



Sree Rayalaseema Hi-Strength Hypo Limited

(CIN : L24110AP2005PLC045726)



12th
Annual Report
2016-17



BOARD OF DIRECTORS

Sri. T.G. Bharath
Chairman & Managing Director
 Smt.D. Sai Leela
 Sri Krishnamoorthy Chandraiah Naik
 Sri. P.Ramachandra Gowd
 Sri H. Gurunath Reddy
 Sri.A.Kailashnath

REGISTERED OFFICE & WORKS

Gondiparla, Kurnool - 518 004.
 Andhra Pradesh - India

G.M. & Company Secretary

Smt. V. Surekha

**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

G.M. & Chief Financial Officer

Sri Shaik Ifthekhar Ahmed

Auditors

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

Chartered Accountants

Hyderabad.

BANKERS

State Bank of India

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NOTICE

NOTICE is hereby given that the 12th 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, 27th September, 2017 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt :
 - a) The Audited standalone Financial statements for the financial year ended 31st March, 2017 together with the Reports of Directors and Auditors thereon:
 - b) The Audited Consolidated Financial statements proportionate for part of the year i.e., as on 29th August, 2016 (date of cessation of parent subsidiary relation) together with the Report of Auditors thereon.
2. To declare a dividend
3. To appoint a Director in place of Sri. Krishnamoorthy Chandraiah Naik, who retires by rotation and being eligible offers himself for re-appointment.
4. **Appointment of Statutory Auditors**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 139, 140 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or re-enactment thereof and pursuant to the recommendation of the Audit Committee and the Board of Directors, M/s T.Adinarayana & Co., Chartered Accountants, Firm Registration No.FRN: 000041S, be and are hereby appointed as the statutory Auditors of the Company to hold office from the conclusion of this 12th Annual General Meeting till the conclusion of 17th Annual General Meeting of the Company (subject to ratification of members at every intervening Annual General Meeting) at such remuneration as shall be fixed by the Board of Directors of the Company.”

SPECIAL BUSINESS :

- 5 To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2018 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as on **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, 2018, 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.

6. Approval of material Related party transactions with various related parties:

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 188 and other applicable provisions of the Companies Act, 2013 (“the Act”) read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any amendment, modification, variation or re-enactment to any of the foregoing), and subject to such other approvals, consents, permissions and sanctions of other authorities as may be necessary, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board), to ratify/approve all existing contracts/ arrangements/ agreements/transactions and to enter into new/further contracts/ arrangements/ agreements/ transactions (including any modifications, alterations or amendments thereto), in the ordinary course of business and on arm’s length basis with ‘Related Parties’ within the meaning of the Act and the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as more particularly enumerated in the explanatory statement to the Notice .

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents and writings, on an ongoing basis, as may be necessary, proper or expedient for the purpose of giving effect to the above resolution.”

By Order of the Board

Sd/-

Place : Kurnool
Date : 28th August, 2017

(V. Surekha)
Company Secretary

**NOTES :**

1. A Member entitled to attend and vote at a meeting is entitled to appoint one or more Proxies to attend and vote on a poll on his behalf and such proxy need not be a Member of the Company. A Proxy Form is enclosed. Proxy Form in order to be effective, duly completed, must be received by the Company at the Registered Office not less than 48 hours before the time fixed for the Meeting.
2. Explanatory Statement as required under Section 102 of the Companies Act, 2013 is annexed hereto.
3. Members are requested to bring with them the Attendance slip sent with the Annual Report duly completed and signed and hand it over at the entrance.
4. Pursuant to Sec.91 of the Companies Act, 2013 and 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 21.09.2017 to 27.09.2017 (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 12th 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 20.09.2017.

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

- (i) The voting period begins on 23.09.2017 at 9.00 A.M. (IST) and ends on 26.09.2017 at 5.00 P.M. (IST) During this period shareholders' of the Company holding shares either in physical or in dematerialized form, as on 20.09.2017 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.
- (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 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"> 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. 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
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"> 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).

- (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 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
 - 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 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, under help section or write an email to helpdesk.evoting@cdslindia.com .

Request to the Members:

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



EXPLANATORY STATEMENT

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

Item No. 5

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, 2018.

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. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2018.

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.5 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

Item No. 6

Pursuant to the provisions of Section 188 of the Companies Act, 2013 ("the Act"), read with the Companies (Meetings of Board and its Powers) Rules, 2014 ('Rules'), the Company is required to obtain consent of the Board of Directors, Audit committee and prior approval of the members by way of ordinary resolution, in case certain transactions with related parties exceeds such criteria as is specified in the said Rules. The aforesaid provisions as per the Act and rules are not applicable to the Company in respect of transactions which are in the ordinary course of business and are on arm's length basis.

However, pursuant to Regulation 23 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), approval of the members through ordinary resolution is required for all material related party transactions, even if they are entered into in the ordinary course of business and on arm's length basis. For this purpose, a transaction is considered material, if the transaction/transactions to be entered into individually or taken together with previous transactions during a Financial Year exceeds 10% of the annual consolidated turnover of the Company, as per the last audited financial statements of the Company.

