company secretary in practice in the secretarial audit report.

#### **Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.**

There are no material changes which affects the financial position of the Company according to the date of financial year and the date of its report .





### Particulars of Employees:

No employee of the Company is drawing remuneration as prescribed under Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### Particulars of Remuneration:

Disclosures with respect to the remuneration of Directors and employees as required under Section 197(12) of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.:

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Name of the Director	Ratio to Median Remuneration
Sri T.G.Bharath , CMD	47.74
Dr. A.H.Praveen , Director	0.12
Sri H.Gurunath Reddy, Director	0.08
Smt. D.Sai Leela , Director	0.12
Sri P.Ramachandra Gowd , Director	0.11
Sri Krishnamoorthy Chandraiah Naik, Director	0.09
Sri N.Ramachandra Rao, Director (up to 15.06.2015)	0.02

- (ii) The percentage increase in remuneration of each Director, Chief financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Sri T.G.Bharath - Chairman & Managing Director	0%
Sri Ifthekhar Ahmed - Chief Financial Officer	11.68 %
Smt.V Surekha - Company Secretary	6.36 %

- (iii) The percentage increase in the median remuneration of employees in the financial year - 5%
- (iv) The number of permanent employees on the rolls of Company - 400
- (v) Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration :

The average increase in salaries of employees other than managerial personnel in 2015-16 was 5%. Percentage increase in the managerial remuneration for the year was Nil.

- (vi) Affirmation that the remuneration is as per the remuneration policy of the Company : YES



**ANNEXURE-A**  
**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies**

**Part "A": Subsidiaries**

The Company had following four Wholly owned Subsidiary Companies during the financial year 2015 -16 which are yet to commence operations (in Rs.)

Particulars	SRHHL Power Generation Private Limited	SRHHL Infrastructure Private Limited	T G V Infrastructure & Industrial Parks Private Limited	Sri Vibhu Infrastructure Development Private Limited
Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	-	-	-	-
Reporting currency and Exchange rates as on the date of the relevant financial year in case of foreign subsidiaries.	-	-	-	-
Share Capital	1,00,000	1,00,000	1,00,000	1,00,000
Reserves & Surplus	(86,010)	(65,620)	(86,010)	(86,010)
Total Assets	90,990	87,380	90,990	90,990
Total Liabilities	90,990	87,380	90,990	90,990
Investments	0	0	0	0
Turnover	0	0	0	0
Profit before taxation	(86,010)	(65,620)	(86,010)	(86,010)
Provision for taxation	0	0	0	0
Profit after taxation	(86,010)	(65,620)	(86,010)	(86,010)
Proposed dividend	0	0	0	0
% of shareholding	0	0	0	0

**Part "B": Associates and Joint Ventures**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Name of associates/Joint Ventures	Sree Rayalaseema Alkalies and Allied Chemicals Limited (Associate)
1. Latest audited Balance Sheet Date	31.03.2016
2. Shares of Associate/Joint Ventures held by the company on the year end No. of Shares	2,05,44,496
Amount of Investment in Associates/Joint Venture	Rs. 19,32,48,989
Extend of Holding%	26.10%
3. Description of how there is significant influence	Holding more than 20% of shareholding
4. Reason why the associate/joint venture is not consolidated	-
5. Net worth attributable to shareholding as per latest audited Balance Sheet	Rs. 35,07,93,995/-
6. Profit/Loss for the year	
i. Considered in Consolidation	Rs. 6,36,45,006/-
ii. Not Considered in Consolidation	Nil



**ANNEXURE “B” TO DIRECTORS REPORT**

**Entities formed/acquired or ceased during the financial year 2015-16**

(pursuant to section 134 read with Rule 8(5)(iv) of Companies (Accounts) Rules, 2014.)

1. Subsidiaries formed/acquired
  1. SRHHL Power Generation Private Limited - Wholly owned subsidiary
  2. SRHHL Infrastructure Private Limited - Wholly owned subsidiary
  3. T G V Infrastructure & Industrial Parks Private Limited - Wholly owned subsidiary
  4. Sri Vibhu Infrastructure Development Private Limited - Wholly owned subsidiary
2. Associate Companies formed /acquired
  1. Sree Rayalaseema Alkalies & Allied Chemicals Limited
3. Subsidiaries and associate companies ceased: Nil

**ANNEXURE-C****Form No. AOC -2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis. - Not Applicable -
2. Details of material contracts or arrangement or transactions at arm's length basis:

Sl. No	(a) Name(s) of the related party and nature of relationship	(b) Nature of contracts/ arrangements/ transactions	(c) Duration of the contracts/ arrangements/ transactions	(d) Salient terms of the contracts or Transactions including the value, if any: (Rs.)	(e) Date(s) Of approval by the Board, if any:	(f) Amount paid as advances if any (Rs.)
1.	Sree Rayalaseema Alkalies and Allied Chemicals Ltd	Purchases Sales Rent Paid	Annual Contracts	689927521 56401759 339000	} 29-05-2015 30-05-2016	-
2.	TGV Projects & Investments Pvt Ltd	Purchases Sales Rent Paid Services received	Annual Contracts	1900 39352 11945123 12932190		-
3.	Gowri Gopal Hospitals Pvt Ltd	Purchases Sales Rent Paid Services received	Annual Contracts	228970 423804 1614000 178709		-
4.	Sree Rayalaseema Galaxy Projects Pvt Ltd	Purchases Sales Services received	Annual Contracts	6630366 9699070 41021004		-
5.	Sri T G Venkatesh	Rent Paid	Lease	900000		15-6-2015

Note: The above related party disclosures are only under Sec 188 read with Sec 134 of the Companies Act, 2013.

For and on behalf of the Board

Sd/-

**T G Bharath**

Chairman & Managing Director  
DIN:00125087

Place : Kurnool

Date : 29th August, 2016



**ANNEXURE “D” TO DIRECTORS REPORT:  
FORM NO. MGT-9**

**Extract of annual return as on the financial year ended on 31.03.2014 pursuant to section 92(3) of Companies Act,2013 and rule 12(1) of the Companies (Management and Administration)Rules, 2014).**

**I Registration and other details :**

(i) CIN	L24110AP2005PLC045726
(ii) Registration Date	28-03-2005
(iii) Name of the Company	Sree Rayalaseema Hi-Strength Hypo Limited
(iv) Category/sub-category of the Company	Public Company / Limited by Shares
(v) Address of the Registered Office and contact details	Regd Off : Gondiparla, Kurnool-518004 6-2-1012, TGV Mansion, IInd Floor, Above ICICI Bank, Khairatabad, Hyderabad - 500004. Ph No. 040-23313842; Fax No. 040-23313875.
(vi) Whether listed Company Yes/No	Yes
(vii) Name, Address and Contact Details of Registrar and Transfer Agent, if any	Aarathi Consultants Pvt. Ltd. Regd. Office: 1-2-285, Domalguda Hyderabad-500029.(Telangana State) Tel No. 040-27638111 / 4445, Fax No: 040-27632184 e-mail : info@aarthiconsultants.com

**II Principal Business Activities of the Company**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products/services	NIC Code of the product/ service	% of total turnover of the Company
1	Calcium Hypo Chlorite	20119	50.76%
2	Stable Bleaching Powder	20119	9.75%

**III Particulars of Holding, Subsidiary and Associate Companies:-**

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1.	Sree Rayalaseema Alkalies and Allied Chemicals Limited	L24110AP1981 PLC003077	Associate	26.10%	Sec 2 (6)



Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
2.	SRHHL Power Generation Private Limited	U40106AP2015 PTC096481	Wholly owned Subsidiary Company	100%	Sec2(87)
3.	SRHHL Infrastructure Private Limited	U40300AP2015 PTC097106	Wholly owned Subsidiary Company	100%	Sec2(87)
4.	T G V Infrastructure & Industrial Parks Private Limited	U45209AP2015 PTC096457	Wholly owned Subsidiary Company	100%	Sec2(87)
5.	Sri Vibhu Infrastructure Development Private Limited	U45200AP2015 PTC096528	Wholly owned Subsidiary Company	100%	Sec2(87)

#### IV. SHAREHOLDING PATTERN (Equity share Capital Breakup as percentage of Total Equity)

##### (i) Category-wise Share Holding

Category of shareholders	No of shares held at the beginning of the year (01-04-2015)				No of shares held at the end of the year (31-03-2016)				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
(a) Individual / HUF	1038692	0	1038692	7.06	1038692	0	103869	7.06	Nil
(b) Central Govt.	0	0	0	0	0	0	0	0	0
(c) State Govt(s)	0	0	0	0	0	0	0	0	0
(d) Bodies Corp.	7120848	0	7120848	48.39	7100841	0	7100841	48.25	(0.13)
(e) Banks/FI	0	0	0	0	0	0	0	0	0
(f) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-Total A (1)</b>	<b>8159540</b>	<b>0</b>	<b>8159540</b>	<b>55.44</b>	<b>8139533</b>	<b>0</b>	<b>8139533</b>	<b>55.31</b>	<b>(0.13)</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-Total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>8159540</b>	<b>0</b>	<b>8159540</b>	<b>55.44</b>	<b>8139533</b>	<b>0</b>	<b>8139533</b>	<b>55.31</b>	<b>(0.13)</b>



Category of shareholders	No of shares held at the beginning of the year (01-04-2015)				No of shares held at the end of the year (31-03-2016)				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>B. Public shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	1322	928	2225	0.02	1322	928	2250	0.02	Nil
b) Banks/FI	44417	0	44417	0.30	44417	0	44417	0.30	Nil
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIS	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others(specify)	45739	928	46667	0.32	45739	928	46667	0.32	Nil
<b>Sub-total(B)(1):-</b>									
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	508593	57446	566039	3.85	279002	46598	325600	2.21	1.64
ii) Overseas	0	2593	2593	0.02	0	2593	2593	0.02	0
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs.1 lakh	2152624	2016922	4169546	28.33	2190317	1990183	4181500	28.41	0.08
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	688438	0	688438	4.68	976144	0	976144	6.63	1.95
c) Others (specify) NRI	170833	913033	1083866	7.36	152105	892547	1044652	7.10	0.26
<b>Sub-total(b)(2):-</b>	<b>3520488</b>	<b>2989994</b>	<b>6510482</b>	<b>44.24</b>	<b>3598568</b>	<b>2931921</b>	<b>6530489</b>	<b>44.37</b>	<b>0</b>
Total Public Shareholding (B)=(B)(1)+(B)(2)	3566227	2990922	6557149	44.56	3644307	2932849	6577156	44.69	0.13
C. Shares held by Custodian for GDRs&ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>11725767</b>	<b>2990922</b>	<b>14716689</b>	<b>100.0</b>	<b>1178384</b>	<b>2932849</b>	<b>14716689</b>	<b>100.0</b>	<b>Nil</b>



## (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (01-04-2015)			Shareholding at the end of the year (31-03-2016)			% of change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1.	T G V Securities Pvt Ltd	623053	4.23	0	623053	4.23	0	0
2.	TGV Projects & Investments Pvt Ltd	1320013	8.97	0	1320013	8.97	0	0
3.	Sree Rayalaseema Dutch Kassenbouw Pvt Ltd	499422	3.39	0	499422	3.39	0	0
4.	Gowri Gopal Hospitals Pvt Ltd	2614580	17.77	0	2594573	17.63	0	(0.14)
5	Brilliant Industries Pvt Ltd	305042	2.07	0	305042	2.07	0	0
6	Sree Rayalaseema Galaxy Projects Pvt Ltd	1513989	10.29	0	1513989	10.29	0	0
7	Sree Rayalaseema Alkalies & Allied Chemicals Ltd	244749	1.66	0	244749	1.66	0	0
8	T G Bharath	215737	1.47	0	215737	1.47	0	0
9	T G Shilpa Bharath	399676	2.72	0	399676	2.72	0	0
10	T G Rajyalakshmi	415744	2.82	0	415744	2.82	0	0
11	Boda Mourya	488	0.00	0	488	0.00	0	0
12	Jyothsna S Mysore	7047	0.05	0	7047	0.05	0	0

## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	8159540	55.44%	8139533	55.31%
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. Allotment / transfer / bonus / sweat equity etc.,)	Transfer			
	At the end of the year	8139533	55.31%		




**iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)**

Sl. No	Name of the Shareholder	Shareholding		Increase / Decrease in Share holding (during the year 01.04.15 to 31.03.16)	Reason	No.of Shares	% of total shares of the Company
		No.of Shares at the beginning of the year (01.04.15) / end of the Year (31.03.16)	% of total shares of the Company				
1	BHAVESH DHIRESHBHAI SHAH	96547 <b>318832</b>	0.66	222285	purchase	318832	2.17
2	KALYANI P JAIN	67016 <b>90297</b>	0.46	23281	Purchase	90297	0.61
3	ISHA SECURITES LIMITED	85234 <b>81881</b>	0.58	3353	Sale	81881	0.56
4	PREM NATH MAINI	43122 <b>44731</b>	0.29	1609	Purchase	44731	0.30
5	UNION BANK OF INDIA	39866 <b>39866</b>	0.27	0	No Change	39866	0.27
6	VARSH B SHAH	38788 <b>82596</b>	0.26	43808	Purchase	82596	0.56
7	SATYA PRAKASH GUPTA	37576 <b>37576</b>	0.26	0	No Change	37576	0.26
8	PRAKSH HIMATLAL SHAH	43122 <b>36500</b>	0.29	6622	sale	36500	0.25
9	MANISH KUMAR HIMATLAL SHAH	0 <b>35537</b>	0	35537	Purchase	35537	0.24
10	BASIC ENG. EQUIPMENTS PVT LTD.	0 <b>31400</b>	0	31400	Purchase	31400	0.21
11	RELIGARE FINVEST LTD	<b>222285</b>	1.51	222285	Sale	0	0.00



(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding specifying for increase / decrease (e.g., Allotment / Transfer / Bouns / Sweat Equity etc.) (during the year 01.04.15 to 31.03.16)	Reason	Cumulative shareholding during the year (01.04.15 to 31.03.16) No. of shares	% of total shares of the Company
		No. of Shares at the beginning of the year (01.04.15)/ end of the year (31.03.16)	% of total shares of the Company				
1.	Sri T.G. Bharath	215737	1.47	.	.	215737	1.47
2.	Smt. D. Saileela	58	-	.	.	58	-
3.	Smt. V. Surekha	-	-	Purchase	.	500	-
4.	Sri S. Iftekhhar Ahmed	-	-	Purchase	.	500	-

VI. Indebtedness

Indebtedness of the Company including interest outstanding/acrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	579089228	-	11499375	590588603
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	579089228	-	11499375	590588603
<b>Change in Indebtedness during the financial year</b>				
• Additions	+58528974	-	+10100000	+68628974
• Reduction	-270138382	-	-	-270138382
<b>Net Change Indebtedness at the end of the financial year</b>	-211609408	-	+10100000	-201509408
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	367479820	-	21599375	389079195
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	367479820	-	21599375	389079195



## VII. Remuneration of Directors and Key Managerial Personnel

### 2. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager
		T G Bharath
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 (b) Value of perquisites u/s 17(2) Income -tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Rs.1,20,00,000
2.	Stock Options	-
3.	Sweat Equity	-
4.	Commission-as % of profit-others, specify....	-
5.	Others, please specify	-
	Total (A)	1,20,00,000
	Ceiling as per the Act	1,20,00,000

### B. Remuneration to other Directors :

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Dr.A.H. Praveen	D.Sai Leela	N.Rama chandra Rao	P.Rama chandra Gowd	
1.	Independent Directors. • Fee for attending board committee meetings • Commission • Others, please specify	30,000	30,000	4,000	28,500	92,500
	<b>Total (1)</b>	<b>30,000</b>	<b>30,000</b>	<b>4,000</b>	<b>28,500</b>	<b>92,500</b>
2.	Other Non-Executive Directors. Fee for attending board committee meetings Commission Others, please specify	K C Naik 22,500	H.Gurunath Reddy 20,000			
	<b>Total (2)</b>	<b>22,500</b>	<b>20,000</b>			<b>42,500</b>
	<b>Total(B)=(1+2)</b> Total Managerial Remuneration Overall Ceiling as per the Act					<b>1,35,000</b>


**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER / WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 (b) Value of perquisites u/s 17(2) Income -tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		5,73,564	4,46,166	10,19,730
2.	Stock Options		0	0	0
3.	Sweat Equity		0	0	0
4.	Commission-as % of profit-others, specify....		0	0	0
5.	Others, please specify		0	0	0
	Total		5,73,564	4,46,166	10,19,730

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES : NIL**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishments / compounding fees imposed	Authority [ RD / NCLT / COURT ]	Appeal made, if any ( give details )
<b>A. COMPANY</b>					
Penalty	---	---	---	---	---
Punishment	---	---	---	---	---
Compounding	---	---	---	---	---
<b>B. DIRECTORS</b>					
Penalty	---	---	---	---	---
Punishment	---	---	---	---	---
Compounding	---	---	---	---	---
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	---	---	---	---	---
Punishment	---	---	---	---	---
Compounding	---	---	---	---	---



### ANNEXURE-E TO DIRECTORS REPORT

#### Conservation of energy, technology absorption, foreign exchange earnings and outgo :

#### A. Conservation of Energy:

- (a) In Unit-III Stable Bleaching Powder Plant, batch time reduction could be achieved by the utilization of liquid chlorine through pipe line directly from SRAAC. This resulted into reduction in power consumption as well as improved productivity,
- (b) Second phase of implementation of energy efficient pumps is underway. First phase was successful.

#### FORM A

Disclosure of particulars with respect to conservation of energy:

	UNIT	Current Year 2015-2016	Previous Year 2014-2015
<b>A. Power and Fuel Consumption</b>			
<b>1. ELECTRICITY</b>			
a. Purchased	(KWH)	<b>132000</b>	2812206
Total Amount	(Rs.)	<b>2982762</b>	30170436
Rate per Unit	(Rs.)	<b>23</b>	10.73
b. Own Generation through Diesel Generator (Units)	(KWH)	--	--
Unit per Ltr. of Diesel Oil	(KWH)	--	--
Cost / Unit	(Rs.)	--	--
c. Own Generation through Wind	(KWH)	--	--
Units	(KWH)	--	--
Cost / Unit	(Rs.)	--	--
d. Own Generation through thermal	(KWH)	<b>71933273</b>	70268190
Units	(KWH)	<b>6.87</b>	7.61
Cost / Unit	(Rs.)		
<b>B. Consumption per MT of production:</b>			
Product Name		<b>Current Year</b>	Previous Year
Hi-strength Hypochlorite (HSH)	(KWH)	729.83	1127
Sulphuric Acid (SA)	(KWH)	40.06	45
Chlorosulphonic Acid (CSA)	(KWH)	45.78	45
Stable Bleaching Powder (SBP)	(KWH)	86.24	126
Monochloroacetic Acid (MCA)	(KWH)	287.97	265
H2 Gas	(Cum)	0.32	0.39
Sodium Methoxide	(KWH)	525.45	
Sodium Hydride	(KWH)	1328.76	

**B. Technology Absorption:**

Efforts made in Technology Absorption as per Form B.

**FORM B****Research and Development ( R & D )****1. Specific areas in which R&D carried out by the company:**

- (a) Waste Heat recovery in H<sub>2</sub>SO<sub>4</sub> plant proposal was implemented and 140 TR VAM was commissioned on 25<sup>th</sup> April, 2015. This VAM uses hot water coming from H<sub>2</sub>SO<sub>4</sub> plant, instead of steam to obtain chilled water which is required for MCA & SBP plants processes. Running time of 175 TR VAM ( which was earlier meant for MCA & SBP Plants) has reduced drastically due to the operation of 140 TR VAM. It resulted in saving of steam for 175 TR VAM considerably.
- (b) Higher capacity Compact Machine was commissioned in this financial year in new calcium hypo plant to meet customer requirement.
- (c) Recognition was given by Ministry of Science & Technology, Government of India for the R&D Centre developed in the Company.
- (d) Calcium Hypo Recovery from Mother Water Project (HRS-Hypo Recovery System) is in its Engineering stage. Civil works are in progress.
- (e) Sodium Hypo plant was commissioned. This plant uses the Mother water of calcium Hypo Chlorite as one of the raw materials.

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

- (a) A new product called premium grade stable bleaching powder (PGSBP) was launched. Plant was commissioned. Its trial run was also completed. Full scale production will be obtained after doing necessary modifications in the plant shortly. This also uses Mother Water of Calcium Hypo Chlorite as one of the raw materials and will reduce the dependency on Mother Water market.
- (b) By improving certain process parameters, consistency in Calcium Hypo Chlorite product purity is achieved.

**3. Future plans in R&D:**

- a) Mono Chloro Acetic Acid Project with higher product purity is in proposal stage.



- b) Stable Bleaching Powder Project with higher product purity is our future proposal.

#### 4. Expenditure on R & D

Charged under primary heads to the tune of Rs.2,55,36,531/-.

#### 5. Technology Absorption, Adoption and Innovation:

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

#### Foreign Exchange Earnings and Outgo:

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

The Company is continuously exploring the new markets for export of its products- Hi-strength Hypo Chlorite, Stable Bleaching Powder, Mono-Chloro Acetic Acid and Sulphuric Acid.

b) Total Foreign Exchange used/earned	(Rs. in lakhs)
i. Foreign Exchanged earned	15461.32
ii. Foreign Exchange used	6197.98

#### Acknowledgements:

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

For and on behalf of the Board

Sd/-

**T.G. BHARATH**

Chairman & Managing Director

DIN : 00125087

Place : Kurnool

Date : 29<sup>th</sup> August, 2016



## ANNEXURE 'F' TO DIRECTORS' REPORT

### Report on Corporate Governance

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

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

#### 2. Board of Directors

The composition of the Board is in compliance with the SEBI(LODR) Regulations, 2015. The Board comprises of Six Directors and three directors are independent Directors. Except Chairman & Managing Director, the other Directors are non-executive Directors. The details of Directors attending the meetings are further furnished hereunder:

Sl. No.	Name of the Director	Designation	Board meeting attendance	AGM Attendance	No of other Director ships	No of other Committee positions held
1.	Sri T.G. Bharath	Chairman & Managing Director	9	Yes	6	---
2.	Dr. A. H. Praveen	Independent Director	9	No	4	---
3.	Smt. D.Sai Leela	Independent Director	9	Yes	---	---
4.	Sri.P.Ramachandra Gowd	Independent Director	9	Yes	---	---
5.	Sri.H.Gurunath Reddy	Non-Executive Director	-	Yes	---	---
6.	Sri.KrishnaMoorthy Chandraiah naik	Non-Executive Director	9	Yes	---	---
7.	Sri.N.Ramachandra Rao	Independent Director	1	---	---	---





During the financial year ended 31<sup>st</sup> March, 2016, nine Board meetings were held on (1) 29.05.2015 (2) 15.06.2015 (3) 14.08.2015 (4) 19.09.2015 (5) 30.09.2015 (6) 13.11.2015 (7) 13.02.2016 (8) 17.03.2016 and (9) 31.03.2016.

The maximum time gap between any two meetings was not more than 120 days.

### **3. COMMITTEES OF THE BOARD**

#### **AUDIT COMMITTEE**

The composition of the Audit Committee is in accordance with the Corporate Governance guidelines and the provisions of Section 177 of the Companies Act, 2013. The main terms of reference of the Audit Committee are:

- (i) the recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- (ii) review and monitor the auditor's independence and performance and effectiveness of audit process ;
- (iii) examination of the financial statement and the auditor's report thereon;
- (iv) approval or any subsequent modification of transactions of the company with related parties;
- (v) scrutiny of inter-corporate loans and investments ;
- (vi) valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) evaluation of internal financial controls and risk management systems;
- (viii) monitoring the end use of funds raised through public offers and related matters.

The Audit Committee comprises of Smt.D.Sai Leela as Chairman, Dr.A.H.Praveen and Sri.P.Ramachandra Gowd as members. It was reconstituted on 30.05.2016 with Sri.A.Kailashnath as Chairman , Smt.D.Sai Leela and Sri.P.Ramachandra Gowd as members . The role, terms of reference and authority and powers of the Audit Committee are in conformity with the requirements of Companies Act, 2013 and SEBI(LODR) Regulations, 2015.

The Audit committee Meetings were held on following dates :

- (1) 29.05.2015 (2) 14.08.2015. (3) 19.09.2015 (4)13.11.2015 (5) 13.02.2016 and all the members attended the meetings.

#### **NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee comprises of Smt.D.Sai Leela as Chairman , Dr.A.H.Praveen and Sri.P.Ramachandra Gowd as members . It was reconstituted on 30.05.2016 with Sri.A.Kailashnath as Chairman Smt.D.Sai Leela and Sri.P.Ramachandra Gowd as members . The Committee interalia, deals with all elements of remuneration of Chairman & Managing Director's service contracts, notice period, severance of payments etc.



The Non-Executive Directors will be paid sitting fee of Rs.2,500 /- for each Board Meeting and Rs. 1500/- for Audit Committee Meeting. The CMD will not be paid any sitting fee for attending the Board meetings. The details of total remuneration paid to Sri T.G. Bharath, CMD for the year is furnished hereunder:

Salary	Perquisites	Commission	Total (Rs.)
1,20,00,000	---	---	1,20,00,000

#### Stakeholders Relationship Committee

To review the actions taken by the Company in relieving Investors' Grievances and its response to Stock Exchanges, SEBI and other related Government correspondence, Investors' Grievance Committee / Shareholders' Committee was constituted by the Board on 25.07.2006. The Committee comprises of Smt.D.Sai Leela as Chairman , Dr.A.H.Praveen and Sri.P.Ramachandra Gowd as members. It was reconstituted on 30.05.2016 with Sri.A.Kailashnath as Chairman , Smt.D.Sai Leela and Sri.P.Ramachandra Gowd as members .The Company is vested with the requisite powers and authorities to specifically look into redressal of shareholder and investor grievances.

No. of Investor queries / complaints received in the year 2015-16	Pending at the end of the year	No. of pending Share Transfer
104	NIL	NIL

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

#### 4. General Body Meetings :

The last three Annual General Meetings of the Company were held on (1) 27.09.2013 (11.30 A.M.) (2) 29.09.2014 (11 A.M.) and 30.09.2015 (11 A.M.) at Regd. Office, Gondiparla, Kurnool-518004 (A.P.). The Special Business transacted and approved by the Members at the previous Annual General Meetings are as follows:

##### 2012-13

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

##### 2013-14

1. Appointment of Sr.N.Ramachandra Rao as Independent Director
2. Appointment of Smt.D.Sai Leela as Independent Woman Director
3. Appointment of Dr.A.H.Praveem as Independent Director
4. Appointment of Sri.P.Ramachandra Gowd as Director liable to retire by rotation



5. Appointment of Sri Krishnamoorthy Chandraiah Naik as Director liable to retire by rotation
6. Ratification of Cost auditor remuneration
7. Borrowing powers of the Board under section 180(1)(c) Companies Act, 2013
8. Resolution under Section 180(1)(a) of Companies Act, 2013
9. Alteration of articles of association
10. Increase in the remuneration of Chairman and Managing Director

**2014-15**

1. Appointment of Sri.P.Ramachandra Gowd as Independent Director
2. Appointment of Sri.H.Gurunath Reddy as Director liable to retire by rotation
3. Ratification of Cost auditor remuneration
4. To change name of the Company ( Not carried out)

**Postal Ballot :**

No Postal Ballot was conducted during the year 2015-16.

**5. Disclosures :**

None of the transactions with any of the related parties were in conflict with the interest of the Company at large. The details of related party transactions are furnished under note no. 30.9 of Notes to Accounts of Balance Sheet and Profit and Loss Account to comply with Accounting Standard 18. The Company has not received any notices from Stock Exchanges or SEBI regarding non-compliance of statutory provisions. The Company is complying with all mandatory requirements as per SEBI(LODR) Regulations, 2015 .

**6. Means of Communications :**

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

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

**7. General Shareholder Information**

(a) Annual General Meeting:

- Date : 28<sup>th</sup> September , 2016  
Time : 11:00 A.M.  
Venue : Sree Rayalaseema Hi-Strength Hypo Limited  
Regd. Office : Gondiparla  
Kurnool – 518 004 (A.P.)



(b) **Tentative Financial Calendar** : The next financial year covers the period from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017.

Un-audited Financial Results for :

- First Quarter - July/August, 2016  
 Second Quarter - October/November, 2016  
 Third Quarter - January/February, 2017  
 Fourth Quarter - April/May, 2017

(c) Book Closure period : 22.09.2016 to 28.09.2016 (inclusive of both days)

(d) Dividend Date : 25.10.2016

(e) **Unclaimed Dividend** : As per the provisions of the Companies Act, 2013, any amount that remains unclaimed for a period of seven years is required to be transferred to the Investors Education and Protection Fund (IEPF). In accordance with the said provisions, the interim dividend declared in the year 2011 will be transferred to IEPF in the year 2018. The shareholders are required to encash the same by completing necessary formalities.

(f) **Listing on Stock Exchanges**: The shares of the Company are listed on BSE Limited & National Stock Exchange of India Ltd. Annual listing fee for the year 2016-17 has been paid to BSE and NSE.

(g) **Stock Code** : The Stock codes on Exchanges are

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

(h) **Market price Data for Financial year 2015-16:**

Month & Year	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2015	54.50	45.00	55.95	42.10
May, 2015	54.50	45.00	53.35	44.00
June, 2015	63.20	45.50	63.00	43.50
July 2015	86.35	55.00	86.00	58.70
August, 2015	83.50	51.00	83.75	50.00
September, 2015	59.45	48.05	62.95	47.95
October, 2015	72.00	53.25	73.00	53.05
November, 2015	67.00	56.30	69.35	55.35
December, 2015	73.00	59.10	73.70	59.20
January, 2016	81.50	59.50	83.95	57.60
February, 2016	67.50	46.30	67.80	46.00
March, 2016	68.00	50.95	67.70	51.20

**(i) Share Transfer Agents:**

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

**(j) Distribution of Shareholding as on 31<sup>st</sup> March, 2016:**

Sl. No.	Category	Shares	Amount	%
1.	Promoters	81,39,533	8,13,95,330	55.31
2.	Mutual Funds	2250	22500	0.02
3.	Banks & Financial			
4.	Institutions	44417	444170	0.30
5.	Bodies Corporate	3,28,193	32,81,930	2.23
6.	Indian public	51,57,644	5,15,76,440	35.05
	NRI / OCBS	10,44,652	1,04,46,520	7.10
	<b>Total</b>	<b>1,47,16,689</b>	<b>14,71,66,890</b>	<b>100</b>

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

As on 31<sup>st</sup> March, 2016, 80.07 % of shares were held in Dematerialised form and rest in physical form.

**(l) Outstanding GDR / ADRs / Warrants / Convertible Instruments – Not applicable****(m) Code of Conduct**

A code of Conduct is duly approved by the Board on 29.08.2006 and communicated to all Directors and Senior Management of the Company and affirmed by them as to its compliance on an annual basis. Code of conduct is posted on website of the Company.

**DECLARATION BY CEO**

As provided in Schedule-V (D) of SEBI(LODR) Regulations, 2015, the Directors and Senior Management personnel have confirmed compliance with code of conduct for the period ended.

Place : Kurnool  
Date : 29<sup>th</sup> August, 2016

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



**(n) Plant Locations:**

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

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

(A) Registrar and Share Transfer Agent  
M/s. Aarthi Consultants Pvt. Ltd.  
Door No. 1-2-285, Domalguda  
Hyderabad - 500 029. Telangana State.  
Tel Nos. 040-27638111, 27634445  
e-mail Id : info@arthiconsultants.com

(B) Sree Rayalaseema Hi-Strength Hypo Limited  
No.6-2-1012, IV<sup>th</sup> Floor, TGV Mansion,  
Above ICICI Bank, Khairatabad  
Hyderabad - 500 004. Telangana State.  
Tel Nos. 040-23313843 Fax No.: 040-23313875

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

For and on behalf of the Board

Sd/-

**T G Bharath**

Chairman & Managing Director  
DIN:00125087

Place : Kurnool

Date : 29<sup>th</sup> August,2016

**ANNEXURE 'G' TO DIRECTORS' REPORT:****Management Discussion & Analysis Report:****A) Industry Structure and Developments:**

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

**B) Opportunities and Threats:**

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

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

The Company surpassed its previous year performance in case of Stable Bleaching Powder (SBP), Oleum, Power Generation from Thermal Unit. However, there was a slight decline in Mono Chloro Acetic Acid (MCA), bottling of Hydrogen Gas, Sulphuric Acid, Sodium Hydride and Sodium Methoxide, Chloro Sulphonic Acid (CSA), Hydrochloric acid (HCL), Power generation through wind and Hi-strength Hypo chlorite (HSH).

**D) Outlook:**

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

**E) Risks and Concerns:**

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

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

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

**G) Discussion On Financial Performance With Respect To Operational Performance :**

For the year 2015-16 net profit before Tax is Rs.2550.60 lakhs against Rs.2575.65 lakhs during the previous year. The Company provided Rs.126.20 lakhs towards deferred tax and Rs.465.36 lakhs towards current tax. Due to this, the net profit after Tax is Rs.1871.77 lakhs.

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

During the year, the Company maintained harmonious and cordial industrial relations. The Company regularly conducting seminars and workshops to improve the safety and maintenance of the factory and for also timely dispatches of quality products. The Company is deputing employees for attending seminars for updating their skills and knowledge. The Company had around 400 employees on its rolls.

For and on behalf of the Board

Sd/-

**T G Bharath**

Chairman & Managing Director  
DIN:00125087

Place : Kurnool

Date : 29<sup>th</sup> August, 2016





**Auditor's Certificate regarding compliance of conditions of Corporate Governance**

(Under Schedule –V(E) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Auditor's Certificate is given as annexure to the Directors' Report.)

**Annexure to the Directors' Report**

To

The Members

Sree Rayalaseema Hi-strength Hypo Limited.

We have examined the compliance of the conditions of Corporate Governance by Sree Rayalaseema Hi-strength Hypo Limited for the year ended 31<sup>st</sup> March, 2016 as stipulated under Schedule-V(E) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchange(s).

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

In our opinion and to the best of our information and according to the explanation given to us and representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Regulations during the year ended 31<sup>st</sup> March, 2016.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as on 31<sup>st</sup> March, 2016, there were no investor grievances remaining unattended / pending for a period exceeding 15 days against company as per the records maintained by the Company .

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

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

Sd/-

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

Place : Kurnool

Date : 29<sup>th</sup> August, 2016



**ANNEXURE - H**  
**Form No. MR - 3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 09 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Member,  
**Sree Rayalaseema Hi-Strength Hypo Limited**  
(CIN : L24110AP2005PLC045726)  
Gondiparla Kurnool 518004  
Kurnool Dist  
Andhra Pradesh

I, Geeta Serwani, Proprietor of Geeta Serwani and Associates, Practicing Company Secretary have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sree Rayalaseema Hi-Strength Hypo Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on March 31, 2016 complied with the Statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of;

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956(SCRA) and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-law framed hereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India, 1992 ('SEBI Act');
  - (a) The Securities and Exchange Board of India(Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India ( Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;



- (e) The Securities and Exchange Board of India ( Issue and Listing of Debt Securities) Regulations, 2008 ;
- (f) The Securities and Exchange Board of India ( Registration to an Issue and Share Transfers Agents ) Regulations, 1993;
- (g) The Securities and Exchange Board of India ( Delisting of Equity Shares) Regulations, 2009;
- (h) The Securities and Exchange Board of India (Buyback of Securities ) Regulations, 1998.

I have also examined compliance with the applicable clause of the following;

- I. The Secretarial Standards issue by the Institute of Company Secretaries of India.
- II. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 .

Accordingly, the Industry specific major Acts as applicable to the Company are complied .

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

All decision at Board Meetings and Committee Meetings are carried unanimously as recorded in the minutes of the Meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company had following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

- a) Board has approved in their meeting held on 19<sup>th</sup> September 2015 draft Scheme of Arrangement between Sree Rayalaseema Hi-Strength Hypo Limited (Demerged Company ) and its four wholly owned subsidiary resulting companies.

**Geeta Serwani & Associates  
(Practicing Company Secretary)**

**(Geeta Serwani)**

Proprietor

ACS: 24479

CP: 8842

Date : 24<sup>th</sup> August 2016

Place : Hyderabad

Note: This report is to be read with letter of even date which is annexed as "ANNEXURE A" and forms an integral part if this report



**“ANNEXURE A” TO SECRETARIAL AUDIT REPORT**

To,  
The Member,  
**Sree Rayalaseema Hi-Strength Hypo Limited**  
(CIN : L24110AP2005PLC045726)  
Gondiparla Kurnool 518004  
Kurnool Dist  
Andhra Pradesh

Report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, we have obtained the Management representation about compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of efficacy or effectiveness with which the management has conducted the affairs of the Company.

Geeta Serwani & Associates  
**(Practicing Company Secretary)**

**(Geeta Serwani)**

Proprietor

ACS: 24479

CP: 8842

Date : 24<sup>th</sup> August 2016

Place : Hyderabad

**INDEPENDENT AUDITOR'S REPORT**

To  
The Members of  
Sree Rayalaseema Hi-Strength Hypo limited

**Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Sree Rayalaseema Hi-Strength Hypo limited (the Company), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information for the year then ended.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the Act) with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.



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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
  - e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) There are no pending litigations which would impact the financial position of the company ;
    - (ii) The Company has no foreseeable losses on long-term contracts and has no derivative contracts outstanding as at 31<sup>st</sup> March,2016;
    - (iii) The company has no dues required to be transferred to the Investor Education and Protection Fund;
2. As required by the Companies (Auditor's Report) Order, 2016 (the Order) issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

**for S.T. Mohite & Co.,**  
Chartered Accountants  
Regn. No. 011410S  
Sd/-  
**M.T. Sreenivasa Rao**  
Proprietor  
Membership No. 15635

Place: Kurnool  
Date : 30<sup>th</sup> May,2016

**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls over financial reporting of Sree Rayalaseema Hi-strength Hypo Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that We comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

Place: Kurnool  
Date : 30<sup>th</sup> May, 2016





**Annexure to Independent Auditors' Report**  
(referred to in Paragraph 2 of the section on "Report on other legal and regulatory requirements" of our Report of even date)

Sl. No.	Ref.to CARO	Report by Independent Auditors				
1	3(i)	<b>Fixed Assets</b>				
	3(i)(a)	The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.				
	3(i)(b)	As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, 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				
	3(i)(c)	According to the information and explanations given to us and the records examined by us and based on the examination of sale deeds, conveyance deeds, encumbrance certificates verified to us, we report that, the title deeds comprising all the immovable properties of lands and buildings which are free hold, are in the name of the company as at the balance sheet date except the following.				
		Sl No.	Particulars of immovable property, location & other details	Gross block as at the Balance sheet date	Net Block as at the balance sheet date	Remarks
		1	Land located at Gondiparla, Kurnool Survey No. 16 admeasuring 2.02 acres	237,576	237,576	As per the information given to us, this was received in scheme of amalgamation. Change of title is under process.
		2	Land located at manjawadi, Laxmapuram, Tamilnadu Survey No. 38/1A, 38/5A, 38/3A1, 143P.Ac admeasuring 6.340 acres	357,772	357,772	As per the information given to us, this was received in scheme of amalgamation. Change of title is under process.
		3	Land located at kaluvekkam, Tiruporur, Tamilnadu Survey No. 245-2B, 217 admeasuring 3.0 acres	1,492,627	1,492,627	As per the information given to us, this was received in scheme of amalgamation. Change of title is under process.
		4	Land located at Konapapapeta, U.Kothapally Mandal, East Godavari District Survey No. 263/2, 263/3 admeasuring 16.60 acres	2,330,990	2,330,990	As per the information given to us, this was received in scheme of amalgamation. Change of title is under process.
		5	Land located at Nenam Village, East Godavari District Survey No. 306, 301, 301/1, 301/2, 302/2 admeasuring 51.858 acres	4,254,639	4,254,639	As per the information given to us, this was received in scheme of amalgamation. Change of title is under process.



Sl. No.	Ref.to CARO	Report by Independent Auditors
2	3(ii)	<b>Inventories</b> As explained to us, the inventories has been physically verified during the year by the management at regular intervals .In our opinion, the frequency of such verification is reasonable.
3	3(iii)	
	3(iii)(a)	whether the terms and conditions of the grant of such loans are not prejudicial to the company's interest;
	3(iii)(b)	whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular;
	3(iii)(c)	if the amount is overdue, state the total amount overdue for more than ninety days, and whether reasonable steps have been taken by the company for recovery of the principal and interest;
4	3(iv)	<b>Loans, guarantees, securities to and investments in other companies</b>
		in respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereo
5	3(v)	<b>Acceptance of deposits</b>
		The company has not accepted any deposits and hence paragraph 3(5) of the order is not applicable to the company.
6	3(vi)	<b>Maintenance of cost records</b>
		The maintenace of cost records as specified by the Central Government Under Section 148(1) of the companies Act, 2013(The Act) is applicable to the company for the Financial Year ending 31.03.2016 we have broadly verified the cost records maintained by the company under Section 148(1)of the Act and we are of the opinion that, prima facie the prescribed accounts and cost records have been maintained. We are, however, not required to and not carreid out any a detailed examination of such accounts and records with a view to determining whether they are or complete or accurate.