All the Related Party Transactions entered into by the Company are on arm's length basis and in the ordinary course of business and approval of the Audit Committee / Board is obtained, wherever required.

The transaction(s) to be entered into by the Company, together with the transactions already entered with related parties qualifies to be a Material Related Party transaction under Listing Regulations.

The Company has existing arrangements with related parties, which are in the ordinary course of business and at arm's length basis. However, the value of transactions with related parties in respect of Financial Year 2016-17 and the estimated value of transaction from next financial year onwards to continue to exceed 10% of the annual consolidated turnover of the Company, based on the audited financial statements for year ended March 31, 2017.



The particulars of the contract / arrangement with related parties are as under:
(Rs. in Lakhs)

Sl. No.	Particulars	Actual for year 2016-17					For the year 2017-18 (Estimated)
		Purchases	Sales	Lease Rentals	Services received	Total	
1	Sree Rayalaseema Alkalies & Allied Chemicals Ltd (SRAACL)	7846.82	2548.04	3.88	0	10398.74	15000.00
2	Other related parties	21.48	98.18	198.39	634.92	952.97	1200.00
	Total	7868.08	2646.22	202.27	634.92	11351.71	16200.00

Based on past trend, the transactions are likely to exceed 10% of the Annual Consolidated Turnover as per last audited financial statements of the Company and may exceed the materiality threshold as prescribed under Regulation 23 of the Listing Regulations. Thus, these transactions would require the approval of the Members by way of ordinary resolution.

These transactions are covered by annual contract which are required for day to day operations of the Company which make the company to run and are required to be continued in the long term interest and economic benefits of the Company.

None of the Directors and Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution, except Sri.T G Bharath Chairman & Managing Director and Smt V.Surekha, Company Secretary (in case of transactions with SRAACL).

The Board recommends the Ordinary resolution as set out in Item No. 6 of this Notice for your approval

By Order of the Board

Sd/-

(V. Surekha)

Company Secretary

Place : Kurnool

Date : 28th August, 2017

Details of Directors seeking appointment/reappointment at the forthcoming Annual General Meeting (Pursuant to regulation 36(3) of the SEBI(LODR) Regulations, 2015)

Name of the Director	Krishnamoorthy Chandraiah Naik
Date of Birth	13.07.1934
Date of appointment	14.08.2014
Expertise in specific functional areas	Nearly 50 years of experience in industrial sectors like chemicals and fertilizers
Qualifications	H.S.C
Shareholdings in the Company	Nil
Directorship in other Listed Entities	Nil
Membership in committees in other Listed Entities	Nil



DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting the Twelfth Annual Report of the Company for the year ended 31st March, 2017.

Financial Results:

(Rs. in lakhs)

Particulars	2016 - 2017	2015 - 2016
Profit before interest, Depreciation and Tax	4,541.83	4,457.54
Less : Interest	632.23	935.26
Depreciation	2,465.39	971.68
Profit before Tax	1,444.21	2,550.60
Provision for Taxation & Deferred Income Tax	(391.70)	678.83
Profit after Tax	1,835.91	1,871.77
Add: Balance brought forward from previous year	13,708.51	12,196.21
Other adjustments	(371.66)	(359.47)
Balance carried forward to next year	15,172.76	13,708.51

Performance:

During the year the Company achieved turnover of Rs. **39099.86** lakhs against previous year turnover of Rs. 38106.37 lakhs. The profit before tax stood at Rs. **1444.21** lakhs as against Rs. 2550.60 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 31st March,2017 . 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 2016-17 would aggregate Rs.2,32,36,877 The dividend will be paid to members whose names appear in the Register of Members as on 20.09.2017. The dividend payment date is 24.10.2017.

Board Meetings:

During the year 6(six) 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.91,79,454/- to General Reserves .

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

During the year i.e., up to 29.08.2016, your company had four wholly owned subsidiary companies and thereafter they ceases to be subsidiaries. Hence, 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 and its subsidiaries for part of the year i.e., up to 29.08.2016 are provided in the Annual Report. The Consolidated financial statements have been prepared for proportionate period in accordance with AS 21, Consolidated Financial Statements issued under the Company(Accounting) Rules,2006 which are deemed accounting standards under section 133 of the Companies Act, 2013. The Company concluded that it is not exercising significant influence in case of Sree Rayalaseema Alkalies and Allied Chemicals Limited (SRAACL) although it holds more than 20% of share capital .Hence Company ceased to account the investment in SRAACL as per equity method in AS-23 Accounting of investment in associates in consolidated financial statements with effect from 01.04.2016 and not considered in Consolidated Financial Statements . A separate statement is annexed to the Notes on accounts explaining salient features of the financial statements of the Company and its subsidiaries and are provided in AOC-1 (Annexure-A) pursuant to Rule 8(5) (iv) of the Companies (Accounts) Rules, 2014. 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) to this report.

Insurance:

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

Fixed Deposits:

The Company has not accepted any public deposit and as such, no amount on account of principal 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 2017-18.