Sl. No.	Ref. to CARO	Report by Independent Auditors				
7	3(vii)	<b>Statutory Dues</b>				
	3(vii)(a)	According to the records examined by us, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Employee state insurance, Sales tax, Service tax, Customs duty, Excise duty, Value added tax, cess and other statutory dues where ever applicable. According to the information and explanation given to us no undisputed arrears of statutory dues were outstanding except Advance Income tax as on the last date of the financial year for a period of more than six months from the date they became payable.				
	3(vii)(b)	According to the information and explanation given to us there are no material dues of statutory dues of Income tax, sales tax, Service tax, Customs duty, Excise duty, Value added tax, cess and other dues have not been deposited on account of any dispute however the following dues of excise duty, service tax, and income tax have not been deposited by the company on account of pending disputes as detailed here under.				
Sl. No.	Name of the Statute	Nature of dues	Total Amount Rs.	Period to which the amt. relates	Forum where dispute is pending	
1	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit for some input Services	364,324	2008-09	Appeal filed with Service Tax Dept. Pending before Comm. Appeals, Guntur	
2	Central Excise Act, 1944	Disallowance of CENVAT Credit	3,219,175	2006-09	Appeal pending before Additional Commissioner Tirupati	
3	Central Excise Act, 1944	Disallowance of CENVAT Credit	2,066,352	2009-10	Appeal pending before Additional Commissioner Tirupati	
4	Central Excise Act, 1944	Disallowance of CENVAT Credit on input services	3,058,889	2010-11	Appeal pending before Additional Commissioner Tirupati	
5	Service Tax, 1944	Non Payment of service tax on lease rentals	1,208,860	2010-11	Dept. Appeal pending before Commissioner Appeals, Guntur	
6	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit on Customs duty	3,252,002	2010-11	Appeal pending before Additional Commissioner Tirupati	
7	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit for some input Services	2,764,347	2010-11	Appeal pending before Commissioner of Central Excise, Tirupati	



Sl. No.	Name of the Statute	Nature of dues	Total Amount Rs.	Period to which the amt. relates	Forum where dispute is pending
8	Service Tax, 1944	Non Payment of service tax on lease rentals	473,819	2010-11	Appeal pending before Assistant Commissioner Kurnool
9	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit on Customs duty	2,554,120	2011-2	Appeal pending before Commissioner of Central Excise, Tirupati
10	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit on input Services	4,083,289	2012-13	Appeal pending before Commissioner of Central Excise, Tirupati
11	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit on receipt of various input Services	129,845	2012-13	Appeal pending before Assistant Commissioner Kurnool
12	Central Excise Act, 1944	Alleged non Payment of service tax on lease rentals on leased assets	800,354	2011-12 2012-13	Appeal pending before Additional Comm. of Central Excise, Tirupati
13	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit on input Services	2,253,557	2012-13	Appeal pending before Additional Comm. of Central Excise, Tirupati
14	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit on input Services	4,021,464	2012-13 2013-14	Appeal pending before Additional Comm. of Central Excise, Tirupati
15	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit in respect of various input Services	825,993	2013-14	Appeal pending before Additional Comm. of Central Excise, Tirupati
16	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit on input Services Alleged Wrong	2,936,292	2013-14	Appeal pending before Additional Comm. of Central Excise, Tirupati
17	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit on input Services	1,497,273	2014-15	Appeal pending before Additional Comm. of Central Excise, Tirupati
18	Service Tax, 1944	Non Payment of service tax on lease rentals	194,727	2013-14	Appeal pending before Additional Comm. of Central Excise, Tirupati
19	The income Tax Act, 1961	Disallowance of amount as expenditure under section 14A	304,719	2008-09	Appeal pending before CIT (appeals) Hyderabad
20	Service Tax, 1944	Non Payment of service tax on lease rentals	9,185	2014-15	Appeal pending before Deputy Commissioner Kurnool
21	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit in respect of various input Services	3,037,489	2014-15	Appeal pending before Additional Commissioner of Central Excise, Tirupati
22	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit in respect of various input Services	397,789	2014-15	Appeal pending before Additional Commissioner of Central Excise, Tirupati



Sl. No.	Ref.to CARO	Report by Independent Auditors
8	3(viii)	<b>Defaults in repayments to Financial Institutions/Banks/Debenture holders</b> The company has borrowed Term loans and working capital loans from banks and has not issued any debentures. According to the information and explanation given to us and based on our verification the company, in our opinion has not defaulted in the payment/repayments of loans or borrowings to the banks.
9	3(ix)	<b>Initial public offer/further offer</b> In our opinion and according to the information and explanation given to us, the company has not made any initial public offer or further public offer of securities (including debt instruments) and the term loans have been applied by the company during the year for the purposes for which they are raised.
10	3(x)	<b>Frauds by or on the company</b> Based upon the audit procedures performed and to the best of our knowledge and according to the information and explanation given to us by the management, we report that no fraud by the company and no material fraud on the company by its officers or employees has been noticed as reported during the course of our audit.
11	3(xi)	<b>Managerial Remuneration</b> The company has paid/provided managerial remuneration to its whole time director during the year and in our opinion and according to the information and explanation given to us such managerial remuneration is according with the provisions of section 197 of the Act read with schedule V to the Act.
12	3(xii)	<b>Nidhi company</b> In our opinion and according to the information and explanation given to us, the company is not a nidhi company and hence paragraph 3(xii) of the order is not applicable to the company.
13	3(xiii)	<b>Transactions with Related parties</b> As explained to us and as per records of the company, in our opinion the transactions with related parties are in compliance with provision of section 177 and section 188 of the Act and the details have been disclosed in the financial statements as required by the applicable accounting standards.
14	3(xiv)	<b>Preferential allotment u/s 62 or private placement u/s 42 of the Act</b> According to the records of the company it has not made any preferential allotment of shares or private placement of shares or fully/partly convertible debentures during the year under report. Accordingly paragraph 3(xiii) of the order is not applicable to the company.
15	3(xv)	<b>Non-cash transactions with directors u/s 192 of the Act</b> According to the records of the company, the company has not entered during the year in to any non cash transactions with directors or directors of its subsidiaries or associate companies or persons connected with him and hence provisions of Sec 192 of the Act and paragraph 3(xv) of the Order is not applicable to the company.
16	3(xvi)	<b>Registration u/s 45-1A of RBI Act,1934</b> The company is not required to be registered under section 45-1A of the Reserve bank of India Act, 1934 and hence paragraph 3(xvi) of the order is not applicable to the company.

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

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

Place: Kurnool

Date : 30th May, 2016



**STANDALONE BALANCE SHEET AS AT 31 st MARCH, 2016**

Particulars	Note No.	As At 31-03-2016 Rs.	As At 31-03-2015 Rs.
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share Capital	1	14,71,66,890	14,71,66,890
(b) Reserves and Surplus	2	1,73,05,25,823	1,56,99,37,028
(c) Money received against share warrants		0	0
		<b>1,87,76,92,713</b>	<b>1,71,71,03,918</b>
(2) Share application money pending allotment		0	0
<b>(3) Non-current liabilities</b>			
(a) Long-term borrowings	3	2,69,323,148	39,24,15,525
(b) Deferred tax liabilities (Net)	4	19,54,43,603	18,28,23,562
(c) Other Long term liabilities	5	1,01,19,105	95,19,105
(d) Long-term provisions	6	6,21,25,640	4,55,35,486
		<b>53,70,11,496</b>	<b>63,02,93,678</b>
<b>(4) Current liabilities</b>			
(a) Short-term borrowings	3	46,11,88,250	28,35,96,749
(b) Trade payables	7		
I. Total Outstandings to micro, small & medium enterprises		1,69,56,532	25,010,056
II. Total Outstanding to other than micro, small & medium enterprises		21,91,77,447	43,92,95,380
(c) Other current liabilities	8	21,98,28,943	24,54,84,788
(d) Short-term provisions	9	23,47,97,130	24,25,88,882
		<b>1,15,19,48,302</b>	<b>1,23,59,75,855</b>
<b>TOTAL</b>		<b>3,56,66,52,511</b>	<b>3,58,33,73,451</b>
<b>II ASSETS</b>			
<b>(1) Non-current Assets:</b>			
<b>(a) Fixed Assets</b>			
(i) Tangible Assets	10	1,94,65,72,403	1,94,36,18,043
(ii) Intangible Assets		0	0
(iii) Capital work-in-progress		1,85,45,181	5,07,24,866
(iv) Intangible assets under development		0	0
		<b>1,96,51,17,584</b>	<b>1,99,43,42,909</b>
(b) Non-current investments	11	23,34,85,430	23,30,85,430
(c) Deferred tax assets(net)		0	0
(d) Long-term loans and advances	12	18,12,09,220	21,83,69,659
(e) Other non-current assets		0	0
<b>(2) Current Assets:</b>			
(a) Current investments	13	0	0
(b) Inventories	14	22,15,81,550	24,79,66,955
(c) Trade receivables	15	53,37,70,415	35,25,27,503
(d) Cash and Cash equivalents	16	5,76,27,773	6,11,15,974
(e) Short term loans and advances	17	25,06,45,718	31,05,36,016
(f) Other current assets	18	12,32,14,821	16,54,29,005
		<b>1,18,68,40,277</b>	<b>1,13,75,75,453</b>
<b>TOTAL</b>		<b>3,56,66,52,511</b>	<b>3,58,33,73,451</b>
Contingent liabilities	19		
Significant Accounting Policies and Notes to Accounts	30		

Notes 1 to 19 and Note 30 annexed form integral part of Balance Sheet

As per our report of even date attached.

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

Chartered Accountants (Regn.No.011410S)

Sd/-

**M.T.Sreenivasa Rao**

Proprietor/Membership No.15635

Place : Kurnool

Date : 30<sup>th</sup> May, 2016

**For and on behalf of the Board**

Sd/-

**T.G.Bharath**

Chairman & Managing Director

Sd/-

**D. Sai Leela**

Director

Sd/-

**S. Ifthekhar Ahmed**

Chief Financial Officer

Sd/-

**V.Surekha**

Company Secretary

Place : Kurnool

Date : 30<sup>th</sup> May, 2016



## STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2016

Particulars	Note No.	Year Ended 31-03-2016 Rs.	Year Ended 31-03-2015 Rs.
<b>Incomes:</b>			
<b>I Revenue from Operations ( Gross )</b>	<b>20</b>	<b>3,81,06,37,399</b>	<b>4,11,14,96,539</b>
Less : Excise Duty		17,60,18,853	18,77,69,305
Revenue from Operations ( Net )		3,63,46,18,546	3,92,37,27,234
<b>II Other Income</b>	<b>21</b>	<b>3,52,66,770</b>	<b>2,00,61,018</b>
<b>III Total Revenue (I+II)</b>		<b>3,66,98,85,316</b>	<b>3,94,37,88,252</b>
<b>IV Expenses:</b>			
a) Cost of materials consumed	22	1,88,65,88,433	2,13,54,91,363
b) Purchases of Stock-in-Trade		1,07,575	17,07,745
c) Changes in inventories of finished goods work-in-progress and stock in trade	23	2,54,84,979	1,53,65,077
d) Employee benefits expenses	24	12,32,56,753	16,45,05,973
e) Finance costs	25	9,35,26,515	11,60,97,483
f) Depreciation and amortization expense	10	9,71,68,428	9,75,77,172
g) Other expenses	26	1,17,54,41,334	1,22,12,76,854
<b>Total Expenses</b>		<b>3,40,15,74,017</b>	<b>3,75,20,21,667</b>
<b>V Profit before Exceptional items and Tax (III - IV)</b>		<b>26,83,11,299</b>	<b>19,17,66,585</b>
<b>VI Exceptional Items</b>	<b>27</b>	<b>1,32,51,089</b>	<b>6,57,99,406</b>
<b>VII Profit before Tax (V+VI)</b>		<b>25,50,60,210</b>	<b>25,75,65,991</b>
<b>VIII Less: Tax Expenses</b>			
(a) Current tax		5,36,15,130	3,67,89,244
Less MAT Recognition		-70,78,835	
Net Current Tax		4,65,36,295	
(b) Earlier year tax adjustments		87,26,734	
(c) Deferred tax		1,26,20,041	2,70,68,103
<b>Net Tax Expenses (sub total VIII (a) to (c))</b>		<b>6,78,83,070</b>	<b>6,38,57,347</b>
<b>IX Profit for the period ( XI-XII )</b>		<b>18,71,77,140</b>	<b>19,37,08,644</b>
<b>X Earnings per equity share:</b>			
(a) Basic		12.71	13.16
(b) Diluted		12.71	13.16
(c) Face Value		10	10
<b>Notes to statement of profit and loss</b>			
Significant Accounting Policies and Notes to Financial Statements	28		
	29		

Notes 10, 20 to 29 annexed form integral part of Statement of Profit and Loss

As per our report of even date attached.

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

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

Place : Kurnool  
Date : 30<sup>th</sup> May, 2016

**For and on behalf of the Board**

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

**Sd/-**  
**D. Sai Leela**  
Director

**Sd/-**  
**S. Ifthekhar Ahmed**  
Chief Financial Officer

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

Place : Kurnool  
Date : 30<sup>th</sup> May, 2016



## STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

Rs. in Lakhs

Particulars	Year Ended 31-03-2016	Year Ended 31-03-2015
<b>A Cash Flow From Operating Activities</b>		
Net Profit before Tax and extraordinary items	2,550.60	2,575.66
Depreciation	971.68	2,255.26
Interest Paid	935.27	1,160.97
Interest Received	-53.67	-36.61
Loss on sale of Investments	0.00	17.58
Loss on sale of assets	1.24	4.91
Profit on sale of investments	0.00	-871.00
<b>Operating Profit before Working capital changes</b>	<b>4,405.13</b>	<b>5,106.78</b>
Adjustments for:		
Trade and Other receivables	-791.38	-138.40
Inventories	263.85	375.22
Trade payable	-840.28	-550.22
	-1,367.81	-313.40
<b>Cash generated from operations</b>	<b>3,037.32</b>	<b>4,793.38</b>
Interest Paid	-935.27	-1,160.97
Interest Received	53.67	36.61
Direct Taxes	-678.83	-638.57
<b>Cash Flow From Operating Activities</b>	<b>1,476.89</b>	<b>3,030.44</b>
Extra ordinary items		<b>1,267.50</b>
<b>Net Cash Flow From Operating Activities</b>	<b>1,476.89</b>	<b>4,297.94</b>
<b>B Cash Flow From Investing Activities</b>		
Purchase/Sales of Fixed Assets	-680.67	-2,208.11
Purchase/Sales of Investments	367.60	1,729.65
Net cash used in Investing Activities	<b>-313.07</b>	<b>-478.46</b>
<b>C Cash Flow From Financing Activities</b>		
Proceeds from long term borrowings	-1,059.02	-2,245.06
DTL	126.20	-733.52
DIV. PAID	-265.88	-264.89
Net cash used in Financing Activities	<b>-1,198.71</b>	<b>-3,243.47</b>
Net increase in cash & cash equivalents (A+B+C)	<b>-34.88</b>	<b>576.01</b>
Cash & Cash equivalents as at 01-04-2015(op.B/s)	611.16	733.35
Cash & Cash equivalents as at 31-03-2016(cl.B/s)	576.28	611.16

As per our report of even date attached.

For S.T.Mohite &amp; Co.,

Chartered Accountants (Regn.No.011410S)

Sd/-

M.T.Sreenivasa Rao

Proprietor/Membership No.15635

Place : Kurnool

Date : 30<sup>th</sup> May, 2016

For and on behalf of the Board

Sd/-

T.G.Bharath

Chairman &amp; Managing Director

Sd/-

S. Ifthekhar Ahmed

Place : Kurnool

Date : 30<sup>th</sup> May, 2016

Chief Financial Officer

Sd/-

D. Sai Leela

Director

Sd/-

V.Surekha

Company Secretary





## NOTE TO ACCOUNTS - BALANCE SHEET ( CONTD..)

Particulars	As At	
	31-03-2016 Rs.	31-03-2015 Rs.
<b>1 Share Capital</b> (Item I (1) (a) of Balance Sheet)		
<b>1.1 Equity Share Capital</b>		
<b>a) Authorised:</b>		
4,90,00,000 (Previous year 4,90,00,000)		
Equity shares of Rs.10/- each	<b>49,00,00,000</b>	49,00,00,000
<b>b) Issued, subscribed and paid-up</b>		
1,47,16,689 - Equity shares of Rs.10/- each fully paid-up	<b>14,71,66,890</b>	14,71,66,890
<b>1.2 Reconciliation of number of shares outstanding</b>		
Equity shares	No. of shares	No. of shares
At the beginning of the year	<b>1,47,16,689</b>	1,47,16,689
Add: Issued during the year	-	-
<b>Total</b>	<b>1,47,16,689</b>	1,47,16,689
<b>1.3 Rights, preferences and restrictions</b>		

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

**1.4 List of shareholders holding more than 5% Equity Shares**

Equity Shares	As At 31-03-2016		As At 31-03-2015	
	%	No. of shares	%	No. of shares
Gowri Gopal Hospitals Pvt Ltd	17.63	25,94,573	17.77	26,14,580
Sree Rayalaseema Galaxy Projects Pvt Ltd	10.29	15,13,989	10.29	15,13,989
TGV Projects & Investments Pvt. Ltd	8.97	13,20,013	8.97	13,20,013

- 1.5** The Company declare and pays dividend in Indian rupees. In the meeting held on 30th May, 2016, the Board has proposed a dividend of Rs.1.50 (15%) per equity share for the year ended 31st March, 2016. The proposed dividend as provided in the accounts is subject to approval of members at the ensuing Annual General meeting.

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

- 1.6 The Company has Four Wholly owned Subsidiaries and has an Associate Company. The Company has no Holding Company.
- 1.7 Of the above issued shares, 24,86,028 Equity shares of Rs. 10/- each fully paid were issued for consideration with out payment received in cash as per terms of amalgamation
- 1.8 Utilised of issue proceeds  
There are no Unutilised Proceeds of issue as at the close of the Financial Year.

Particulars	As At		As At	
	31-03-2016		31-03-2015	
	Rs.		Rs.	
<b>2 Reserves and Surplus</b> (item I (1) (b) of Balance sheet)				
<b>2.1 Capital Reserve</b>				
(a) <b>Central/Capital Subsidy</b>				
Balance as per last Balance Sheet		58,20,690		58,20,690
(b) <b>Securities Premium Reserve</b>				
Balance as per last balance sheet		8,67,58,174		8,67,58,174
<b>2.2 General Reserve</b>				
(a) <b>General Reserve</b>				
Balance as per last balance sheet	1,48,70,229		51,84,797	
Add : Transfer from Profit and loss account	93,58,857		96,85,432	
		2,42,29,086		1,48,70,229
(b) <b>Amalgamation Reserve</b>		24,28,66,501		24,28,66,501
(c) <b>Surplus i.e. balance in statement of Profit and Loss</b>				
Balance as per last balance sheet	1,21,96,21,434		1,00,51,56,380	
Transferred to General Reserve	-93,58,857		-96,85,432	
Rounding off Dividend of last year	-19,353		0	
Proposed Dividend	-2,20,75,034		-2,20,75,034	
Dividend distribution tax	-44,93,958		-44,13,708	
Reversal of Deferred Tax Liability of Prior Years	0		5,69,30,584	
Add : Profit for the year	18,71,77,140		19,37,08,644	
		1,37,08,51,372		1,21,96,21,434
<b>Total</b>		<b>1,73,05,25,823</b>		<b>1,56,99,37,028</b>
<b>3 Borrowings</b> (Item 1 (3(a) of Balance Sheet)				
<b>3.1 Secured</b>				
(a) Term loans from banks	23,11,31,360	11,59,14,514	36,68,73,882	19,48,22,558
(b) Term loans for vehicles from bank	1,65,92,413	38,41,533	1,40,42,268	33,50,521
(c) Loans repayable on demand from banks		46,11,88,250		28,35,96,749
<b>Total</b>	<b>24,77,23,773</b>	<b>58,09,44,297</b>	<b>38,09,16,150</b>	<b>48,17,69,828</b>
<b>3.2 Unsecured</b>				
(a) Security deposits from customers	2,15,99,375	0	1,14,99,375	0
<b>Total</b>	<b>2,15,99,375</b>	<b>0</b>	<b>1,14,99,375</b>	<b>0</b>
<b>Total</b>	<b>26,93,23,148</b>	<b>58,09,44,297</b>	<b>39,24,15,525</b>	<b>48,17,69,828</b>
<b>3.3 Disclosure in Balance sheet</b>				
(a) Long term borrowings (item I (3) (a) of Balance sheet)	26,93,23,148		39,24,15,525	
(b) Short term borrowings under current liabilities (item I (4) (a) of Balance sheet)		46,11,88,250		28,35,96,749
(c) Current maturities under other current liabilities		11,97,56,047		19,81,73,079
	<b>2,69,323,148</b>	<b>58,09,44,297</b>	<b>39,24,15,525</b>	<b>48,17,69,828</b>



## NOTE TO ACCOUNTS - BALANCE SHEET ( CONTD..)

	As At 31-03-2016 Rs.	As At 31-03-2015 Rs.
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**3.4 Additional information on borrowings****1. Security**

- (a) The term loan from banks are secured by exclusive charge on specific fixed assets.
- (b) The loan repayable on demand from banks are cash credits, bills purchases, discountings, letter of credits limits and bank guarantees are secured by Hypothecation of Raw-material, Stock in process, Finished goods, consumable Spares, Book debts and receivables.
- (c) The working capital and Term loans from banks are also secured by first and second charge on some of the fixed assets of the company.
- (d) The working capital and Term loans are further secured by guarantee from Managing Director and a promoter in individual capacities

**2. Defaults**

There are no defaults/continuing defaults as on 31st Mar, 2016 in payment of interest and repayment of loans.

**Additional Information on Borrowing (Contd.,)****3. Repayments****Term of repayment****A. Term Loans**

	As at 31.03.2016 Outstanding Rs.	As at 31.03.2015 Outstanding Rs.
(a) Quarterly instalment of Rs. 29,00,000/- payable up to Jun,2015	1,17,73,957	11,91,78,329
(b) Monthly instalment of Rs. 29,49,000/- payable up to Feb,2016		
(c) Monthly instalment of Rs. 29,49,000/- payable up to Aug,2016		
(d) Monthly instalment of Rs. 40,00,000/- payable up to Feb,2017	4,82,95,989	9,80,11,685
(e) Quarterly instalment of Rs. 5,77,000/- payable up to Mar,2015		
(f) Monthly instalment of Rs. 6,00,000/- payable up to Dec,2015	25,28,92,507	30,23,78,446
(g) Monthly instalment of Rs. 39,50,000/- payable up to Feb,2021		
(h) Monthly instalment of Rs. 4,59,630/- payable up to Mar,2020		
(i) Monthly instalment of Rs. 74,460/- payable up to Oct,2019		
(j) Monthly instalment of Rs. 53,860/- payable up to Sep,2019		
(k) Monthly instalment of Rs. 4,56,215/- payable up to Sep,2019		
(l) Monthly instalment of Rs. 64,812/- payable up to May,2016		
(m) Monthly instalment of Rs. 1,27,858		

**B. Vehicle loans**

(a) Monthly instalment of Rs. 65,420/- payable up to Nov,2017	1,65,92,413	1,40,42,268
(b) Monthly instalment of Rs.72256 /- payable up to Feb,2021		
(c) Monthly instalment of Rs. 20,580/- payable up to Apr,2020		
(d) Monthly instalment of Rs. 17,951/- payable up to Aug,21		
(e) Monthly instalment of Rs. 21,021/- payable up to Sep,2021		
(f) Monthly instalment of Rs. 245,111/- payable up to Feb,2020		



## NOTE TO ACCOUNTS - BALANCE SHEET ( CONTD..)

Particulars	As At 31-03-2016 Rs.	As At 31-03-2015 Rs.
<b>4. Deferred tax liability</b>		
(item I (3) (b) of Balance sheet)		
Deferred tax liability	18,28,23,562	25,61,75,839
Less: Deferred tax adj. of previous years	0	-5,69,30,584
Less: Deferred tax during the year	1,26,20,041	-1,64,21,693
Net Deferred tax liability	<u>19,54,43,603</u>	<u>18,28,23,562</u>
<b>5. Other long-term liabilities</b>		
(item I (3) (c) of Balance sheet)		
Inter Corporate Loans & Advances - related party	6,00,000	
Trade payables for capital assets	95,19,105	95,19,105
	<u>1,01,19,105</u>	<u>95,19,105</u>
<b>6. Long-term provisions</b>		
(item I (3) (d) of Balance sheet)		
Outstanding liabilities group	5,62,24,436	4,09,79,705
Gratuity provision	59,01,204	45,55,781
	<u>6,21,25,640</u>	<u>4,55,35,486</u>
<b>CURRENT LIABILITIES</b>		
<b>7 Trade Payables</b>		
(item I (4) (b) of Balance sheet)		
Sundry creditors-Acceptances	5,98,23,151	20,61,89,580
Sundry creditors-Trade-others( see note 30.5)	15,93,54,296	25,81,15,856
Sundry creditors-Trade-Micro Small and Medium Enterprises( see note 30.5)	1,69,56,532	-
	<u>23,61,33,979</u>	<u>46,43,05,436</u>
Note:		
a) Trade payables include dues to related parties of Rs.2,02,61,116/-		
b) Trade payables include dues of Rs. 14,51,57,502/- covered by LC's		
<b>OTHER CURRENT LIABILITIES</b>		
<b>8. Other current liabilities</b>		
(item I (4) (c) of Balance sheet)		
<b>Secured</b>		
(a) Current maturities of long term borrowings	11,97,56,047	19,81,73,079
(b) Interest accrued on loans	-	-
<b>Unsecured</b>		
(a) Advances from customers	5,58,25,377	1,17,15,462
(b) Un paid dividend	46,73,073	19,61,493
(c) Other liabilities	3,95,74,446	3,36,34,754
	<u>21,98,28,943</u>	<u>24,54,84,788</u>
<b>9. Short-term provisions</b>		
(item I (4) (d) of Balance sheet)		
Employee benefits	52,26,545	1,08,26,544
Provision for Income Tax	20,30,01,593	20,52,73,596
Proposed Dividend	2,20,75,034	2,20,75,034
Dividend Tax payable	44,93,958	44,13,708
	<u>23,47,97,130</u>	<u>24,25,88,882</u>



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

(Item II (1) (a) of Balance sheet)

**10. Fixed Assets**

**Amount in Rs.**

Particulars	Gross Block				Depreciation			Net Block		
	Cost As At 01.04.2015	Additions	Deductions	Total Upto 31.03.2016	Total Upto 31.03.2015	For the Period	Deductions	Total Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
Land	224297613	38945832		263243445	0	0	0	0	263243445	224297613
Factory Buildings	390472655			390472655	68165681	17792379		85958060	304514595	322306974
Plant and Machinery	1496904721	50724867	2031300	1545598288	580351871	45485723	589701	625247893	920350395	916652850
Plant & Machinery-WEG	740771628			740771628	283534963	29006692		312541655	428229973	457236665
Furniture and Fixtures	5181087			5181087	2867081	315579		2982660	2198427	2514006
Office Equipment	23855437	62000		23917437	23322779	30760		23353539	563898	532658
Other Equipment	2749062			2749062	2302259	20129		2322388	426674	446803
Vehicles	43406520	12114472	5894908	49625084	23676046	4517166	5612123	22581089	27044995	19730474
<b>Total</b>	<b>2927638723</b>	<b>101847171</b>	<b>7926208</b>	<b>3021559696</b>	<b>984020680</b>	<b>97168428</b>	<b>6201824</b>	<b>1074987283</b>	<b>1946572403</b>	<b>1943618043</b>
<b>Capital Work-in-progress</b>										
Civil Work-in-progress	0	0	0	0	0	0	0	0	0	0
Machinery under erection	50724866	18545181	50724866	18545181	0	0	0	0	18545181	50724866
<b>Total</b>	<b>50724866</b>	<b>18545181</b>	<b>50724866</b>	<b>18545181</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18545181</b>	<b>50724866</b>
<b>Grand Total</b>	<b>2978363569</b>	<b>120392352</b>	<b>58651074</b>	<b>3040104867</b>	<b>984020680</b>	<b>97168428</b>	<b>6201824</b>	<b>1074987283</b>	<b>1965117584</b>	<b>1994342909</b>
<b>Previous Year</b>	<b>2759075330</b>	<b>225147505</b>	<b>5817516</b>	<b>2978363569</b>	<b>759484637</b>	<b>225525969</b>	<b>989926</b>	<b>984020680</b>	<b>1994342909</b>	

**Notes:**

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



## NOTE TO ACCOUNTS - BALANCE SHEET ( CONTD..)

Particulars	As At 31-03-2016 Rs.	As At 31-03-2015 Rs.
<b>11 Non current investments (at cost unless otherwise specified)</b> (item II (1) (b) of Balance sheet)		
<b>A. Investments in equity shares</b>		
<b>a Quoted - Fully paid up</b>		
<b>Trade</b>		
Investment in Associate Company		
Sree Rayalaseema Alkalies and Allied Chemicals Ltd 2,05,44,496 (Previous year 20544496)Equity shares of Rs10/- each (15000 shares pledged as security)*	19,32,48,989	19,32,48,989
<b>Non - Trade</b>		
The South Indian Bank Ltd 530250 (Previous year 530250)Equity shares of Rs.1/- each (318000 shares pledged as security)*	7,05,675	7,05,675
Roopa Industries Ltd 1372455 (Previous year 1372455)Equity shares of Rs.10/- each)	41,17,150	41,17,150
Kabson Industries Ltd 10100 (Previous year 10100) Equity shares of Rs.10/- each)	43,935	43,935
Karnataka Bank Ltd 3700 (Previous year 3700) Equity shares of Rs.10/- each (3700 shares pledged as security)*	2,59,691	2,59,691
Lotus Chocolates Ltd 56800 (Previous year 56800) Equity shares of Rs.10/- each (56800 shares pledged as security)*	5,96,400	5,96,400
NEPC Micon Ltd 200 (Previous year 200) Equity shares of Rs.10/- each)	750	750
BNR Udyog Ltd 500 (Previous year 500)Equity shares of Rs.10/- each)	500	500
Consom Biotech Ltd 300 (Previous year 300) Equity shares of Rs.10/- each)	270	270
Neha International Ltd 1700 (Previous year 1700) Equity shares of Rs.10/- each)	2,890	2,890
Indo Wind Energy Ltd 42000 (Previous year 42000) Equity shares of Rs.10/- each)	6,00,000	6,00,000
<b>b) Quoted - Partly paid up</b>		
<b>Non - Trade</b>		
Surya Jyothi Spinning Mills Ltd 100 (Previous year 100) Eq.shares of Rs.10/- each) - paid Rs. 5/ per share	330	330
<b>c) Unquoted - Fully paid up</b>		
<b>Investment in Subsidiaries</b>		
SRHHL Power Generation Private Limited 10000 (Previous year 0) Eq.shares of Rs.10/- each)	1,00,000	0
Sri Vibhu Infrastructure Development Private Limited 10000 (Previous year 0) Eq.shares of Rs.10/- each)	1,00,000	0
TGV Infrastructure & Industrial Parks Private Limited 10000 (Previous year 0) Eq.shares of Rs.10/- each)	1,00,000	0
SRHHL Infrastructure Private Limited 10000 (Previous year 0) Eq.shares of Rs.10/- each)	1,00,000	0



## NOTE TO ACCOUNTS - BALANCE SHEET ( CONTD..)

Particulars	As At 31-03-2016 Rs.	As At 31-03-2015 Rs.
<b>B. Investments in preference shares</b>		
<b>Quoted - Fully paid up</b>		
Trade		
Sree Rayalaseema Alkalies and Allied Chemicals Limited(Associate) 59,06,504 (Previous year 59,06,504) 0.01 % Cumulative Redeemable Preference shares Rs.10/- each	3,34,98,850	3,34,98,850
<b>C. Investments in Govt securities</b>		
National Saving Certificates (Deposited with Sales Tax and other Govt. Departments)	10,000	10,000
<b>Total</b>	<u>23,34,85,430</u>	<u>23,30,85,430</u>
<b>Aggregate Book value of</b>		
- Quoted Shares	23,30,75,430	19,95,76,580
- Unquoted Shares	4,10,000	3,35,08,850
<b>Aggregate Market value of Quoted shares</b>	41,90,77,277	29,49,65,100
<b>12 Long term Loans and advances</b> (item II (1) (d) of Balance sheet)		
Unsecured and considered good		
(a) Capital Advances	11,66,25,466	14,35,45,895
(b) Security Deposits with APCPDCL and other govt. depts.	49,46,215	40,76,023
(c) Mat Credit entitlement	3,63,14,689	4,34,13,991
(d) Advances to Related parties: -for investment in shares	0	60,20,000
(e) Rent Deposits To related parties	2,29,88,500	2,09,88,500
To others	3,34,350	3,25,250
<b>Total</b>	<u>18,12,09,220</u>	<u>21,83,69,659</u>
<b>CURRENT ASSETS</b>		
<b>13 Current Investments</b> (Item II (2) (a) of Balance Sheet)	<u>0</u>	<u>0</u>
<b>14 Inventories</b> (Item II (2) (b) of Balance sheet)		
(a) Raw Materials	4,12,46,372	8,06,16,510
(b) Work-in-progress	1,78,17,177	1,87,50,595
(c) Finished Goods	8,42,40,434	10,87,91,995
(d) Stores and spares including packing materials	5,92,46,324	3,98,07,855
(e) Material in transit	1,90,31,244	0
<b>TOTAL</b>	<u>22,15,81,550</u>	<u>24,79,66,955</u>
<b>15 Trade receivables</b> (item II (2) (c) of Balance sheet)		
Unsecured and considered good		
(a) Trade Receivables outstanding for a period exceeding six months from the date due for payment	4,78,02,607	4,38,08,876
(b) Others	48,59,67,808	30,87,18,627
	<u>53,37,70,415</u>	<u>35,25,27,503</u>



## NOTE TO ACCOUNTS - BALANCE SHEET ( CONTD..)

Particulars	As At 31-03-2016 Rs.	As At 31-03-2015 Rs.
<b>16 Cash and cash equivalents</b>		
(item II (2) (d) of Balance sheet)		
(a) Cash on hand	10,82,937	15,79,297
(b) Balances with banks in current accounts	56,80,377	1,46,76,982
(c) Balances with banks earmarked for unpaid dividends	46,73,073	19,61,493
(d) Deposit with banks under lien as margin	4,61,91,386	4,28,98,202
	<u>5,76,27,773</u>	<u>6,11,15,974</u>
<b>17 Short term loans and advances</b>		
(item II (2) (e) of Balance sheet)		
Unsecured and considered good		
(a) Advance to related parties		
Inter corporate loans and advances	4,36,20,307	
(b) Advances to others		
(i) Advance to Suppliers	32,340	8,10,89,670
(ii) Advance to Employees	72,49,242	73,12,854
(iii) Prepaid Insurance and other Expenses	38,86,915	51,47,357
(iv) Insurance claim receivable	1,31,26,854	0
(v) Export incentives receivable	1,53,79,038	3,54,60,446
(vi) Advance Income tax and TDS	12,53,91,169	16,26,37,650
(vii) Other Deposits	16,10,548	16,08,548
(viii) Short term advances	4,03,49,305	1,72,79,491
	<u>25,06,45,718</u>	<u>31,05,36,016</u>
<b>18 Other current assets</b>		
(item II (2) (f) of Balance sheet)		
Service tax , brokerage receivable and sales tax advance.	12,32,14,821	16,54,29,005
	<u>12,32,14,821</u>	<u>16,54,29,005</u>
<b>19 Contingent liabilities and Commitments</b>		
<b>Contingent liabilities: (to the extent not provided for )</b>		
a) Claims against company not acknowledged as debts	4,28,38,373	3,53,49,946
b) Guarantees outstanding	0	97,40,000
c) other monies in which company is contingently liable	3,65,786	3,54,736
<b>Commitments : a) Estimated amount of contracts remaining to be executed on capital account and not provided for</b>	0	0
b) Uncalled liability on shares and other investments partly paid	500	500
c) Other commitments		
1) Income tax appeal pending against ITO AO	3,04,714	3,04,714
2) Consumers cheques / bills discounted with Banks	14,79,23,602	14,39,81,914
3) Unexpired Bank Guarantees provided by the Company	3,14,89,505	3,38,11,382
4) Unexpired Letters of Credit established by the Company	14,51,57,502	27,29,42,422





## NOTE TO ACCOUNTS - PROFIT AND LOSS STATEMENT

Particulars	As At	As At
	31-03-2016 Rs.	31-03-2015 Rs.
<b>20 Revenue from Operation</b> (Item I of Statement of Profit and Loss)		
Sale of Manufactured Products (Net of Returns)	3,47,58,38,107	3,80,91,25,603
Sale of Energy	29,93,80,168	24,25,49,744
Other operating revenues :		
Sale of Scrap	76,55,637	1,04,84,678
Export Incentives	2,77,63,488	4,93,36,514
	3,54,19,125	5,98,21,192
<b>TOTAL</b>	<b>3,81,06,37,399</b>	<b>4,11,14,96,539</b>
<b>21 Other Incomes</b> (item II of Statement of Profit and Loss)		
Interest on Bank and other deposits and customers	53,66,509	36,60,983
Net gain / loss on sale of investments		
Lease Rent Receipts	1,28,15,024	1,19,86,747
Other non operating Incomes	1,70,85,237	44,13,288
<b>TOTAL</b>	<b>3,52,66,770</b>	<b>2,00,61,018</b>
Note on Dividend : Accumulated dividend of Rs. 82,691/- on cumulative preference share is not accounted pending declaration and payment by the investee company		
<b>22 Cost of material consumed</b> (item IV (a) of Statement of Profit and Loss)		
Opening stock of Raw Material	8,06,16,510	7,14,06,537
Add: Purchase of Raw Material	1,84,72,18,295	2,14,47,01,336
Less: Closing stock of Raw Material	4,12,46,372	8,06,16,510
Raw Materials Consumed	1,88,65,88,433	2,13,54,91,363
<b>TOTAL</b>	<b>1,88,65,88,433</b>	<b>2,13,54,91,363</b>
<b>23 Change in inventories of Work in process &amp; Stock in Trade</b> (item IV (c) of Statement of Profit and Loss)		
<b>Closing stock</b>		
a Finished goods	8,42,40,434	10,87,91,995
b Stock-in-process	1,78,17,177	1,87,50,595
<b>TOTAL</b>	<b>10,20,57,611</b>	<b>12,75,42,590</b>
<b>Opening stock</b>		
a Finished goods	10,87,91,995	11,88,45,268
b Stock-in-process	1,87,50,595	2,40,62,399
<b>TOTAL</b>	<b>12,75,42,590</b>	<b>14,29,07,667</b>
<b>+Accretion / - decretion to stock</b>	<b>-2,54,84,979</b>	<b>-1,53,65,077</b>
<b>24 Employee benefits expenses</b> (item IV (d) of Statement of Profit and Loss)		
Salaries, Wages, Bonus and Allowances	9,68,03,195	13,72,93,890
Contribution to ESI and Provident Fund	52,95,080	51,52,463
Contribution to Gratuity	26,42,072	12,64,785
Staff Welfare expenses	1,85,16,407	2,07,94,835
<b>TOTAL</b>	<b>12,32,56,753</b>	<b>16,45,05,973</b>
<b>25 Finance cost</b> (item IV (e) of Statement of Profit and Loss)		
Interest expenses		
On Term Loans	7,12,93,318	9,57,19,135
On Working capital limits	1,29,80,075	1,85,03,673
On others	92,53,122	18,74,675
<b>TOTAL</b>	<b>9,35,26,515</b>	<b>11,60,97,483</b>



## NOTE TO ACCOUNTS - PROFIT AND LOSS STATEMENT ( CONTD..)

Particulars	Year ended	Year ended
	31-03-2016	31-03-2015
	Rs.	Rs.
<b>26 Other expenses</b>		
(item IV (g) of Statement of Profit and Loss)		
Stores, Spares, Chemicals & Packing Materials Consumed	29,89,46,382	33,00,26,267
Repairs & Maintenance		
a) Buildings	7,36,80,051	45579040
b) Plant & Machinery	9,27,05,625	86063579
c) Others	1,12,41,657	8425148
	17,76,27,333	14,00,67,767
Insurance	1,63,60,725	1,71,01,608
Rents	1,41,06,090	1,22,05,378
Rates & Taxes	7,76,037	5,85,805
Travelling and conveyance	1,64,44,134	1,23,70,465
Printing and stationery	13,33,288	14,26,491
Postage Telegrams and Telephones	51,66,722	39,10,172
Freight outward & Incidental Expenses		
Ocean Freight	26,14,37,465	29,62,61,456
Container freight	8,66,07,584	9,56,36,257
Clearing and forwarding Charges	1,40,01,523	1,77,41,811
Freight on Sales	1,22,80,943	1,00,46,072
	37,43,27,515	41,96,85,596
Discounts and Commission on sales	1,59,28,873	75,12,830
Advertisement	2,03,317	2,61,124
Fee and Expenses	1,33,52,422	86,12,175
Bank Charges	1,87,78,158	2,10,78,423
Security & other Service Charges	5,52,86,945	1,00,00,484
Legal Expenses	20,31,660	19,12,882
Power and Fuel	67,61,793	5,02,28,224
Other Expenses	7,34,23,084	9,44,79,999
Donations	1,97,169	4,16,116
Directors sitting fee	1,38,000	1,00,400
Remuneration to Managing Director	1,20,00,000	1,20,00,000
Remuneratin to Statutory Auditors ( pls see note 28.1)	3,53,510	2,91,079
Cost Audit Fees	40,000	45,000
Secretarial Audit Fees	60,000	60,000
Shortages & other discounts	6,08,51,603	6,76,66,908
Other Selling expenses	72,09,444	92,32,042
Excise duty (Refer Note below)	37,37,130	-381
	1,17,54,41,334	1,22,12,76,854
<b>(Note : Excise duty represents difference in duty liability on opening and closing stock of finished goods.)</b>		
<b>27 Exceptional items</b>		
(item VI of Statement of Profit and Loss)		
Adjustment of Fixed asset value with nil useful life	0	-12,79,48,797
Less Deferred Tax Adjustment on above	0	4,34,89,796
	0	-8,44,59,001
Mat Credit Recognised	0	4,34,13,991
Excess Provision writtenback (R&C provision)	0	2,19,93,762
Loss due to fire	1,31,26,854	
Loss on sale of investments/Assets (Net)	1,24,235	8,48,50,654
	1,32,51,089	6,57,99,406
	1,32,51,089	6,57,99,406



## 29. Additional Notes to statement of profit and loss:

## 29.1 Remuneration to Auditors

( Amount in Rs.)