Preferential Allotment :

On 31.03.2017, the Company had allotted 24,48,132 Convertible warrants at an issue price of Rs. 98.19 (including premium of Rs.98.19/-per warrant) to promoters of the Company on preferential basis which are convertible into equity shares in three tranches in the ratio of 1:1 . Under first tranche, 7,74,562 warrants were converted into equity shares on 31.03.2017 and necessary trading approvals in this regard are received from both stock exchanges i.e., BSE and NSE.

**Directors:**

Sri. K.C.Naik , Director is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment

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 2016-17.

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. 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 31st March, 2015 is annexed to this Report (Annexure E).

Corporate Governance:

A separate report on Corporate Governance is being enclosed as (Annexure-F) 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 2016-17 ,the company had spent Rs. 9,91,993 for providing drinking water, Rs. 15,05,232 for promotion of education, Rs. 2,40,880 towards animal welfare and Rs. 9,23,826 for eradication of hunger and poverty .



Amount to be spent as per section 135 of Companies Act, 2013- Rs.41,23,288	
Total amount spent by Company during financial year	- Rs.36,61,931
Unspent amount	- Rs.4,61,357

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 2015-16 and Cost Audit Report (Form-I) in XBRL format had been filed with Central Government.

Statutory Auditors:

The shareholders at the 11th Annual General Meeting held on 28th September, 2016 have appointed M/s S.T. Mohite & Co., Chartered Accountants (Firm Regn No: 011410S) as Statutory Auditors of the Company to hold office until the conclusion of 12th Annual General Meeting. M/s S.T.Mohite & Co., being the statutory auditor from inception, liable for retirement as per Section 133 of Companies Act, 2013.

Pursuant to the provisions of Sections 139,141 and 142 and other applicable provisions, if any, of the Companies Act,2013, read with the Companies (Audit and auditors) Rules, 2014(including any statutory amendment(s) or re-enactment(s) thereof, for the time being in force),the Board of Directors have recommended the appointment of M/s T.Adinarayana & Co., Chartered Accountants (Registration No.(000041S), as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of ensuing Annual General Meeting until the conclusion of 17th Annual General Meeting of the Company in the calendar year 2022.

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 had re-appointed M/s. Geetha Serwani & Associates, Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the Financial Year 2016-17. The Report of the Secretarial Audit 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 2016-17, 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 in the preparation of the accounts for the financial year ended 31st March, 2017, 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 31st March, 2017 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	74.57
A.Kailashnath, Director	0.09
Sri.H.Gurunath Reddy, Director	0.06
Smt.D.Sai Leela, Director	0.09
Sri.P.Ramachandra Gowd, Director	0.09
Sri.Krishnamoorthy Chandraiah Naik, Director	0.06

- (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, CEO	60%
Smt.V Surekha, Company Secretary	3.92%
Sri.Ifthekhar Ahmed, Chief Financial Officer	5.73%

- (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 - 440
- (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 2016-17 was 5%. Percentage increase in the managerial remuneration for the year was 60%.

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

For and on behalf of the Board

Sd/-

T.G. Bharath

Chairman & Managing Director
(DIN : 00125087)

Place : Kurnool
Date : 28th August, 2017

**ANNEXURE-A TO DIRECTORS' REPORT****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 for part of the year i.e. upto 29.8.2016 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	(1,07,610)	(87,220)	(1,07,610)	(1,07,610)
Total Assets	85,990	82,380	85,990	85,990
Total Liabilities	85,990	82,380	85,990	85,990
Investments				
Turnover				
Profit before taxation	(21,600)	(21,600)	(21,600)	(21,600)
Provision for taxation	0	0	0	0
Profit after taxation	(21,600)	(21,600)	(21,600)	(21,600)
Proposed dividend	-	-	-	-
% of shareholding	100%	100%	100%	100%

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 (SRAACL) (Associate)
1. Latest audited Balance Sheet Date	31-03-2017
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%	23.55%
3. Description of how there is significant influence	Not Applicable
4. Reason why the associate/joint venture is not consolidated	Although Company holds more than 20% of Share Capital in SRAACL, the Company does not exercise any control and or does not have significant influence over SRAACL and not considered as Associate of the Company as per AS-23. The investments have been accounted as per AS-13- Investments.
5. Net worth attributable to shareholding as per latest audited Balance Sheet	-
6. Profit/Loss for the year	
i. Considered in Consolidation	-
ii. Not Considered in Consolidation	-



ANNEXURE - B TO DIRECTORS REPORT

Entities formed/acquired or ceased during the financial year 2016-17

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

1. **Subsidiaries formed/acquired** : NIL
2. **Associate Companies formed /acquired** : NIL
3. **Subsidiaries and associate companies ceased:**
 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.