Particulars	2015-16	2014-15
Statutory Auditors		
Audit fees	2,50,000	2,00,000
Tax audit fees	50000	50000
Out of pocket expenses	53510	41079
<b>Total</b>	<b>3,53,510</b>	<b>2,91,079</b>
Secretarial Audit fees	60,000	60,000
Cost Audit fees	40,000	45,000

## 29.2 Details of raw materials and traded goods

## a) Raw Material consumed

Year	Particulars	Unit	2015-16		2014-15	
			Qty	Rs. In lakhs	Qty	Rs. In lakhs
	Caustic Soda Lye	MTs	13219	3569.98	15398	4319.41
	Chlorine	MTs	37789	716.06	45474	1256.76
	H2 Gas	Cum	3574710	1066.24	43,64,085	1098.86
	Acetic Acid	MTs	3116	122.87	3507	1523.34
	Hydrated Lime	MTs	34158	3110.63	34907	3669.73
	Sulphur	MTs	20223	1906.91	20682	2437.95
	Others			8373.19		7048.87
	<b>Grand Total</b>			<b>18865.88</b>		<b>21354.92</b>

## b) Goods Purchased

	Year ended 31 <sup>st</sup> March 2016 (Rs. In Lakhs)	Year ended 31 <sup>st</sup> March 2015 (Rs. In Lakhs)
Chemicals	1.08	17.08

## 29.3 Details of Work in progress

	Year ended 31 <sup>st</sup> March 2016 (Rs. In Lakhs)	Year ended 31 <sup>st</sup> March 2015 (Rs. In Lakhs)
Bulk chemicals in process	178.17	187.51

## 29.4 a) Value of imports on CIF basis

	Year ended 31 <sup>st</sup> March 2016 (Rs. In Lakhs)	Year ended 31 <sup>st</sup> March 2015 (Rs. In Lakhs)
Raw materials	1856.01	1,850.50
Plant and Machinery	36.13	128.17
Packing & Spares	20.80	0.41

**b) Expenses incurred in foreign currency**

(Rs. In Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2016	Year ended 31 <sup>st</sup> March 2015
Travelling Expenses	0.00	4.03
Overseas Sales commission	63.37	54.90
Freight/Demurrages	2472.15	2273.40
Machinery and spares	65.50	0.00
Advertisement	11.40	0.00
Fee and charges	0.00	10.21
Printing and stationery	0.54	0.00
Subscriptions	1.00	0.00

**c) Raw Material Consumed**

(Rs. In Lakhs)

Particulars	2015-2016		2014-2015	
	Value	%	Value	%
Imported	1856.01	9.84	1886.00	8.83
Indigenous	17009.88	90.16	19468.91	91.17
Total	18865.89	100.00	21354.91	100.00

**d) Dividends remitted in Foreign Currency**

i) Total number of shares held by non-residents	5,02,027
ii) Amount of dividend	7,53,360
iii) No. of non resident share holders	1,861
iv) Year to which the dividend is related	2014-15

**e) Earnings in foreign exchange**

Particulars	Year ended 31 <sup>st</sup> March 2016 (Rs. In Lakhs)	Year ended 31 <sup>st</sup> March 2015 (Rs. In Lakhs)
FOB value of exports	15,461.32	17,757.44

**30. Notes forming part of financial statements:****30.1 Corporate Information**

Sree Rayalaseema Hi-Strength Hypo Limited is a public company domiciled in India and is Incorporated under the provisions of the Companies Act, 1956. The company's principal business is manufacturing and sale of industrial chemicals and generation and distribution of power. The company caters to both domestic and International markets. The Company's registered office located in Kurnool, Andhra Pradesh, India and has four wholly owned subsidiary companies.

**30.2 Basis of preparation**

- i) The accounts are maintained under Historical cost Convention and are prepared on accrual basis (except income and expenditure below Rs.5000/per transaction and impairment or revaluation if any) as a 'going concern' by complying with generally accepted accounting principles and applicable Accounting Standards.
- ii) The Accounting policies have been consistently followed and financial statements are prepared to comply in all material aspects in respect with Accounting Standards notified by the Companies Accounting Standards Rules, 2006 and relevant provisions of the Companies Act, 2013.

**30.3 Use of estimates**

The preparation of financial statements is in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of such assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the end of reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from estimates.

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

- Tangible Fixed assets are stated at cost. Cost of asset includes acquisition and installation expenses which are directly attributable for bringing the asset into working condition. Spares which are used only in connection with a particular item of asset of the company and use is expected to be irregular are capitalized at cost (net of cenvat to be claimed). The fixed assets acquired as per scheme of arrangement are merged into company are accounted as per book values of the demerged / transferor company.
- Expenditure / Income during construction period including barrowing cost are included in cost work in progress and the same is allocated to respective fixed assets on the completion

**b) Depreciation**

Depreciation is a systematic allocation of depreciable amount of an asset over its useful life in straight line method.

Changes in Accounting Policy for depreciation : with effect from 01<sup>st</sup> Apr, 2015 a change in accounting policy for depreciation is made effective by law and the useful lives of assets as prescribed in Schedule –II of the Companies Act, 2013 are adopted for determining depreciation amounts. Depreciable amount is historical cost minus 5% residual value over useful lives. The carrying amount for assets as



on 01<sup>st</sup> April, 2015 and having residual lives are depreciated on straight line method over remaining residual lives after providing for 5% residual value. Deviation from schedule II as to useful life, if any, will be disclosed in accounts suitably. Depreciation on additions is provided at prorata basis from the month of installation or date of commencement of commercial production.

**c) Investments**

**Classification:**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments and other investments are classified as Long Term Investments. Trade investments comprising investments in associate and entities in which the company has strategic business interest.

**Carrying amounts in books:**

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

**d) Inventories**

**Inventories are valued as under:**

**i) Raw Materials, Fuels, Packing materials, Stores and Spares**

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

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

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

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

**e) Excise Duty**

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

The difference in excise duty liability on opening and closing stocks of finished goods is not deducted from gross revenue but shown separately as other miscellaneous expenditure in statement of Profit and Loss.

**f) Cenvat**

Cenvat benefit is accounted for on exclusion method by reducing the excise duty from the purchase cost of the material and shown as cenvat receivable and adjusted against the excise duty amount payable by the Company on sales dispatches.

**g) Employee Benefits****i) Short Term Benefits**

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

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

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

**iii) Defined Benefit Plan :**

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

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

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

**h) Sales**

Gross Sales include excise duty amount and net of sales returns, the gross sales and net sales (deducting excise duty) are disclosed on the face of statement of Profit and Loss.

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

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

**(ii) Conversion**

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

**(iii) Forward Exchange Contracts**

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

**(iv) Exchange differences**

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

**j) Revenue Recognition:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue is recognized when significant risks and rewards of ownership of goods have passed to the buyer. Accordingly domestic sales are accounted as sale on dispatch of product to the customer as per terms and export sales are accounted on the basis of documents like Bill of Lading etc evidencing passing of risk and rewards depending up on terms of export sales.

**i) Sales**

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

**ii) Insurance Claims**

Insurance claims are accounted on the basis of claims lodged.

**iii) Dividends**

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

**iv) Other Incomes:**

Export incentives such as Merchandise Export Incentive Schemes (MEIS) Licenses are calculated based on exports made during the year. Interest income is recognized on time proportion basis taking in to account the amount outstanding and rate of interest.

**k) Impairment**

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

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

**l) Borrowing costs**

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





Borrowing cost include interest, amortization of ancillary costs incurred in connection with borrowings and also include exchange fluctuation arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

**m) Taxes on income:**

- Tax expenses comprise of current tax and deferred tax. Provision for current tax is made on the basis of estimated taxable income for the current year in accordance with Income Tax Act. Deferred Tax for the timing difference between book profit and tax profits is accounted for by using tax rates and laws on the balance sheet date. Deferred Tax Asset arising from the timing difference are recognized to the extent there is reasonable certainty that they would be realized in future.
- Deferred Tax Asset and Deferred Tax Liability are offset if a legally enforceable right exist to set off. If there is unabsorbed depreciation or carry forward tax losses, The Deferred Tax Asset are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against adequate future taxable profits.
- The Carrying amounts of Deferred Tax Asset are reviewed at each balance date. The company write down the carrying amount of Deferred Tax Asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable profits will be available against which Deferred Tax Asset can be realized.
- Minimum Alternate Tax (MAT) is recognized as an asset only when and to the extent there is convincible evidence that the company will be required to pay regular income tax during specific period resulting is utilization of MAT. In accordance with Guidance Note of ICAI, the MAT credit is recognized as asset is created as MAT entitlement by way of credit to statement of profit and loss of the subsequent review of balance sheet dates if there is no longer carrying evidence, MAT entitled will be written down to that extent.

**n) Provisions and Contingent Liabilities**

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

- o)** Prior period and extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.
- p)** Material events occurring after the Balance Sheet date are taken into recognizance.
- q) Leases:**

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

**30.5 Micro, Small and Medium Enterprises**

The Company identified Micro, Small and Medium Enterprises on the basis of information made available to the company by the suppliers. The Company is regular in making



payments to Micro, Small and Medium Enterprises. The principal amounts outstanding as on 31-03-2016 and remaining unpaid to any Micro, Small and Medium Enterprises is Rs1,69,56,532/- and the said amounts are due for less than 45 days as on 31-03-2016. Hence, excepting above, there is no reportable information under Sec 22 (i) to (v) of Micro, Small and Medium Enterprises Act, 2006 read with part I of Schedule VI to the Companies Act, 1956.

### 30.6 Disclosure pursuant to clause 34(3) of SEBI (LODR) Regulation 2015 (As applicable to the company)

Disclosure pursuant to clause 34(3) of Securities Exchange Board of India (listing obligations and disclosure requirement) Regulations, 2015, in respect of amount of loans and advances in the nature of loans outstanding from subsidiaries as at 31st March, 2016.

Particulars	Amount Outstanding as at March 31, 2016	Maximum amount outstanding during the year
<b>Dues from Subsidiaries</b>		
1) SRHHL Power Generation Private Limited	NIL	8935.00 Dr. Bal.
2) SRHHL Infrastructure Private Limited.	NIL	12,470.00 Dr. Bal.
3) TGV Infrastructure & Industrial Parks Private Ltd	NIL	8,935.00 Dr. Bal.
4) Sri Vibhu Infrastructure Development Private Ltd.	NIL	8,935.00 Dr. Bal.
To firms/companies in which directors are interested (other than subsidiaries mentioned above)	NIL	NIL

### 30.7 Disclosure under AS-15 Employee benefits

#### A. Defined contribution plan:

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

	2015-16 (Rs.)	2014-15(Rs.)
Employers contribution to Provident fund	35.87	29.91

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

#### B. Defined benefit plan:

The company has employee group gratuity fund through a policy with LIC and contributes to the fund through annual renewal premium determined based on actuarial valuation using projected unit credit method as at 31-03-2016. The company has funded current service cost obligations and contributions made are recognized as expenses. The unfunded past service cost is provided as per actuarial valuation as on 31-03-2016. The disclosures in respect of funded and unfunded defined benefit obligations as required by AS 15 are as below.

**I. Changes and reconciliation of obligation for the year ended 31-03-2016**

	Gratuity	
	Funded (Rs.)	Unfunded (Rs.)
Present value of defined obligation at Beginning of year	80.82 (70.54)	45.55 (45.26)
Current service cost	10.44 (10.28)	0.00 (0.00)
Interest cost	6.47 (5.64)	3.65 (3.63)
Past service cost	80.82 (70.54)	57.20 (45.55)
Net actuarial (gain)/loss on obligations	4.04 (2.89)	-7.90 (-3.34)
Present value of define benefit obligation at the end of year	91.26 (80.82)	57.20 (45.55)

**II. Changes and reconciliation in fair value of plan asset as on 31-03-2016.**

Opening fair value of plan assets	80.82 (69.71)	00.00 (00.00)
Expected return on plan assets	7.59 (6.53)	00.00 (0.00)
Contribution	12.28 (13.03)	00.00 (0.00)
Benefits paid	-10.51 (-8.53)	00.00 (00.00)
Acturial valuation (gain)/loss on plan assets	0.73 (0.08)	00.00 (00.00)
Closing fair value of plan assets	89.45 (80.82)	00.0 (00.00)

**III. Assets recognized in Balance Sheet**

Present value of liability	91.26 (80.82)	57.20 (45.55)
Fair value and plan assets	-89.45 (-80.82)	0.00 (0.00)
Net liability	1.81 (0.00)	57.20 (45.55)

**IV. Expenses recognized in Profit and Loss Account for the year**

Current service cost	10.44 (10.28)	0.00 (0.00)
Interest on define benefit obligation	6.47 (5.64)	3.65 (3.63)
Expected return as plan assets	-7.59 (-6.53)	0.00 (0.00)
Past service cost	0.00 (0.00)	0.00 (0.00)
Net actuarial loss/gain	3.32 (2.96)	7.90 (-3.34)

**V. Movement in Net liability**

Net liability at the beginning of the year	80.82 (70.54)	45.65 (45.26)
Expenses	12.63 (12.36)	11.55 (0.29)
Net liability at the close of the year	81.17 (69.87)	57.20 (45.55)

**VI. Acturial on plan assets**

Expected return on plan assets	7.59 (6.53)	0.00 (0.00)
Acturial gain / loss	(0.73) (0.08)	0.00 (0.00)
Actual return on plan assets	6.86 (6.61)	0.00 (0.00)

**VII. Major category of fair value of plan asset at close of the year**

Fund with LIC under a policy

Percentage of total plan assets 100%

**VIII. Principal actuarial assumptions:****Demographic assumptions**

a) Retirement age of employees of the company are assumed at 58 years and average age is 40.31years.

b) The Mortality is as per the published rates of Life Insurance Corporation of India (1994-96).

Mortality table (ultimate), which is considered as a Standard Table.

c) Average past service : 10.54 years

d) Withdrawal rate : 1 to 3% depending upon age

**Financial assumptions**

a) Discount rate(p.a.) 8.00%

b) Expected rate of return(p.a.) 9.50%

c) Salary escalation rate(p.a.) 7.00%

**30.8 Disclosure under AS-17 Segment reporting**

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

The Company operations predominantly relate to manufacture of chemicals. Other business segments reported are Energy generation.

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

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

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

**Segment information for the year ended 31st Mar, 2016. Information about primary Business Segment.**

S.No.	Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>1.</b>	<b>Segment Revenue</b>		
	a) Chemicals	33280.85	36797.85
	b) Power generation	6469.11	6014.50
		39749.96	42812.35
	Less : Intersegment revenue	3403.78	3575.08
		36346.19	39237.27
<b>2.</b>	<b>Segment Results</b>		
	a) Chemicals	2740.41	1717.53
	b) Power generation	877.96	1361.11
	Total	3618.38	3078.64



<b>3. Interest (Net)</b>		
a) Chemicals	487.15	568.69
b) Power generation	448.11	592.29
<b>Total</b>	<b>935.27</b>	<b>1160.97</b>
<b>4. Exceptional Items</b>	132.51	657.99
<b>5. Profit before tax (2-3-4)</b>	2550.60	2575.66
<b>6. Capital Employed</b>		
a) Chemicals	15055.36	13582.80
b) Power generation	10784.65	9776.18
<b>Total</b>	<b>25840.01</b>	<b>23358.98</b>

Segment information for the year ended 31st March, 2016, Information about secondary Business Segment. Revenue by Geographical Market :

In India	16783.70	17586.05
Out side India	19562.49	21651.22
<b>Total</b>	<b>36346.19</b>	<b>39237.27</b>

### 30.9 Disclosure under AS-18, Related Party Disclosures.

In terms of Accounting Standard -18, the Company has the following related parties.

#### (A) Wholly owned subsidiary companies

Name of the Related Party	Transactions during the year
1. SRHHL Power Generation Private Limited	Yes
2. Sri Vibhu Infrastructure Development Private Limited	Yes
3. TGV Infrastructure & Industrial Parks Private Limited	Yes
4. SRHHL Infrastructure Private Limited	Yes

#### (B) Particulars of Associate Companies by exercise of significant influence

Name of the Related Party	Transactions during the year
a) Sree Rayalaseema Alkalies and Allied Chemicals Ltd.,	Yes
b) Sree Rayalaseema Galaxy Projects Pvt Ltd	Yes
c) Brilliant Industries Pvt Ltd	No
d) Brilliant Bio Pharma Pvt Ltd	No

#### (C) Enterprises on which Key Managerial Person has Significant Influence

a) TGV Securities Pvt.Ltd	No
b) Vibhu Cement Pvt.Ltd	No
c) Guru Raghavendra Film Exhibitors Pvt Ltd	No

#### (D) Key Managerial Person:

Name of the Related Party	Relationship	
1) Mr. T G Bharath	Chairman & Managing Director	Yes
<b>Relatives of Key Managerial Person</b>		<b>Relationship to Key Managerial Person</b>
a) Sri T G Venkatesh	Father	Yes
b) Smt. T G Rajyalakshmi	Mother	No
c) Smt. T G Shilpa Bharath	Wife	No
2) Smt. V. Surekha	General Manager and Company Secretary	Yes
3) Sri Shaik Iftekhar Ahmed	General Manager (F&A) and Chief Financial officer	Yes

**(D) Transaction by the company with Related Parties during the year:**

	31.03.2016 Rs in Lakhs	31.03.2015 Rs in Lakhs
<b>(i) Transactions with Subsidiary Companies</b>		
(a) Reimbursement of expenses	0.39	0.00
<b>(ii) Transactions with Associate Companies and related parties</b>		
(a) Goods/ Equipment sold	661.01	353.69
(b) Goods purchased	6965.58	7110.85
(c) Rents paid	3.39	03.39
(d) Services Received	410.21	0.00
<b>(iii) Transaction with key Managerial Person and relative:</b>		
Remuneration to Chairman & Managing Director and Key managerial Personnel		
Salary & allowances	130.80	129.03
Contribution to Provident Fund	1.00	0.94
Commission	0.00	0.00
Rents paid to relative key managerial personnel	9.00	0.00
Rents deposit paid to relative key managerial personnel	20.00	0.00
<b>(E) Outstanding balances as on</b>	<b>31.03.2016</b>	<b>31.03.2015</b>
<b>i) Subsidiaries</b>	0.00	0.00
<b>ii) Associate companies</b>		
In current liabilities-Acceptances to associate	1595.27	2061.89
In current liabilities-Sundry Creditors	134.10	597.05
In advance for investments	0.00	60.20
In loans & advances	435.53	0.00
For dues under corporate guarantees given	0.00	97.40
<b>iii) Key Managerial Personal</b>		
Vehicle Loans	1.50	0.92
<b>iv) Rents deposit to relative key managerial personnel</b>	20.00	0.00

The above related parties disclosure are as specified in AS-18 'Related Parties Disclosures' under sec 133 of the Companies Act read with Rule-7 of Companies (Accounts) Rules, 2014.

The above information is as per scope, recognition, measurement, presentation and disclosure required under AS-18, related party disclosures read with part 6 of general instructions in schedule III to the Companies Act, 2013.

**30.10 Disclosure under AS-19 Accounting for Lease.**

- a. The Company has taken a portion of Factory Land, office premises and movable assets (Hydrogen cylinders) on operating lease. And the Company has given a portion of land, hatchery unit and factory shed in Ambattur estate on operating lease. The expenses on such lease rentals recognized in the statement of Profit & Loss for the year 31-03-2016 are given here under.

	2015-16 Rs.in Lakhs	2014-15 Rs.in Lakhs
<b>b. Future Lease rental payments</b>		
(i) Not later than one year	143.02	116.85
(ii) Later than one year and not later than 5years	535.17	492.83
(iii) Later than five years	0.00	48.80
<b>c. Lease rentals receivables</b>		
(i) Not later than one year	35.03	127.02
(ii) Later than one year and not later than 5years	6.12	41.15
(iii) Later than five years	0.00	0.00
d. Lease receipts recognized in the Profit and Loss account	127.20	117.62
e. Lease payment recognized in Profit and Loss account	138.98	112.65
<b>f. General description of the leasing arrangement</b>		
(i) Assets taken on Lease: Hydrogen Cylinders		
(ii) Future lease rentals are determined on the basis of agreed terms.		
(iii) At the expiry of the lease term, the Company has an option either to return the asset or extended the term by giving notice in writing.		



<b>30.11 Disclosure under AS-20 Earnings per share.</b>	<b>31.03.2016</b>	31.03.2015
a. Net Profit as per Profit and Loss Account available to equity share holders	18,71,77,140	19,37,08,644
b. No. of shares for computation of Earnings per share	1, 47,16,689	1,47,16,689
c. Earnings per share (Rs.) (Basic)	12.72	13.16

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

**Deferred tax liability:**

The company has accounted for Deferred tax in accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued under section 133 of the Companies Act 2013 and has charged the net profit and loss account with the deferred tax liability of Rs.1,26,20,041/-relating to the year.

	<b>2015-2016 Rs.</b>	2014-2015 Rs.
I. Deferred Tax Liabilities:		
Depreciation differences	3,64,65,676	7,96,35,489
Others-preliminary exp.	0.00	0.00
	<b>3,64,65,676</b>	<b>7,96,35,489</b>
II. Deferred Tax Assets:		
Depreciation (As per Sch-II of Co. Act 2013)	0.00	12,79,48,797
Others	0.00	
Net Deferred Tax Liabilities (I-II)	3,64,65,676	4,83,13,308
Tax liability at current rates	1,26,20,041	1,64,21,693

**30.13 Confirmation of balances.**

Confirmation of balances from certain parties for amounts due to them or due from them is yet to be received.

Confirmation letters were received from some of the parties. No material discrepancies are observed.

**30.14 Regrouped/ Rearranged/ Reclassified.**

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

**30.15 Rounding off**

Figures shown in the Financial Statements have been rounded off to the nearest Rupee.

Signature to note 1 to 30

As per our report of even date attached.

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

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

Place : Kurnool  
Date : 30<sup>th</sup> May, 2016

**For and on behalf of the Board**

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

**Sd/-**  
**D. Sai Leela**  
Director

Place : Kurnool  
Date : 30<sup>th</sup> May, 2016

**Sd/-**  
**S. Ifthekhar Ahmed**  
Chief Financial Officer

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



# **CONSOLIDATED FINANCIAL STATEMENTS**





**INDEPENDENT AUDITOR'S REPORT**

To  
The Members of  
**Sree Rayalaseema Hi-Strength Hypo Limited**

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Sree Rayalaseema Hi-strength Hypo Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its associates, comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

**Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, as applicable. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.



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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at 31st March, 2016, and their consolidated profit/loss and their consolidated cash flows for the year ended on that date.

**Other Matters**

We did the audit of the financial statements / financial information of Four subsidiaries, whose financial statements / financial information reflect total assets of Rs.3,60,350/- as at 31st March, 2016 and total loss of Rs.3,23,650/-for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs.6,36,45,006/- for the year ended 31<sup>st</sup> March, 2016, as considered in the consolidated financial statements, in respect of an associate company, whose financial statements / financial information have not been audited by us. These financial statements / financial information of aforesaid associate company have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the associate company, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid associate, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in Annexure A, which is based on the auditors' reports of the Holding company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's and subsidiary companies incorporated in India internal financial controls over financial reporting.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, and its associate – Refer Note 19 to the consolidated financial statements.
    - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

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

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

Place: Kurnool  
Date : 30<sup>th</sup> May, 2016

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph (f) under ' report on Other Legal and Regulatory Requirements' of our report of even date)**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

In conjunction with our audit of the consolidated financial statements of Sree Rayalaseema Hi-strength Hypo Limited (hereinafter referred to as the Holding Company/the Company) as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note) issued by Institute of Chartered Accountants of India (ICAI) and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

Place: Kurnool

Date : 30<sup>th</sup> May, 2016


**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2016**

Particulars	Note No.		As At 31-03-2016 Rs.
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share Capital	1	14,71,66,890	
(b) Reserves and Surplus	2	1,88,77,47,179	
(c) Money received against share warrants		0	0
			2,03,49,14,069
<b>(2) Share application money pending allotment</b>			
			0
<b>(3) Non-current liabilities</b>			
(a) Long-term borrowings	3	26,93,23,148	
(b) Deferred tax liabilities (Net)	4	19,54,43,603	
(c) Other Long term liabilities	5	1,01,19,105	
(d) Long-term provisions	6	6,21,25,640	
			53,70,11,496
<b>(4) Current liabilities</b>			
(a) Short-term borrowings	3	46,11,88,250	
(b) Trade payables	7		
A. Total Outstandings to micro, small & medium enterprises		1,69,56,532	
B. Total Outstanding to other than micro, small & medium enterprises		21,91,77,447	
(c) Other current liabilities	8	22,01,12,943	
(d) Short-term provisions	9	23,47,97,130	
			1,15,22,32,302
<b>TOTAL</b>			<b>3,72,41,57,867</b>
<b>II ASSETS</b>			
<b>(1) Non-current Assets:</b>			
(a) Fixed Assets	10		
(i) Tangible Assets		1,94,65,72,403	
(ii) Intangible Assets		0	
(iii) Capital work-in-progress		1,85,45,181	
(iv) Intangible assets under development		0	
			1,96,51,17,584
(b) Non-current investments	11		39,06,30,436
(c) Deferred tax assets(net)			0
(d) Long-term loans and advances	12		18,12,09,220
(e) Other non-current assets			0
<b>(2) Current Assets:</b>			
(a) Current investments	13	0	
(b) Inventories	14	22,15,81,550	
(c) Trade receivables	15	53,37,70,415	
(d) Cash and Cash equivalents	16	5,79,88,123	
(e) Short term loans and advances	17	25,06,45,718	
(f) Other current assets	18	12,32,14,821	
			1,18,72,00,627
<b>TOTAL</b>			<b>3,72,41,57,867</b>
Contingent liabilities	19		
Significant Accounting Policies and Notes to Accounts	30		

Notes 1 to 19 and Note 30 annexed form integral part of Balance Sheet

As per our report of even date attached.

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

Chartered Accountants (Regn.No.011410S)

Sd/-

**M.T.Sreenivasa Rao**

Proprietor/Membership No.15635

Place : Kurnool

Date : 30<sup>th</sup> May, 2016

**For and on behalf of the Board**

Sd/-

**T.G.Bharath**

Chairman & Managing Director

Sd/-

**D. Sai Leela**

Director

Sd/-

**S. Ifthekhar Ahmed**

Chief Financial Officer

Sd/-

**V.Surekha**

Company Secretary



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2016

Particulars	Note No.	Year Ended 31-03-2016 Rs.
<b>Incomes:</b>		
<b>I Revenue from Operations ( Gross )</b>	<b>20</b>	<b>3,81,06,37,399</b>
Less : Excise Duty		17,60,18,853
Revenue from Operations ( Net )		3,63,46,18,546
<b>II Other Income</b>	<b>21</b>	<b>3,52,66,770</b>
<b>III Total Revenue (I+II)</b>		<b>3,66,98,85,316</b>
<b>IV Expenses:</b>		
a) Cost of materials consumed	22	1,88,65,88,433
b) Purchases of Stock-in-Trade		1,07,575
c) Changes in inventories of finished goods work-in-progress and stock in trade	23	2,54,84,979
d) Employee benefits expenses	24	12,32,56,753
e) Finance costs	25	9,35,26,515
f) Depreciation and amortization expense	10	9,71,68,428
g) Other expenses	26	1,17,57,64,984
<b>Total Expenses</b>		<b>3,40,18,97,667</b>
<b>V Profit before Exceptional, Tax, Minority Interest and share of Profit / Loss in Associate Companies (III - IV)</b>		<b>26,79,87,649</b>
<b>VI Exceptional Items</b>	<b>27</b>	<b>1,32,51,089</b>
<b>VII Profit before Tax, Minority Interest and share of Profit / Loss in Associate Companies (V-Vi)</b>		<b>25,47,36,560</b>
<b>VIII Less: Tax Expenses</b>		
(a) Current tax		5,36,15,130
Less MAT Recognition		-70,78,835
Net Current Tax		4,65,36,295
(b) Earlier year tax adjustments		87,26,734
(b) Deferred tax		1,26,20,041
<b>Net Tax Expenses (sub total VIII (a) to (c))</b>		<b>6,78,83,070</b>
<b>IX Profit after Tax, but before Minority Interest and share of Profit / Loss in Associate for the period (VII-VIII)</b>		<b>18,68,53,490</b>
<b>X Minority Interest</b>		<b>0</b>
<b>XI Sharing Profit or Loss of Associate</b>		<b>6,36,45,006</b>
<b>XII Net Profit for the year (IX+ X+XI)</b>		<b>25,04,98,496</b>
<b>XIII Earnings per equity share: face value Rs.10/- each</b>		
(a) Basic		17
(b) Diluted		17
(c) Face Value		10
<b>Notes to statement of profit and loss</b>	<b>28</b>	
Significant Accounting Policies and Notes to Financial Statements	29	

Notes 10, 20 to 29 annexed form integral part of Statement of Profit and Loss

As per our report of even date attached.

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

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

Place : Kurnool  
Date : 30<sup>th</sup> May, 2016

For and on behalf of the Board

**Sd/-** **Sd/-**  
**T.G.Bharath** **D. Sai Leela**  
Chairman & Managing Director Director

**Sd/-** **Sd/-**  
**S. Ifthekhar Ahmed** **V.Surekha**  
Place : Kurnool Chief Financial Officer Company Secretary  
Date : 30<sup>th</sup> May, 2016




**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2016**

Rs. in Lakhs

Particulars	Year Ended 31-03-2016
<b>A Cash Flow From Operating Activities</b>	
Net Profit before Tax and extraordinary items	3,183.82
Depreciation	971.68
Interest Paid	935.27
Interest Received	-53.67
Loss on sale of Investments	0.00
Loss on sale of assets & Loss on exchange	1.24
Profit on sale of investments	0.00
Operating Profit before Working capital changes	<u>5,038.34</u>
Adjustments for:	
Trade and Other receivables	-791.38
Inventories	263.85
Trade payable	-837.44
	<u>-1,364.97</u>
<b>Cash generated from operations</b>	<u><b>3,673.38</b></u>
Interest Paid	-935.27
Interest Received	53.67
Direct Taxes	-678.83
<b>Cash Flow From Operating Activities</b>	<b>2,112.95</b>
Extra ordinary items	
<b>Net Cash Flow From Operating Activities</b>	<u><b>2,112.95</b></u>
<b>B Cash Flow From Investing Activities</b>	
Purchase/Sales of Fixed Assets	-680.67
Purchase/Sales of Investments	-264.85
Net cash used in Investing Activities	<u>-945.52</u>
<b>C Cash Flow From Financing Activities</b>	
Proceeds from long term borrowings	-1,059.02
DTL	126.20
DIV. PAID	-265.88
Net cash used in Financing Activities	<u>-1,198.71</u>
Net increase in cash & cash equivalents (A+B+C)	<b>-31.28</b>
Cash & Cash equivalents as at 01-04-2015(op.B/s)	611.16
Cash & Cash equivalents as at 31-03-2016(cl.B/s)	579.88

Note : Company has prepared consolidated financial statements first time for the financial year 2015-16. Hence cash flow for the parent company prepared on Indirect method incorporating the financials of subsidiaries and Associates are Consolidated in preparing consolidated financial statements for the financial year ending 31-03-2016.

As per our report of even date attached.

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

Chartered Accountants (Regn.No.011410/S)

Sd/-

**M.T.Sreenivasa Rao**

Proprietor/Membership No.15635

Place : Kurnool

Date : 30<sup>th</sup> May, 2016

For and on behalf of the Board

Sd/-

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

Sd/-

**D. Sai Leela**  
 Director

Sd/-

Place : Kurnool

Date : 30<sup>th</sup> May, 2016**S. Ifthekhar Ahmed**

Chief Financial Officer

Sd/-

**V.Surekha**

Company Secretary



## NOTE TO ACCOUNTS - BALANCE SHEET

Particulars	As At 31-03-2016 Rs.
<b>1 Share Capital</b> (item I (1) (a) of Balance sheet)	
<b>1.1 Equity Share Capital</b>	
<b>a) Authorised:</b>	
4,90,00,000 Equity shares of Rs.10/- each	<b>49,00,00,000</b>
<b>b) Issued, subscribed and fully paid-up</b>	
1,47,16,689 - Equity shares of Rs.10/- each	<b>14,71,66,890</b>
<b>Total</b>	<b>14,71,66,890</b>
<b>1.2 Reconciliation of number of shares outstanding</b>	
Equity shares No. of shares	
At the beginning of the year	<b>1,47,16,689</b>
Add: Issued during the year	-
At the end of the year	<b>1,47,16,689</b>

**1.3 Rights, preferences and restrictions**

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

**1.4 List of shareholders holding more than 5% Equity Shares**

Equity Shares	As At 31-03-2016	
	%	No. of shares
Gowri Gopal Hospitals Pvt Ltd	<b>17.63</b>	<b>2,594,573</b>
Sree Rayalaseema Galaxy Projects Pvt Ltd	<b>10.29</b>	<b>1,513,989</b>
TGV Projects & Investments Pvt. Ltd	<b>8.97</b>	<b>1,320,013</b>

- 1.5** The Company declare and pays dividend in Indian rupees. In the meeting held on 30th May, 2016, the Board has proposed a dividend of Rs.1.50 (15%) per equity share for the year ended 31st March, 2016. The proposed dividend as provided in the accounts is subject to approval of members at the ensuing Annual General meeting.

**NOTE TO ACCOUNTS - BALANCE SHEET**

- 1.6 The Company has Four Wholly owned Subsidiaries and has an Associate Company. The Company has no Holding Company.
- 1.7 Of the above issued shares, 24,86,028 Equity shares of Rs. 10/- each fully paid were issued for consideration with out payment received in cash as per terms of amalgamation
- 1.8 Utilised of issue proceeds  
There are no Unutilised Proceeds of issue as at the close of the Financial Year.

Particulars	As At 31-03-2016 Rs.	
<b>2 Reserves and Surplus</b> (Item I (1) (b) of Balance sheet)		
<b>2.1 Capital Reserve</b>		
<b>(a) Central/Capital Subsidy</b>		
Balances at the beginning of the year		58,20,690
<b>(b) Securities Premium Reserve</b>		
Balances at the beginning of the year		8,67,58,174
<b>2.2 General Reserve</b>		
<b>(a) General Reserve</b>		
Balances at the beginning of the year	10,87,70,229	
Transfer from Profit and loss account	<u>93,58,857</u>	
		11,81,29,086
<b>(b) Amalgamation Reserve</b>		
Balances at the beginning of the year		24,28,66,501
<b>(c) Surplus i.e. balance in statement of Profit and Loss</b>		
Balances at the beginning of the year	1,21,96,21,434	
Transferred to General Reserve	-93,58,857	
Rounding off Dividend of last year	-19,353	
Proposed Dividend	-2,20,75,034	
Dividend distribution tax	-44,93,958	
Reversal of Deferred Tax Liability of Prior Years	0	
Add : Profit for the year	<u>25,04,98,496</u>	
		1,43,41,72,728
<b>Total</b>		<u>1,88,77,47,179</u>
<b>3 Borrowings</b> (Item 1 (3(a) of Balance Sheet)		
<b>3.1 Secured</b>	Long term	Short term
(a) Term loans from banks	23,11,31,360	11,59,14,514
(b) Term loans for vehicles from bank	1,65,92,413	38,41,533
(c) Loans repayable on demand from banks	-	46,11,88,250
<b>Total</b>	<u>24,77,23,773</u>	<u>58,09,44,297</u>
<b>3.2 Unsecured</b>		
(a) Security deposits from customers	2,15,99,375	-
<b>Total</b>	<u>2,15,99,375</u>	-
<b>Total</b>	<u>26,93,23,148</u>	<u>58,09,44,297</u>
<b>3.3 Disclosure in Balance sheet</b>		
a) Long term borrowings (item I (3) (a) of Balance sheet)	26,93,23,148	
b) Short term borrowings under current liabilities (item I (4) (a) of Balance sheet)		46,11,88,250
c) Current maturities under other current liabilities		11,97,56,047
	<u>26,93,23,148</u>	<u>58,09,44,297</u>



## NOTE TO ACCOUNTS - BALANCE SHEET ( CONTD..)

As At  
31-03-2016  
Rs.

## 3.4 Additional information on borrowings

## 1. Security

- (a) The term loan from banks are secured by exclusive charge on specific fixed assets.
- (b) The loan repayable on demand from banks are cash credits, bills purchases, discountings, letter of credits limits and bank guarantees are secured by Hypothecation of Raw-material, Stock in process, Finished goods, consumable Spares, Book debts and receivables.
- (c) The working capital and Term loans from banks are also secured by first and second charge on some of the fixed assets of the company.
- (d) The working capital and Term loans are further secured by guarantee from Managing Director and a promoter in individual capacities

## 2. Defaults

There are no defaults/continuing defaults as on 31st Mar, 2016 in payment of interest and repayment of loans.

## 3. Repayments

Term of repayment	31.03.2016 Outstanding Rs.
<b>A. Term Loans</b>	
(a) Quarterly instalment of Rs. 29,00,000/- payable up to Jun,2015	} 1,17,73,957
(b) Monthly instalment of Rs. 29,49,000/- payable up to Feb,2016	
(c) Monthly instalment of Rs. 29,49,000/- payable up to Aug,2016	
(d) Monthly instalment of Rs. 40,00,000/- payable up to Feb,2017	} 4,82,95,989
(e) Quarterly instalment of Rs. 5,77,000/- payable up to Mar,2015	
(f) Monthly instalment of Rs. 6,00,000/- payable up to Dec,2015	
(g) Monthly instalment of Rs. 39,50,000/- payable up to Feb,2021	25,28,92,507
(h) Monthly instalment of Rs. 4,59,630/- payable up to Mar,2020	1,77,83,194
(i) Monthly instalment of Rs. 74,460/- payable up to Oct,2019	25,91,749
(j) Monthly instalment of Rs. 53,860/- payable up to Sep,2019	18,39,646
(k) Monthly instalment of Rs. 4,56,215/- payable up to Sep,2019	1,55,82,506
(l) Monthly instalment of Rs. 64,812/- payable up to May,2016	1,27,858
<b>B. Vehicle loans</b>	
(a) Monthly instalment of Rs. 65,420/- payable up to Nov,2017	} 1,65,92,413
(b) Monthly instalment of Rs. 72256/- payable up to Feb,2021	
(c) Monthly instalment of Rs. 20,580/- payable up to Apr,2020	
(d) Monthly instalment of Rs. 17,951/- payable up to Aug,21	
(e) Monthly instalment of Rs. 21,021/- payable up to Sep,2021	
(f) Monthly instalment of Rs. 245,111/- payable up to Feb,2020	



## NOTE TO ACCOUNTS - BALANCE SHEET ( CONTD..)

Particulars	As At 31-03-2016 Rs.
<b>4. Deferred tax liability</b>	
(item I (3) (b) of Balance sheet)	
Deferred tax liability	18,28,23,562
Less: Deferred tax during the year	1,26,20,041
Net Deferred tax liability	<u>19,54,43,603</u>
<b>5. Other long-term liabilities</b>	
(item I (3) (c) of Balance sheet)	
Inter Corporate Loans & Advances - related party	6,00,000
Trade payables for capital assets	95,19,105
	<u>1,01,19,105</u>
<b>6. Long-term provisions</b>	
(item I (3) (d) of Balance sheet)	
Outstanding liabilities group	5,62,24,436
Gratuity provision	59,01,204
	<u>6,21,25,640</u>
<b>CURRENT LIABILITIES</b>	
<b>7 Trade Payables</b>	
(item I (4) (b) of Balance sheet)	
Sundry creditors-Acceptances	5,98,23,151
Sundry creditors-Trade-others( see note 30.5)	15,93,54,296
Sundry creditors-Trade-Micro Small and Medium Enterprises(see note 30.5)	1,69,56,532
	<u>23,61,33,979</u>
Note:	
a) Trade payables include dues to related parties of Rs.2,02,61,116/-	
b) Trade payables include dues of Rs. 14,51,57,502/- covered by LC's	
<b>OTHER CURRENT LIABILITIES</b>	
<b>8. Other current liabilities</b>	
(item I (4) (c) of Balance sheet)	
<b>Secured</b>	
(a) Current maturities of long term borrowings	11,97,56,047
(b) Interest accrued on loans	-
<b>Unsecured</b>	
(a) Advances from customers	5,58,25,377
(b) Un paid dividend	46,73,073
(c) Other liabilities	3,98,58,446
	<u>22,01,12,943</u>
<b>9. Short-term provisions</b>	
(item I (4) (d) of Balance sheet)	
Employee benefits	52,26,545
Provision for Income Tax	20,30,01,593
Proposed Dividend	2,20,75,034
Dividend Tax payable	44,93,958
	<u>23,47,97,130</u>