**ANNEXURE - C TO DIRECTORS REPORT****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	78,46,81,516 25,48,04,000 3,89,562	} 30-05-2016	-
2.	TGV Projects & Investments Pvt Ltd	Purchases Sales Rent Paid Services received	Annual Contracts	0 99,186 1,66,98,426 1,22,81,325		-
3.	Gowri Gopal Hospitals Pvt Ltd	Purchases Sales Rent Paid Services received	Annual Contracts	1,75,248 1,47,715 18,48,036 6,36,599		-
4.	Sree Rayalaseema Galaxy Projects Pvt Ltd	Purchases Sales Services received	Annual Contracts	19,72,517 95,71,471 3,80,38,877		-
5.	Sri T G Venkatesh	Rent Paid Services received	Lease Commission	12,92,250 1,25,35,000		15-06-2015

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 : 28th August, 2017

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

Extract of annual return as on the financial year ended on 31.03.2017 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, IV th 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	50.09%
2	Stable Bleaching Powder	20119	10.93%

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	23.55%	Sec 2 (6)



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 (01-04-2016)				No of shares held at the end of the year (31-03-2017)				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
(a) Individual / HUF	1038692	0	1038692	7.06	1138692	0	1138692	7.35	0.29
(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.	7100841	0	7100841	48.25	7775403	0	7775403	50.19	1.94
(e) Banks/FI	0	0	0	0	0	0	0	0	0
(f) Any Other....	0	0	0	0	0	0	0	0	0
Sub-Total A (1)	8139533	0	8139533	55.31	8914095	0	8914095	57.54	2.23
(2) Foreign									
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
Sub-Total (A) (2):-	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)=(A)(1)+(A)(2)	8139533	0	8139533	55.31	8914095	0	8914095	57.54	2.23
B. Public shareholding									
1. Institutions									
a) Mutual Funds	1322	928	2225	0.02	1322	928	2250	0.01	0.01
b) Banks/FI	44417	0	44417	0.30	44417	0	44417	0.29	0.01
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)	0	0	0	0	0	0	0	0	0
Sub-tota(B)(1):-	45739	928	46667	0.32	45739	928	46667	0.30	0.01
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	279002	46598	325600	2.21	309454	46481	355935	2.30	0.085
ii) Overseas	0	2593	2593	0.02	0	2593	2593	0.02	-0.001
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs.2 lakh	2191317	1990183	4181500	28.41	2467380	1957772	4425152	28.57	0.15
ii) Individual shareholders holding nominal share capital in excess of Rs.2 lakh	976144	0	976144	6.63	711029	0	711029	4.59	-2.04
c) Others (specify) NRIs	152105	892547	1044652	7.10	162665	873115	1035780	6.69	-0.41
Sub-total(b)(2):-	3598568	2931921	6530489	44.37	3650528	2879961	6530489	42.15	-2.21
Total Public Shareholding (B)=(B)(1)+(B)(2)	3644307	2932849	6577156	44.69	3696267	2880889	6577156	42.45	-2.20
C. Shares held by Custodian for GDRs&ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	11783840	2932849	14716689	100.0	11835800	3655451	15491251	100.0	



(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (01-04-2016)			Shareholding at the end of the year (31-03-2017)			% 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	4.02	0	(0.21)
2.	TGV Projects & Investments Pvt Ltd	1320013	8.97	0	1657294	10.70	0	1.73
3.	Sree Rayalaseema Dutch Kassenbouw Pvt Ltd	499422	3.39	0	499422	3.22	0	(0.17)
4.	Gowri Gopal Hospitals Pvt Ltd	2594573	17.63	0	2931854	18.93	0	1.30
5	Brilliant Industries Pvt Ltd	305042	2.07	0	305042	1.97	0	(0.10)
6	Sree Rayalaseema Galaxy Projects Pvt Ltd	1513989	10.29	0	1513989	9.77	0	(0.52)
7	Sree Rayalaseema Alkalies & Allied Chemicals Ltd	244749	1.66	0	244749	1.58	0	(0.08)
8	T G Bharath	215737	1.47	0	315737	2.04	0	0.57
9	T G Shilpa Bharath	399676	2.72	0	399676	2.58	0	(0.14)
10	T G Rajyalakshmi	415744	2.82	0	415744	2.68	0	(0.14)
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	8139533	55.31%	8194095	57.54%
	Date wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. Allotment / transfer / bonus / sweat equity etc.,)	Conversion of 1 st tranche warrants into 7, 7 4, 5 6 2 equity shares under Preferential issue			
	At the end of the year	8914095	57.54%		


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 01.04.16 to 31.03.17)	Reason	No.of Shares	% of total shares of the Company
		No.of Shares at the beginning of the year (01.04.16) / end of the Year (31.03.17)	% of total shares of the Company				
1	BHAVESH DHIRESH BHAI SHAH	318832 322435	2.17	3603	purchase	322435	2.08
2	KALYANI P JAIN	90297 90297	0.61	0	—	90297	0.58
3.	G SHANKAR	0 85135	0.00	85135	Purchase	85135	0.55
4.	VARSH B SHAH	82596 82596	0.56	0	—	82596	0.53
5.	ISHA SECURITIES LIMITED	81881 80000	0.56	(1881)	Sale	80000	0.52
6.	UNION BANK OF INDIA	39866 39866	0.27	0	—	39866	0.26
7.	SATYA PRAKASH GUPTA	37576 37576	0.26	0	—	37576	0.24
8.	MASTER CAPITAL SERVICES LTD	0 30113	0.00	30113	Purchase	30113	0.19
9.	URVIJA BHAVESHBAHI SHAH	0 24312	0.00	24312	Purchase	24312	0.16
10.	PRAKASH JAIN	0 22244	0.00	22244	Purchase	22244	0.14