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

(Item II (1) (a) of Balance sheet)

#### 10. Fixed Assets

Particulars	Gross Block			Depreciation			Net Block As at 31.03.2016
	Cost As At 01.04.2015	Additions	Deductions	Total Up to 31.03.2015	For the Period	Deductions	
Land	224297613	38945832		0	0	0	263243445
Factory Buildings	390472655			68165681	17792379	85950660	304514595
Plant and Machinery	1496904721	50724867	2031300	580351871	45485723	589701	920350395
Plant & Machinery-WEG	740771628			283534963	29006692	312541655	428229973
Furniture and Fixtures	5181087			2667081	315579	2982660	2198427
Office Equipment	23855437	62000		23322779	30760	23353539	563898
Other Equipment	2749062			2302259	20129	2322388	426674
Vehicles	43406520	12114472	5894908	23676046	4517166	22581089	27044995
<b>Total</b>	<b>2927638723</b>	<b>101847171</b>	<b>7926208</b>	<b>984020680</b>	<b>97168428</b>	<b>6201824</b>	<b>1946572403</b>
<b>Capital Work-in-progress</b>							
Civil Work-in-progress	0	0	0	0	0	0	0
Machinery under erection	50724866	18545181	50724866	18545181	0	0	18545181
<b>Total</b>	<b>50724866</b>	<b>18545181</b>	<b>50724866</b>	<b>18545181</b>	<b>0</b>	<b>0</b>	<b>18545181</b>
<b>Grand Total</b>	<b>2978363589</b>	<b>120392352</b>	<b>58651074</b>	<b>984020680</b>	<b>97168428</b>	<b>6201824</b>	<b>1965117564</b>

**Notes:**

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



## NOTE TO ACCOUNTS - BALANCE SHEET ( CONTD..)

Particulars	As At 31-03-2016 Rs.
<b>11 Non current investments (at cost unless otherwise specified)</b> (Item II (1) (b) of Balance sheet)	
<b>A. Investments in equity shares</b>	
<b>a) Quoted - Fully paid up</b>	
<b>Trade</b>	
Investment in Associate Company	
Sree Rayalaseema Alkalies and Allied Chemicals Ltd (Associate)	35,07,93,995
20544496 (Previous year 20544496) Equity shares of Rs10/- each (15000 shares pledged as security)*	
Cost of Investments	19,32,48,989
Add : Reserves & Surplus of Associates including share of profit as on 31-3-2015	9,39,00,000
Add: Share of profit in associate for the year 2015-16	6,36,45,006
	<u>35,07,93,995</u>
<b>Non - Trade</b>	
The South Indian Bank Ltd	7,05,675
530250 (Previous year 530250) Equity shares of Rs.1/- each (318000 shares pledged as security)	
Roopa Industries Ltd	41,17,150
1372455 (Previous year 1372455) Equity shares of Rs.10/- each)	
Kabson Industries Ltd	43,935
10100 (Previous year 10100) Equity shares of Rs.10/- each)	
Karnataka Bank Ltd	2,59,691
3700 (Previous year 3700) Equity shares of Rs.10/- each (3700 shares pledged as security)*	
Lotus Chocolates Ltd	5,96,400
56800 (Previous year 56800) Equity shares of Rs.10/- each (56800 shares pledged as security)*	
NEPC Micon Ltd	750
200 (Previous year 200) Equity shares of Rs.10/- each)	
BNR Udyog Ltd	500
500 (Previous year 500) Equity shares of Rs.10/- each)	
Consom Biotech Ltd	270
300 (Previous year 300) Equity shares of Rs.10/- each)	
Neha International Ltd	2,890
1700 (Previous year 1700) Equity shares of Rs.10/- each)	
Indo Wind Energy Ltd	6,00,000
42000 (Previous year 42000) Equity shares of Rs.10/- each)	
<b>b) Quoted - Partly paid up</b>	
<b>Non - Trade</b>	
Surya Jyothi Spinning Mills Ltd	330
100 (Previous year 100) Eq.shares of Rs.10/- each) - paid Rs. 5/ per share	
<b>B. Investments in preference shares</b>	
<b>Quoted - Fully paid up</b>	
<b>Trade</b>	
Sree Rayalaseema Alkalies and Allied Chemicals Limited (Associate)	3,34,98,850
59,06,504 (Previous year 59,06,504) 0.01 % Cumulative Redeemable Preference shares Rs.10/- each	
<b>C. Investments in Govt securities</b>	
National Saving Certificates	10,000
(Deposited with Sales Tax and other Govt. Departments)	
<b>Total</b>	<u>39,06,30,436</u>
<b>Aggregate Book value of</b>	
- Quoted Shares	39,06,20,436
- Unquoted Shares	10,000
<b>Aggregate Market value of Quoted shares</b>	<u>41,90,77,277</u>



## NOTE TO ACCOUNTS - BALANCE SHEET ( CONTD..)

Particulars	As At 31-03-2016 Rs.
<b>12 Long term Loans and advances (item II (1) (d) of Balance sheet)</b>	
Unsecured and considered good	
(a) Capital Advances	11,66,25,466
(b) Security Deposits with APCPDL and other govt. depts.	49,46,215
(c) Mat Credit entitlement	3,63,14,689
(d) Rent Deposits	
To related parties	2,29,88,500
To others	3,34,350
<b>Total</b>	<b>18,12,09,220</b>
<b>CURRENT ASSETS</b>	
<b>13 Current Investments</b>	<b>0</b>
(item II (2) (a) of Balance sheet)	<b>0</b>
<b>14 Inventories</b>	
(item II (2) (b) of Balance sheet)	
(a) Raw Materials	4,12,46,372
(b) Work-in-progress	1,78,17,177
(c) Finished Goods	8,42,40,434
(d) Stores and spares including packing materials	5,92,46,324
(e) Material in transit	1,90,31,244
<b>TOTAL</b>	<b>22,15,81,550</b>
<b>15 Trade receivables (item II (2) (c) of Balance sheet)</b>	
Unsecured and considered good	
(a) Trade Receivables outstanding for a period exceeding six months from the date due for payment	4,78,02,607
(b) Others	48,59,67,808
	<b>53,37,70,415</b>
<b>16 Cash and cash equivalents</b>	
(item II (2) (d) of Balance sheet)	
(a) Cash on hand	10,82,937
(b) Balances with banks in current accounts	60,40,727
(b) Balances with banks earmarked for unpaid dividends	46,73,073
(d) Deposit with banks under lien as margin	4,61,91,386
	<b>5,79,88,123</b>
<b>17 Short term loans and advances</b>	
(item II (2) (e) of Balance sheet)	
Unsecured and considered good	
(a) Advance to related parties	
(i) Inter corporate loans and advances	4,36,20,307
(b) Advances to others	
(i) Advance to Suppliers	32,340
(ii) Advance to Employees	72,49,242
(iii) Prepaid Insurance and other Expenses	38,86,915
(iv) Insurance claim receivable	1,31,26,854
(iv) Export incentives receivable-DEPB,FMS and Target plus.	1,53,79,038
(v) Advance Income tax and TDS	12,53,91,169
(vi) Other Deposits	16,10,548
(vii) Short term advances	4,03,49,305
	<b>25,06,45,718</b>
<b>18 Other current assets</b>	
(item II (2) (f) of Balance sheet)	
(i) Service tax , brokerage receivable and sales tax advance.	12,32,14,821
	<b>12,32,14,821</b>





## NOTE TO ACCOUNTS - BALANCE SHEET ( CONTD..)

Particulars	As At 31-03-2016 Rs.
<b>19 Contingent liabilities and Commitments</b>	
<b>Contingent liabilities: (to the extent not provided )</b>	
a) Claims against company not acknowledged as debts	4,28,38,373
b) Guarantees outstanding	0
c) other monies in which company is contingently liable	3,65,786
<b>Commitments :</b> a) Estimated amount of contracts remaining to be executed on capital account and not provided for	0
b) Uncalled liability on shares and other investments partly paid	500
c) Other commitments	
1) Income tax appeal pending against ITO AO	3,04,714
2) Consumers cheques / bills discounted with Banks	14,79,23,602
3) Unexpired Bank Guarantees provided by the Coy.	3,14,89,505
4) Unexpired Letters of Credit established by the Coy.	14,51,57,502
d) Claims against the Associate Company not acknowledged as debts, being disputed and pending in appeals/ Assessments in respect of	4,54,86,000
i) Central excise matters regarding Cervat credit availed on input consumables and on service tax payments on input services like freight, telephone, and courier etc.,	9,90,000
ii) 1) Customs matters regarding dispute on classification of goods pending before High Court	10,70,000
2) Differential customs duty on classification of goods disputed (Lauric Acid) pending before CESTAT, customs. (paid under protest Rs. 1.07 lakhs)	(1,07,000)
3) Imposition of Anti-Dumping Duty on in puts during December 2010 pending before ADC, Customs.	32,69,000
4) Disputed duty levied on import of material during the year 2006-07 pending in appeal before CESTAT.	16,06,000
iii) Sales tax matters regarding Input tax credit availed on fuels used for steam generation disallowed by the Department and levied penalty and interest; Case is pending before Hon'ble High Court of AP (Paid under Protest)	53,91,000 (53,91,000)
iv) Claims of Vat regarding dispute of Turnover, input tax credit on sales returns and stock transfer value treated as sale on account of non-acceptance of form F are pending in appeal before Appellate Asst. Commissioner (CT) Palakkad and Sales Tax Tribunal, Ernakulam (Paid under protest)	46,71,000 (15,08,000)
v) Claim of entry tax & interest on Entry Tax payable on Machinery items is pending before Assessing OfficerDC (CT), Bellary (50% Paid)	3,88,000 (2,10,000)
vi) Sales tax matters regarding liability of interest on delay in payment of deferred sales tax liability for the years 2005-06 and 2006-07. Stay petition filed and stay granted by Hon'ble High Court of A.P. (Paid under protest)	351,14,000 (69,04,000)
vii) Levy of delay charges on late payment of Provident Fund by Regional Provident Fund Commissioner.	15,34,000
viii) 1) Wheeling Charges levied by APCPDCL pending in Supreme Court	24,21,000
2) Wheeling charges levied on APGAS power supplies covered by Bank guarantee Rs.69.30 lakhs	NIL
ix) The Fuel Surcharge Adjustment (FSA) charges for the year 2008-09, 2009-10 and for the 1 <sup>st</sup> quarter of 2010-11 payable to APCPDCL was contested by the Industrial units including the company before Hon'ble High Court of AP and obtained favourable order for 2008-09 and the matter was referred to Supreme Court and the same is pending. Hon'ble High Court granted stay for the year 2009-10 and first quarter of 2010-11.	15,67,27,000
x) Fuel Surcharge Adjustment charges levied by APCPDCL for the period from October, 2011 to March, 2012 during the year 2014-15 contested and obtained Stay Order from Honorable Supreme Court of India.	12,55,71,000
xi) Interest levied by APSPDCL in regular monthly bills for the year 2014-15 on disputed court cases is not provided, being the cases are pending in courts.	2,60,80,500
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)	11,61,14,000 1,25,00,000
g) Demand raised by Power Distribution Companies (DISCOMS) for the differential tax on account of change in Income Tax rates / tax holiday as per terms of PPA was contested by the Company before the Electricity Regulatory Commission and the liability has been reduced to Rs. 500 lakhs. The DISCOMS have recovered the same from monthly bills. The company contested before the Supreme Court for refund of the recovered amount and it is pending. (Recovered amount is shown under loans and advances)	5,00,00,000 (5,00,00,000)
h) Claims made by M/s Singareni Collieries towards Dist. Mineral Foundation Cess at 30% on Royalty charges of Coal supplies for the period from 12.01.2015 to 19.01.2016 not accepted by the company and obtained Stay Order from A.P. High Court.	68,68,000



## NOTE TO ACCOUNTS - PROFIT AND LOSS STATEMENT

Particulars	As At 31-03-2016 Rs.
<b>20 Revenue from Operation</b>	
(item I of Statement of Profit and Loss)	
Sale of Manufactured Products (Net of Returns)	3,47,58,38,107
Sale of Energy	29,93,80,168
Other operating revenues :	
Sale of Scrap	76,55,637
Export Incentives	2,77,63,488
	<u>3,54,19,125</u>
<b>TOTAL</b>	<u>3,81,06,37,399</u>
<b>21 Other Incomes</b>	
(item II of Statement of Profit and Loss)	
Interest on Bank and other deposits and customers	53,66,509
Lease Rent Receipts	1,28,15,024
Other non operating Incomes	1,70,85,237
<b>TOTAL</b>	<u>3,52,66,770</u>
Note on Dividend : Accumulated dividend of Rs. 82,691/- on cumulative preference share is not accounted pending declaration and payment by the investee company	
<b>22 Cost of material consumed</b>	
(item IV (a) of Statement of Profit and Loss)	
Opening stock of Raw Material	8,06,16,510
Add: Purchase of Raw Material	1,84,72,18,295
Less: Closing stock of Raw Material	4,12,46,372
Raw Materials Consumed	<u>1,88,65,88,433</u>
<b>TOTAL</b>	<u>1,88,65,88,433</u>
<b>23 Change in inventories of Work in process &amp; Stock in Trade</b>	
(item IV (c) of Statement of Profit and Loss)	
<b>Closing stock</b>	
a Finished goods	8,42,40,434
b Stock-in-process	1,78,17,177
<b>TOTAL</b>	<u>10,20,57,611</u>
<b>Opening stock</b>	
a Finished goods	10,87,91,995
b Stock-in-process	1,87,50,595
<b>TOTAL</b>	<u>12,75,42,590</u>
<b>+Accretion / - decretion to stock</b>	<u>-2,54,84,979</u>
<b>24 Employee benefits expenses</b>	
(item IV (d) of Statement of Profit and Loss)	
Salaries, Wages, Bonus and Allowances	9,68,03,194
Contribution to ESI and Provident Fund	52,95,080
Contribution to Gratuity	26,42,072
Staff Welfare expenses	1,85,16,407
<b>TOTAL</b>	<u>12,32,56,753</u>
<b>25 Finance cost</b>	
(item IV (e) of Statement of Profit and Loss)	
Interest expenses	
On Term Loans	7,12,93,318
On Working capital limits	1,29,80,075
On others	92,53,122
	<u>9,35,26,515</u>



## NOTE TO ACCOUNTS - PROFIT AND LOSS STATEMENT ( CONTD..)

Particulars	Year ended 31-03-2016 Rs.
<b>26 Other expenses</b>	
(item IV (g) of Statement of Profit and Loss)	
Stores, Spares, Chemicals & Packing Materials Consumed	29,89,46,382
Repairs & Maintenance	
a) Buildings	7,36,80,051
b) Plant & Machinery	9,27,05,625
c) Others	<u>1,12,41,657</u>
	17,76,27,333
Insurance	1,63,60,725
Rents	1,43,70,090
Rates & Taxes	7,76,037
Travelling and conveyance	1,64,44,134
Printing and stationery	13,33,288
Postage Telegrams and Telephones	51,66,722
Freight outward & Incidental Expenses	
Ocean Freight	26,14,37,465
Container freight	8,66,07,584
Clearing and forwarding Charges	1,40,01,523
Freight on Sales	<u>1,22,80,943</u>
	37,43,27,515
Discounts and Commission on sales	1,59,28,873
Advertisement	2,03,317
Fee and Expenses	1,33,91,697
Bank Charges	1,87,78,533
Security & other Service Charges	5,52,86,945
Legal Expenses	20,31,660
Power and Fuel	67,61,793
Other Expenses	7,34,23,084
Donations	1,97,169
Directors sitting fee	1,38,000
Remuneration to Managing Director	1,20,00,000
Remuneration to Statutory Auditors ( pls see note 28.1)	3,73,510
Cost Audit Fees	40,000
Secraterial Audit Fees	60,000
Shortages & other discounts	6,08,51,603
Other Selling expenses	72,09,444
Excise duty (Refer Note below)	<u>37,37,130</u>
	<u>1,17,57,64,984</u>
<b>(Note : Excise duty represents difference in duty liability on opening and closing stock of finished goods. )</b>	
<b>27 Exceptional items</b>	
(item VI of Statement of Profit and Loss)	
Loss due to fire	1,31,26,854
Loss on sale of investments/Assets (Net)	<u>1,24,235</u>
	1,32,51,089
	<u>1,32,51,089</u>



## 29. Additional Notes to statement of profit and loss:

## 29.1 Remuneration to Auditors

( Amount in Rs.)

Particulars	2015-16
Statutory Auditors	
Audit fees	2,70,000
Tax audit fees	50000
Out of pocket expenses	53510
<b>Total</b>	<b>3,73,510</b>
Secretarial Audit fees	60,000
Cost Audit fees	40,000

## 29.2 Details of raw materials and traded goods

## a) Raw Material consumed

Year		2015-16	
Particulars	Unit	Qty	Rs. In lakhs
Caustic Soda Lye	MTs	13219	3569.98
Chlorine	MTs	37789	716.06
H2 Gas	Cum	3574710	1066.24
Acetic Acid	MTs	3116	122.87
Hydrated Lime	MTs	34158	3110.63
Sulphur	MTs	20223	1906.91
Others			8373.19
<b>Grand Total</b>			<b>18865.88</b>

## b) Goods Purchased

	Year ended 31 <sup>st</sup> March 2016 (Rs. In Lakhs)
Chemicals	1.08

## 29.3 Details of Work in progress

	Year ended 31 <sup>st</sup> March 2016 (Rs. In Lakhs)
Bulk chemicals in process	178.17

## 29.4 a) Value of imports on CIF basis

	Year ended 31 <sup>st</sup> March 2016 (Rs. In Lakhs)
Raw materials	1856.01
Plant and Machinery	36.13
Packing & Spares	20.80


**b) Expenses incurred in foreign currency** (Rs. In Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2016
Travelling Expenses	0.00
Overseas Sales commission	63.37
Freight/Demurrages	2472.15
Machinery and spares	65.50
Advertisement	11.40
Fee and charges	0.00
Printing and stationery	0.54
Subscriptions	1.00

**c) Raw Material Consumed** (Rs. In Lakhs)

Particulars	2015-2016	
	Value	%
Imported	1856.01	9.84
Indigenous	17009.88	90.16
Total	18865.89	100.00

**d) Dividends remitted in Foreign Currency**

i) Total number of shares held by non-residents	5,02,027
ii) Amount of dividend	7,53,360
iii) No. of non resident share holders	1,861
iv) Year to which the dividend is related	2014-15

**e) Earnings in foreign exchange**

Particulars	Year ended 31 <sup>st</sup> March 2016 (Rs. In Lakhs)	
FOB value of exports	15,461.32	17,757.44



### 30. Notes forming part of financial statements:

#### 30.1 Corporate Information

Sree Rayalaseema Hi-Strength Hypo Limited is a public company domiciled in India and is incorporated under the provisions of the Companies Act, 1956. The company's principal business is manufacturing and sale of industrial chemicals and generation and distribution of power. The company caters to both domestic and Indian markets. The Company's registered office located in Kurnool, Andhra Pradesh, India and has four wholly owned subsidiaries companies.

#### 30.2 Basis of preparation of consolidated financial statements

The Consolidated Financial Statements(CFS) of the Company are prepared in accordance with Accounting standard-21 (AS21), Consolidated Financial Statements and Accounting Standard 23 (AS-23), Accounting for investment in associate in consolidated financial statements notified under the (Accounting Standards) Rules 2006 as amended and applicable to the Company on the date of balance sheet. As far as possible the CFS are prepared using uniform significant Accounting policies for like transactions and other events in similar circumstances for the same accounting period

The consolidated Financial Statements have been prepared on the following basis:

##### Interest in Subsidiaries:

The Financial Statements of the company and its subsidiaries are combined on a line by line basis by adding the book values of like items of assets, liabilities, income and expenses after fully eliminating intra group balances and intra group transactions resulting in unrealized profits or losses, except where cost can not be recovered. The results of operations of subsidiaries are included in the CFS from the date on which the parent subsidiary relation came in to existence.

##### Investment in Associate:

Incase of Associate, where the Company holds more than 20% of equity, Investments in Associate are accounted under equity method. The difference between cost of investment in Associate over the net Assets at the time of acquisition of equity shares in Associate is recognized in the CFS as goodwill or capital reserve as the case may be.