(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 01.04.16 to 31.03.17)	Reason	Cumulative shareholding during the year (01.04.16 to 31.03.17) No. of shares	% of total shares of the Company
		No. of Shares at the beginning of the year (01.04.16)/ end of the year (31.03.17)	% of total shares of the Company				
1.	Sri T.G. Bharath	215737	1.47	100000	Preferential	315737	2.04
2.	Smt. D. Saileela	58	-	.	.	58	-
3.	Smt. V. Surekha	500	-	.	.	500	-
4.	Sri S. Ifthekhar Ahmed	500	-	.	.	500	-

VI. Indebtedness

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	367479820	-	21599375	389079195
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	367479820	-	21599375	389079195
Change in Indebtedness during the financial year				
• Additions	9580000	-	1000000	10580000
• Reduction	-122165350	-	-9975000	-132140350
Net Change Indebtedness at the end of the financial year	-112585350	-	-8975000	-121560350
(i) Principal Amount	254894470	-	12624375	267518845
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	254894470	-	12624375	267518845



VII. Remuneration of Directors and Key Managerial Personnel

1. 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.1,91,47,000
2.	Stock Options	—
3.	Sweat Equity	—
4.	Commission-as % of profit-others, specify....	—
5.	Others, please specify	—
	Total (A)	1,91,47,000
	Ceiling as per the Act	2,40,00,000

2. Remuneration to other Directors :

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		D.Sai Leela	P.Rama chandra Gowd	A.Kailash nath	
1.	Independent Directors. • Fee for attending board committee meetings • Commission • Others, please specify	22,500	22,500	22,500	67,500
	Total (1)	22,500	22,500	22,500	67,500
		K C Naik	H.Gurunath Reddy		
2.	Other Non-Executive Directors. • Fee for attending board committee meetings • Commission • Others, please specify	15,500	15,000		30,000
	Total (2)	15,500	15,000		30,000
	Total(B)= (1+2) Total Managerial Remuneration Overall Ceiling as per the Act				97,500



3. 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		5,96,100	4,71,732	10,67,832
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		5,96,100	4,71,732	10,67,832

VIII. 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)
A. COMPANY					
Penalty	---	---	---	---	---
Punishment	---	---	---	---	---
Compounding	---	---	---	---	---
B. DIRECTORS					
Penalty	---	---	---	---	---
Punishment	---	---	---	---	---
Compounding	---	---	---	---	---
C. OTHER OFFICERS IN DEFAULT					
Penalty	---	---	---	---	---
Punishment	---	---	---	---	---
Compounding	---	---	---	---	---



ANNEXURE-E TO DIRECTORS REPORT

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

A. Conservation of Energy:

- Cooling water pumps have been replaced in Power plant with Energy efficient pumps.
- Energy efficient hybrid chiller was taken into operation by bypassing Freon Compressors in MCA Plant.
- Operation of a small Turbine by Energy utilization from 10MW Turbine back pressure steam.

FORM A

Disclosure of particulars with respect to conservation of energy:

	UNIT	Current Year 2016-17	Previous Year 2015-16
A. Power and Fuel Consumption			
1. ELECTRICITY			
a. Purchased	(KWH)	4268330	132000
Total Amount	(Rs.)	4,49,66,908	29,82,762
Rate per Unit	(Rs.)	10.54	23
b. Own Generation through Diesel Generator (Units)	(KWH)	--	--
Unit per Ltr. of Diesel Oil	(KWH)	--	--
Cost / Unit	(Rs.)	--	--
c. Own Generation through Wind Units	(KWH)	--	--
Cost / Unit	(Rs.)	--	--
d. Own Generation through thermal Units	(KWH)	60858394	71933273
Cost / Unit	(Rs.)	7.70	6.87
B. Consumption per MT of production:			
Product Name		Current Year	Previous Year
Hi-strength Hypochlorite (HSH)	(KWH)	685.32	729.83
Sulphuric Acid (SA)	(KWH)	48.55	40.06
Chlorosulphonic Acid (CSA)	(KWH)	51.63	45.78
Stable Bleaching Powder (SBP)	(KWH)	128.88	86.24
Monochloroacetic Acid (MCA)	(KWH)	619.43	287.97
H2 Gas	(Cum)	0.27	0.32
Sodium Methoxide	(KWH)	312.16	525.45
Sodium Hydride	(KWH)	937.94	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) Treatment of Calcium Hypo waste water.

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

The two projects which were already established in house R & D waste heat recovery and premium grade stable bleaching powder are working efficiently.

3. Future plans in R&D:

- a) Extraction of sodium Metal.
- b) 40% Stable Bleaching Powder

4. Expenditure on R & D

Charged under primary heads to the tune of Rs.1,52,15,197/-.

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	15,391
ii. Foreign Exchange used	4,107

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 : 28th August, 2017



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 Directorships	No of other Committee positions held
1.	Sri T.G. Bharath	Chairman & Managing Director	6	Yes	2	---
2.	Sri A. Kailashnath	Independent Director	6	Yes	---	---
3.	Smt. D.Sai Leela	Independent Director	6	No	---	---
4.	Sri.P.Ramachandra Gowd	Independent Director	6	Yes	---	---
5.	Sri.H.Gurunath Reddy	Non-Executive Director	6	Yes	---	---
6.	Sri.KrishnaMoorthy Chandraiah naik	Non-Executive Director	6	Yes	---	---



During the financial year ended 31st March, 2017, Six Board meetings were held on (1) 30.05.2016 (2) 25.07.2016 (3) 13.08.2016 (4) 29.08.2016 (5) 14.11.2016 (6) 14.02.2017.

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

3. Committees of the Board

Audit Committee

The composition of the Audit Committee is in accordance with the Corporate Governance guidelines and the provisions of 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 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) 30.05.2016 (2) 13.08.2016 (3) 29.08.2016 (4) 14.11.2016 (5) 14.02.2017 and all the members attended the meetings.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of 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 /- per each meeting of Board and Rs. 1500/- per each Audit Committee Meetings . The CMD will not be paid any sitting fee for attending the Board meetings. The details of total remuneration paid to Sri T.G. Bharath, CMD for the year is furnished hereunder:

Salary	Perquisites	Commission	Total (Rs.)
1,91,47,000	---	---	1,91,47,000

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 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 2016-17	Pending at the end of the year	No. of pending Share Transfer
52	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) 29.09.2014 (11 A.M.) (2) 30.09.2015 (11 A.M.) and (3)28.09.2016 (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:

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)

2015-16

1. Re-appointment of Chairman & Managing Director
2. Appointment of Sri.A.Kailashnath as Independent Director
3. Preferential issue of convertible warrants to promoters of the Company
4. Ratification of Cost auditor remuneration

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. 29.9 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

7. General Shareholder Information

(a) **Annual General Meeting:**

Date 27th September , 2017

Time : 11.00 A.M.

Venue : SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED

REGD. OFFICE: GONDIPARLA

KURNOOL – 518 004 (A.P.)



- (b) **Tentative Financial Calendar** : The next financial year covers the period from 1st April, 2017 to 31st March, 2018.

Un-audited Financial Results for :

First Quarter	-	July/August, 2017
Second Quarter	-	October/November, 2017
Third Quarter	-	January/February, 2018
Fourth Quarter	-	April/May, 2018

- (c) **Book Closure period** : 21.09.2017 to 27.09.2017 (inclusive of both days)

- (d) **Dividend Payment Date**: 24.10.2017

- (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 along with shares 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 2017-18 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 2016-17:**

Month & Year	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2016	78.00	65.00	78.70	65.60
May, 2016	88.50	66.80	88.90	65.50
June, 2016	111.00	80.60	112.05	77.50
July 2016	115.90	88.20	113.90	92.15
August, 2016	111.55	87.90	110.90	88.00
September, 2016	129.95	99.00	131.40	98.50
October, 2016	149.40	118.50	149.90	118.00
November, 2016	178.10	123.00	178.00	117.00
December, 2016	149.00	120.05	148.90	119.00
January, 2017	145.85	129.05	114.95	121.95
February, 2017	143.65	116.00	143.90	116.00
March, 2017	130.80	110.20	127.95	110.00

**(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 31st March, 2017:

Sl. No.	Category	Shares	Amount	%
1.	Promoters	8914095	8,91,40,950	57.54
2.	Mutual Funds	2250	22,500	0.01
3.	Banks & Financial Institutions	44417	4,44,170	0.29
4.	Bodies Corporate	358528	35,85,280	2.31
5.	Indian public	5136181	5,13,61,810	33.16
6.	NRI / OCBS	1035780	1,03,57,800	6.69
	Total	15491251	15,49,12,510	100

(k) Dematerialisation of shares and liquidity:

As on 31st March, 2017, 80.43 % 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 31.03.2017.

Sd/-

Place : Kurnool

T G BharathDate : 28th August, 2017

Chairman & Managing Director

DIN : 00125087

(n) Plant Locations:

- Stable Bleaching Powder Plant (2 Nos.) located at Gondiparla, Kurnool District, Andhra Pradesh.



- 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. Aarathi Consultants Pvt. Ltd.
Door No. 1-2-285, Domalguda
Hyderabad – 500 029
e-mail Id : info@aarthiconsultants.com
- (B) Sree Rayalaseema Hi-strength Hypo Limited
No. 6-2-1012, IVth Floor, TGV Mansion
Above ICICI Bank, Khairatabad
Hyderabad – 500 004 (A.P.)
Tel. Nos. 040-23313843, Fax No.: 040-23313875

(p)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 : 28th August, 2017



Auditor's Certificate regarding compliance of conditions of Corporate Governance

(Under Schedule-V (E) of SEBI(LODR)Regulation, 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 31st March, 2017 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.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as on 31st March, 2017, 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 : 28th August, 2017

**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 through wind and thermal .

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), Sulphuric Acid, Sodium Hydride, Chloro sulphuric acid, Power generation through wind and Hydrochloric acid (HCL) However, there was a slight decline in Power generation through thermal energy, Hydrogen gas, Oleum, Sodium methoxide, Monochloro Acetic Acid (MCA), Calcium Hypo Chlorite.