Investment in Associate companies are accounted under the equity method as per Accounting Standard – 23 (AS-23) Accounting for investment in associate in consolidated financial statements.

Under Equity method the investments in Associates is carried in the balance sheet at cost plus post acquisition changes in the groups share of net assets of Associate. The income statement reflects groups share of profits in the Associate. The carrying amount of investments in Associate is reduced to recognize any decline which is other than temporary in nature. The unrealized profit / losses on transactions with Associate are eliminated by reducing the carrying amount of investments

##### Interest in Joint Ventures:

The Company has no Joint Ventures of any kind.

##### Other Investments:

All other Investments other than investment in subsidiaries and Associates are accounted and disclosed in the CFS as per Accounting Standard-13 (AS-13), Accounting for Investments

#### 30.3 Use of estimates

The preparation of financial statements is in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of such assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the end of reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from estimates.



### 30.4 Significant Accounting Policies

#### a) Fixed Assets

- Tangible Fixed assets are stated at cost. Cost of asset includes acquisition and installation expenses which are directly attributable for bringing the asset into working condition. Spares which are used only in connection with a particular item of asset of the company and use is expected to be irregular are capitalized at cost (net of centvat to be claimed). The fixed assets acquired as per scheme of arrangement are merged into company are accounted as per book values of the demerged / transferor company.
- Expenditure / Income during construction period including borrowing cost are included in cost work in progress and the same is allocated to respective fixed assets on the completion

#### b) Depreciation

Depreciation is a systematic allocation of depreciable amount of an asset over its useful life in straight line method.

Changes in Accounting Policy for depreciation : with effect from 01<sup>st</sup> Apr, 2015 a change in accounting policy for depreciation is made effective by law and the useful lives of assets as prescribed in Schedule-II of the Companies Act, 2013 are adopted for determining depreciation amounts. Depreciable amount is historical cost minus 5% residual value over useful lives. The carrying amount for assets as on 01<sup>st</sup> April, 2015 and having residual lives are depreciated on straight line method over remaining residual lives after providing for 5% residual value. Deviation from schedule II as to useful life, if any, will be disclosed in accounts suitably. Depreciation on additions is provided at prorata basis from the month of installation or date of commencement of commercial production.

#### c) Investments

##### Classification:

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments and other investments are classified as Long Term Investments. Trade investments comprising investments in associate and entities in which the company has strategic business interest.

##### Carrying amounts in books:

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

#### d) Inventories

##### Inventories are valued as under:

##### i) Raw Materials, Fuels, Packing materials, Stores and Spares

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

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

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



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

**e) Excise Duty**

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

The difference in excise duty liability on opening and closing stocks of finished goods is not deducted from gross revenue but shown separately as other miscellaneous expenditure in statement of Profit and Loss.

**f) Cenvat**

Cenvat benefit is accounted for on exclusion method by reducing the excise duty from the purchase cost of the material and shown as cenvat receivable and adjusted against the excise duty amount payable by the Company on sales dispatches.

**g) Employee Benefits**

**i) Short Term Benefits**

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

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

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

**iii) Defined Benefit Plan :**

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

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

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

**h) Sales**

Gross Sales include excise duty amount and net of sales returns, the gross sales and net sales (deducting excise duty) are disclosed on the face of statement of Profit and Loss.

**i) Foreign exchange transactions**

**(i) Initial recognition**

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

**(ii) Conversion**

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





**(iii) Forward Exchange Contracts**

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

**(iv) Exchange differences**

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

**j) Revenue Recognition:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue is recognized when significant risks and rewards of ownership of goods have passed to the buyer. Accordingly domestic sales are accounted as sale on dispatch of product to the customer as per terms and export sales are accounted on the basis of documents like Bill of Lading etc evidencing passing of risk and rewards depending on terms of export sales.

**i) Sales**

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

**ii) Insurance Claims**

Insurance claims are accounted on the basis of claims lodged.

**iii) Dividends**

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

**iv) Other Incomes:**

Export incentives such as Merchandise Export incentive Scheme (MEIS). Licenses are calculated based on exports made during the year. Interest income is recognized on time proportion basis taking in to account the amount outstanding and rate of interest.

**k) Impairment**

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

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

**l) Borrowing costs**

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

Borrowing cost include interest, amortization of ancillary costs incurred in connection with borrowings and also include exchange fluctuation arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

**m) Taxes on income:**

- Tax expenses comprise of current tax and deferred tax. Provision for current tax is made on the basis of estimated taxable income for the current year in accordance with Income Tax Act. Deferred Tax for the timing difference between book profit and tax profits is accounted for by using tax rates and laws on the balance sheet date. Deferred Tax Asset arising from the timing difference are recognized to the extent there is reasonable certainty that they would be realized in future.
- Deferred Tax Asset and Deferred Tax Liability are offset if a legally enforceable right exist to set off. If there is unabsorbed depreciation or carry forward tax losses, The Deferred Tax Asset are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against adequate future taxable profits.
- The Carrying amounts of Deferred Tax Asset are reviewed at each balance date. The company write down the carrying amount of Deferred Tax Asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable profits will be available against which Deferred Tax Asset can be realized.
- Minimum Alternate Tax (MAT) is recognized as an asset only when and to the extent there is convincing evidence that the company will be required to pay regular income tax during specific period resulting is utilization of MAT. In accordance with Guidance Note of ICAI, the MAT credit is recognized as asset is created as MAT entitlement by way of credit to statement of profit and loss of the subsequent review of balance sheet dates if there is no longer carrying evidence, MAT entitled will be written down to that extent.

**n) Provisions and Contingent Liabilities**

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

- o) Prior period and extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.**
- p) Material events occurring after the Balance Sheet date are taken into recognizance.**

**q) Leases:**

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

**30.5 Micro, Small and Medium Enterprises**

The Company identified Micro, Small and Medium Enterprises on the basis of information made available to the company by the suppliers. The Company is regular in making payments to Micro, Small and Medium Enterprises. The principal amounts outstanding as on 31-03-2016 and remaining unpaid to any Micro, Small and Medium Enterprises is Rs1,69,56,532/- and the said amounts are due for less than 45 days as on 31-03-2016. Hence, excepting above, there is no reportable information under Sec 22 (i) to (v) of Micro, Small and Medium Enterprises Act, 2006 read with part I of Schedule VI to the Companies Act, 1956.


**30.6 Disclosure pursuant to clause 34(3) of SEBI (LODR) Regulation 2015 (As applicable to the company)**

Disclosure pursuant to clause 34(3) of Securities Exchange Board of India (listing obligations and disclosure requirement) Regulations, 2015, in respect of amount of loans and advances in the nature of loans outstanding from subsidiaries as at 31st March, 2016.

Particulars	Amount Outstanding as at March 31, 2016	Maximum amount outstanding during the year
<b>Dues from Subsidiaries</b>		
1) SRHHL Power Generation Private Limited	NIL	8935.00 Dr. Bal.
2) SRHHL Infrastructure Private Limited.	NIL	12,470.00 Dr. Bal.
3) TGV Infrastructure & Industrial Parks Private Ltd	NIL	8,935.00 Dr. Bal.
4) Sri Vibhu Infrastructure Development Private Ltd.	NIL	8,935.00 Dr. Bal.
To firms/companies in which directors are interested (other than subsidiaries mentioned above)	NIL	NIL

**30.7 Disclosure under AS-15 Employee benefits**
**A. Defined contribution plan:**

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

**2015-16 (Rs.)**

Employers contribution to Provident fund

35.87

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

**B. Defined benefit plan:**

The company has employee group gratuity fund through a policy with LIC and contributes to the fund through annual renewal premium determined based on actuarial valuation using projected unit credit method as at 31-03-2016. The company has funded current service cost obligations and contributions made are recognized as expenses. The unfunded past service cost is provided as per actuarial valuation as on 31-03-2016. The disclosures in respect of funded and unfunded defined benefit obligations as required by AS 15 are as below.

**I. Changes and reconciliation of obligation for the year ended 31-03-2016**

	Gratuity	
	Funded (Rs.)	Unfunded (Rs.)
Present value of defined obligation at Beginning of year	80.82	45.55
	(70.54)	(45.26)
Current service cost	10.44	0.00
	(10.28)	(0.00)
Interest cost	6.47	3.65
	(5.64)	(3.63)
Past service cost	80.82	57.20
	(70.54)	(45.55)
Net actuarial (gain)/loss on obligations	4.04	-7.90
	(2.89)	(-3.34)
Present value of define benefit obligation at the end of year	91.26	57.20
	(80.82)	(45.55)



**II. Changes and reconciliation in fair value of plan asset as on 31-03-2016.**

Opening fair value of plan assets	80.82	00.00
	(69.71)	(00.00)
Expected return on plan assets	7.59	00.00
	(6.53)	(0.00)
Contribution	12.28	00.00
	(13.03)	(0.00)
Benefits paid	-10.51	00.00
	(-8.53)	(00.00)
Actuarial valuation (gain)/loss on plan assets	0.73	00.00
	(0.08)	(00.00)
Closing fair value of plan assets	89.45	00.00
	(80.82)	(00.00)

**III. Assets recognized in Balance Sheet**

Present value of liability	91.26	57.20
	(80.82)	(45.55)
Fair value and plan assets	-89.45	0.00
	(-80.82)	(0.00)
Net liability	1.81	57.20
	(0.00)	(45.55)

**IV. Expenses recognized in Profit and Loss Account for the year**

Current service cost	10.44	0.00
	(10.28)	(0.00)
Interest on define benefit obligation	6.47	3.65
	(5.64)	(3.63)
Expected return as plan assets	-7.59	0.00
	(-6.53)	(0.00)
Past service cost	0.00	0.00
	(0.00)	(0.00)
Net actuarial loss/gain	3.32	7.90
	(2.96)	(-3.34)

**V. Movement in Net liability**

Net liability at the beginning of the year	80.82	45.65
	(70.54)	(45.26)
Expenses	12.63	11.55
	(12.36)	(0.29)
Net liability at the close of the year	81.17	57.20
	(69.87)	(45.55)

**VI. Actuarial on plan assets**

Expected return on plan assets	7.59	0.00
	(6.53)	(0.00)
Actuarial gain / loss	(0.73)	0.00
	(0.08)	(0.00)
Actual return on plan assets	6.86	0.00
	(6.61)	0.00

**VII. Major category of fair value of plan asset at close of the year**

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

**VIII. Principal actuarial assumptions:**

**Demographic assumptions**

- Retirement age of employees of the company are assumed at 58 years and average age is 40.31years.
- The Mortality is as per the published rates of Life Insurance Corporation of India (1994-96).

Mortality table (ultimate), which is considered as a Standard Table.

- Average past service : 10.54 years
- Withdrawal rate : 1 to 3% depending upon age

**Financial assumptions**

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

**30.8 Disclosure under AS-17 Segment reporting**

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

The Company operations predominantly relate to manufacture of chemicals. Other business segments reported are Energy generation.

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

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

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

**Segment information for the year ended 31st Mar, 2016. Information about primary Business Segment.**

S.No.	Particulars	Year Ended 31.03.2016
<b>1. Segment Revenue</b>		
a) Chemicals		33280.85
b) Power generation		6469.11
		<u>39749.96</u>
Less : Intersegment revenue		<u>3403.78</u>
		36346.19
<b>2. Segment Results</b>		
a) Chemicals		2737.18
b) Power generation		877.96
Total		<u>3615.14</u>
<b>3. Interest (Net)</b>		
a) Chemicals		487.15
b) Power generation		448.11
Total		<u>935.27</u>
<b>4. Expetional Items</b>		132.51
<b>5. Profit before tax (2-3-4)</b>		2547.36
<b>6. Capital Employed</b>		
a) Chemicals		15055.36
b) Power generation		10784.65
Total		25840.01

Segment information for the year ended 31st March, 2016, Information about secondary Business Segment. Revenue by Geographical Market :

In India	16783.70
Out side India	19562.49
Total	<u>36346.19</u>

**30.9 Disclosure under AS-18, Related Party Disclosures.**

In terms of Accounting Standard -18, the Company has the following related parties.

**(A) Wholly owned subsidiary companies**

<b>Name of the Related Party</b>	<b>Transactions during the year</b>
1. SRHHL Power Generation Private Limited	Yes
2. Sri Vibhu Infrastructure Development Private Limited	Yes
3. TGV Infrastructure & Industrial Parks Private Limited	Yes
4. SRHHL Infrastructure Private Limited	Yes

**(B) Particulars of Associate Companies by exercise of significant influence**

<b>Name of the Related Party</b>	<b>Transactions during the year</b>
a) Sree Rayalaseema Alkalies and Allied Chemicals Ltd.,	Yes
b) Sree Rayalaseema Galaxy Projects Pvt Ltd	Yes
c) Brilliant Industries Pvt Ltd	No
d) Brilliant Bio Pharma Pvt Ltd	No

**(C) Enterprises on which Key Managerial Person has Significant Influence**

a) TGV Securities Pvt.Ltd	No
b) Vibhu Cement Pvt.Ltd	No
c) Guru Raghavendra Film Exhibitors Pvt Ltd	No

**(D) Key Managerial Person:**

<b>Name of the Related Party</b>	<b>Relationship</b>	
1) Mr. T G Bharath	Chairman & Managing Director	Yes

**Relatives of Key Managerial Person Relationship to Key Managerial Person**

a) Sri T G Venkatesh	Father	Yes
b) Smt.T G Rajyalakshmi	Mother	No
c) Smt.T G Shilpa Bharath	Wife	No
2) Smt. V.Surekha	General Manager and Company Secretary	Yes
3) Sri Shaik Ifthekhar Ahmed	General Manager (F&A) and Chief Financial officer	Yes

**(E) Transaction by the company with Related Parties during the year:**

	<b>31.03.2016 Rs in Lakhs</b>
<b>(i) Transactions with Subsidiary Companies</b>	
(a) Reimbursement of expenses	0.39
<b>(ii) Transactions with Associate Companies and related parties</b>	
(a) Goods/ Equipment sold	661.01
(b) Goods purchased	6965.58
(c) Rents paid	3.38
(d) Services Received	410.21
<b>(iii) Transaction with key Managerial Person:</b>	
Remuneration to Chairman & Managing Director and Key managerial Personnel	
Salary & allowances	130.80
Contribution to Provident Fund	1.00
Commission	0.00
Rents paid to relative of key managerial person	9.00
Rents deposit paid to relative of key managerial person	20.00



<b>(F) Outstanding balances as on</b>	<b>31.03.2016</b>
<b>i) Subsidiaries</b>	0.00
<b>ii) Associate companies</b>	
In Loans & Advances	435.52
In current liabilities-Acceptances to associate	1595.27
In current liabilities-Sundry Creditors	134.10
<b>iii) Key Managerial Personal</b>	
Vehicle Loans	1.50

The above related parties disclosure are as specified in AS-18 'Related Parties Disclosures' under sec 133 of the Companies Act read with Rule-7 of Companies (Accounts) Rules, 2014.

The above information is as per scope, recognition, measurement, presentation and disclosure required under AS-18, related party disclosures read with part 6 of general instructions in schedule III to the Companies Act, 2013.

### 30.10 Disclosure under AS-19 Accounting for Lease.

- a. The Company has taken a portion of Factory Land, office premises and movable assets (Hydrogen cylinders) on operating lease. And the Company has given a portion of land, hatchery unit and factory shed in Ambattur estate on operating lease. The expenses on such lease rentals recognized in the statement of Profit & Loss for the year 31-03-2016 are given here under.

	<b>2015-16</b>
	<b>Rs.in Lakhs</b>
<b>b. Future Lease rental payments</b>	
(i) Not later than one year	143.02
(ii) Later than one year and not later than five years	535.17
(iii) Later than five years	0.00
<b>c. Lease rentals receivables</b>	
(i) Not later than one year	35.03
(ii) Later than one year and not later than 5years	6.12
(iii) Later than five years	0.00
d. Lease payments recognized in the Profit and Loss account	138.98
e. Lease receipts recognized in the Profit and Loss account	127.20
<b>f. General description of the leasing arrangement</b>	
(i) Assets taken on Lease: Hydrogen Cylinders; Factory land and Office premises	
(ii) Future lease rentals are determined on the basis of agreed terms.	
(iii) At the expiry of the lease term, the Company has an option either to return the asset or extended the term by giving notice in writing.	

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

	<b>31.03.2016</b>
a. Net Profit as per Profit and Loss Account available to equity share holders	25,04,98,496
b. No. of shares for computation of Earnings per share	1, 47,16,689
c. Earnings per share (Rs.) (Basic)	17.02

### 30.12 Disclosure under AS-22 Taxes on income.

#### Deferred tax liability:

The company has accounted for Deferred tax in accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued under section 133 of the Companies Act 2013 and has charged the net profit and loss account with the deferred tax liability of Rs.1,26,20,041/-relating to the year.

	<b>2015-2016</b>
	<b>Rs.</b>
<b>I. Deferred Tax Liabilities:</b>	
Depreciation differences	3,64,65,676
Others – preliminary exp.	0.00
	3,64,65,676
<b>II. Deferred Tax Assets:</b>	
Depreciation (As per Sch-II of Co. Act 2013)	0.00
Others	0.00
Net Deferred Tax Liabilities (I-II)	3,64,65,676
Tax liability at current rates	1,26,20,041



30.13 Additional information as required under schedule III to the Companies Act, 2013 of enterprises consolidates as subsidiaries, Associates and Joint Ventures:

Name of the Entity	Net Assets i.e. Total Assets- Total Liabilities		Share in Profit or Loss	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Net Profit	Amount
<b>Parent</b>				
Sree Rayalaseema Hi-Strength Hypo Limited	99.99%	203,48,37,719	74.72%	18,71,77,110
<b>Subsidiaries</b>				
<b>Indian :</b>				
SRHHL Power Generation Private Limited	00.01%	13,990	-0.03%	-86,010
Sri Vibhu Infrastructure Development Private Limited	00.00%	13,990	-0.03%	-86,010
TGV Infrastructure & Industrial Parks Private Limited	00.00%	13,990	-0.03%	-86,010
SRHHL Infrastructure Private Limited	00.00%	34,380	-0.03%	-65,620
Minirity Interest in All Subsidiaries	00.00%	0	0.00%	0
<b>Total</b>	<b>100.00%</b>	<b>203,49,14,069</b>		
<b>Associates (Investment as per equity method)</b>				
<b>Indian :</b>				
Sree Rayalaseema Alkalies & Allied Chemicals Limited	Nil	35,07,93,995	25.40%	6,36,45,006
<b>Joint Ventures</b>				
<b>Total</b>			<b>100%</b>	<b>25,04,98,496</b>

30.14 The Company has prepared consolidated financial statements for the four wholly owned subsidiaries and an associate for the First time for the financial year ended 31-03-2016. Hence no consolidated financial figures for the previous year are not available for Comparison.

30.15 Confirmation of balances.

Confirmation of balances from certain parties for amounts due to them or due from them is yet to be received.

Confirmation letters were received from some of the parties. No material discrepancies are observed.

30.16 Regrouped/ Rearranged/ Reclassified.

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

30.17 Rounding off

Figures shown in the Financial Statements have been rounded off to the nearest Rupee.

Signature to note 1 to 30

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

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

Place : Kurnool  
Date : 30<sup>th</sup> May, 2016

For and on behalf of the Board

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

Sd/-  
D. Sai Leela  
Director

Sd/-  
S. Ifthekhar Ahmed  
Chief Financial Officer

Sd/-  
V.Surekha  
Company Secretary

Place : Kurnool  
Date : 30<sup>th</sup> May, 2016





**SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

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

**CIN : L24110AP2005PLC045726**

**FORM NO. MGT - 11**

**PROXY FORM**

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

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

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

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

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

\_\_\_\_\_ of \_\_\_\_\_ in

the district of \_\_\_\_\_ as my/our Proxy to vote for me/us and on my/our behalf at the 11th Annual General Meeting of the Company held at the Registered Office of the Company on Wednesday, the 28th September, 2016 at 11.00 A.M. or at any adjournment thereof.

Affix 1  
Rupee  
Revenue  
Stamp

Signature

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

**SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED**

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

**CIN : L24110AP2005PLC045726**

**ATTENDANCE SLIP**

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

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

Name of the Shareholder : \_\_\_\_\_

Name of the Proxy : \_\_\_\_\_

Signature of Member/Proxy : \_\_\_\_\_

I hereby record my presence at the 11th Annual General Meeting on Wednesday, the 28th September, 2016 at 11.00 A.M.

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

Signature of Member / Proxy

**Sree Rayalaseema Hi-Strength Hypo Limited**

T.G.V. Mansion, 6-2-1012, 4<sup>th</sup> Floor,  
Above ICICI Bank, Khairatabad,  
Hyderabad - 500 004.  
Telangana State. India.