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 2016-17, net profit before tax is Rs. 1444.21 lakhs against Rs. 2550.60 lakhs during the previous year. The company provided (Rs.391.40) lakhs towards deferred tax, Rs. (542.20) lakhs towards earlier tax adjustments and Rs.541.91 lakhs towards current tax. Due to this, the net profit after tax to Rs. 1835.91 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 440 employees on its rolls.

For and on behalf of the Board

Sd/-

T G Bharath

Chairman & Managing Director
DIN:00125087

Place : Kurnool

Date : 28th August, 2017



ANNEXURE - H TO DIRECTORS' REPORT:

Form No. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[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, 2017 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, 2017 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) The Company has issued 24,48,132 convertible warrants of which 7,74,562 warrants were converted in to equity shares on 31.03.2017, there are 16,73,570 convertible warrants outstanding, which are convertible into equity shares in two tranches before sep, 2018.
- b) During the year up to 29.08.2016, company had four wholly owned subsidiary companies namely SRHHL Power Generation Private Limited , SRHHL Infrastructure Private Limited, T G V Infrastructure & Industrial Parks Private Limited and Sri Vibhu Infrastructure Development Private Limited and thereafter they ceases to be subsidiaries

Geeta Serwani & Associates
(Practicing Company Secretary)

Sd/-

(Geeta Serwani)

Proprietor

ACS: 24479

CP: 8842

Date : 21st August 2017
Place : Hyderabad

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



ANNEXURE 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)
Sd/-

(Geeta Serwani)
Proprietor
FCS: 8991
CP: 8842

Date : 21st August 2017
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, 2017, 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, 2017, 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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 31st March, 2017;
 - (iii) The company has no dues required to be transferred to the Investor Education and Protection Fund;
 - (iv) The Company has provided requisite disclosures in the financial statements as to holding as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 30.15 to the financial statements.

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 : 30th May, 2017

**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, 2017 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 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, 2017, 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 : 30th May, 2017



Annexure to Independent Auditors' Report

(referred to in Paragraph 1 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)	Fixed Assets				
	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	2,37,576	2,37,576	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	3,57,772	3,57,772	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	14,92,627	14,92,627	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	23,30,990	23,30,990	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	42,54,639	42,54,639	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)	Inventories
		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)	Loans to parties covered by Sec.189 of the Companies Act,2013 ("The Act)
	3(iii)(a)	According to the information and explanation given to us, the company has, during the year, not granted any loans, secured or unsecured to companies, firms, limited liability partner ships firms or other parties covered in the register required to be maintained U/s 189 of the Act. Accodngly paragraph 3(iii) of the Order is not applicable to the company
	3(iii)(b)	
	3(iii)(c)	
4	3(iv)	Loans, guarantees, securities to and investments in other companies
		In our opinion and according to the information and explanation given to us, the company has no transactions for compliance u/s 185 and complied with the provisions of Sec. 186 of the Act with respective investments and guarantees
5	3(v)	Acceptance of deposits
		The company has not accepted any deposits and hence paragraph 3(5) of the order is not applicable to the company.
6	3(vi)	Maintenance of cost records
		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 31.03.2017. 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.
7	3(vii)	Statutory Dues
	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 iformation 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.



Sl. No.	Ref. to CARO	Report by Independent Auditors				
7	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	3,64,324	2008-09	Appeal filed with Service Tax Dept. Pending before Comm. Appeals, Guntur	
2	Central Excise Act, 1944	Disallowance of CENVAT Credit on input services	30,58,889	2010-11	Appeal pending before Additional Commissioner, Tirupati	
3	Service Tax, 1944	Non Payment of service tax on lease rentals	12,08,860	2010-11	Dept. Appeal pending before Commissioner Appeals, Guntur	
4	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit on input Services	27,64,347	2010-11	Appeal pending before Commissioner of Central Excise, Tirupati	
5	Service Tax, 1944	Non Payment of service tax on lease rentals	4,73,819	2010-11	Appeal pending before Assistant Commissioner, Kurnool	
6	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit on receipt of various input Services	1,29,845	2012-13	Appeal pending before Assistant Commissioner, Kurnool	
7	Central Excise Act, 1944	Non Payment of service tax on lease rentals	8,00,354	2011-12	Appeal pending before Addi. Commissioner, 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	Central Excise Act, 1944	Alleged non Payment of service tax on lease rentals on leased assets	22,53,557	2012-13	Appeal pending before Additional Comm. of Central Excise, Tirupati
9	Central Excise Act, 1944	Alleged Wrong availment CENVAT credit on input Services	8,25,993	2013-14	Appeal pending before Additional Comm. of Central Excise, Tirupati
10	Central Excise Act, 1944	Non Payment of service tax on lease rentals	1,94,727	2013-14	Appeal pending before Assistant Commissioner, Kumool
11	Central Excise Act, 1944	Non Payment of service tax on lease rentals	9,185	2014-15	Appeal pending before Assistant Commissioner, Kumool
12	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit on input Services Alleged Wrong	30,37,489	2014-15	Appeal pending before Additional Comm. of Central Excise, Tirupati
13	Service Tax, 1944	Alleged Wrong availment of CENVAT credit in respect of various input Services	3,97,789	2014-15	Appeal pending before Additional Comm. of Central Excise, Tirupati
14	Service Tax, 1944	Alleged Wrong availment of CENVAT credit in respect of various input Services	3,34,030	2014-15	Appeal pending before Additional Commissioner of Central Excise, Tirupati
15	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit in respect of various input Services	25,07,767	2014-15	Appeal pending before Assistant Commissioner, Kumool
16	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit in respect of various input Services	3,08,243	2014-15	Appeal pending before Additional Commissioner of Central Excise, Tirupati
17	Central Excise Act, 1944	Alleged Wrong availment of CENVAT credit in respect of various input Services	1,71,676	2014-15	Appeal pending before Additional Commissioner of Central Excise, Tirupati



Sl. No.	Ref.to CARO	Report by Independent Auditors
8	3(viii)	Defaults in repayments to Financial Institutions/Banks/Debenture holders 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)	Initial public offer/further offer 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)	Frauds by or on the company 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 or reported during the course of our audit.
11	3(xi)	Managerial Remuneration 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)	Nidhi company 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)	Transactions with Related parties As explained to us and as per records of the company, in our opinion the transactions with related parties are in compliance with provisions 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)	Preferential allotment u/s 62 or private placement u/s 42 of the Act According to the records of the company it has not made any preferential allotment of Fully Convertible Share Warrants U/s. 62 and and part of such warrants are converted into shares during the year. The Company has not made private placement of shares or fully/partly convertible debentures U/ s. 42 of the Act during the year under report for such Private Placement.
15	3(xv)	Non-cash transactions with directors u/s 192 of the Act 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 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)	Registration u/s 45-1A of Reserve Bank of India Act, 1934 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, 2017



STANDALONE BALANCE SHEET AS AT 31 st MARCH, 2017

Particulars	Note No.	As At 31-03-2017 Rs.	As At 31-03-2016 Rs.
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	1	15,49,12,510	14,71,66,890
(b) Reserves and Surplus	2	1,95,44,38,993	1,73,05,25,823
(c) Money received against share warrants		4,10,81,961	0
		21,50,433,464	1,87,76,92,713
(2) Share application money pending allotment		0	0
(3) Non-current liabilities			
(a) Long-term borrowings	3	21,49,61,885	26,93,23,148
(b) Deferred tax liabilities (Net)	4	15,63,03,321	19,54,43,603
(c) Other Long term liabilities	5	95,19,105	1,01,19,105
(d) Long-term provisions	6	3,91,77,074	6,21,25,640
		41,99,61,385	53,70,11,496
(4) Current liabilities			
(a) Short-term borrowings	3	2,94,408,105	46,11,88,250
(b) Trade payables	7		
A. Total Outstandings to micro, small & medium enterprises		1,54,21,386	1,69,56,532
B. Total Outstanding to other than micro, small & medium enterprises		30,45,74,107	21,91,77,447
(c) Other current liabilities	8	10,36,85,898	21,98,28,943
(d) Short-term provisions	9	15,18,10,586	23,47,97,130
		86,99,00,082	1,15,19,48,302
TOTAL		3,44,02,94,931	3,56,66,52,511
II ASSETS			
(1) Non-current Assets:			
(a) Fixed Assets	10		
(i) Tangible Assets		1,82,07,84,284	1,94,65,72,403
(ii) Intangible Assets		0	0
(iii) Capital work-in-progress		8,47,86,755	1,85,45,181
(iv) Intangible assets under development		0	0
		1,90,55,71,039	1,96,51,17,584
(b) Non-current investments	11	23,55,59,930	23,34,85,430
(c) Deferred tax assets(net)		0	0
(d) Long-term loans and advances	12	14,19,75,048	14,48,94,531
(e) Other non-current assets		0	0
(2) Current Assets:			
(a) Current investments	13	0	0
(b) Inventories	14	28,78,75,282	22,15,81,550
(c) Trade receivables	15	30,52,46,486	53,37,70,415
(d) Cash and Cash equivalents	16	14,75,50,852	5,76,27,773
(e) Short term loans and advances	17	31,21,64,114	28,69,60,407
(f) Other current assets	18	10,43,52,180	12,32,14,821
		1,15,71,88,914	1,18,68,40,277
TOTAL		3,44,02,94,931	3,56,66,52,511
Contingent liabilities	19		
Significant Accounting Policies and Notes to financial statements	29		

Notes 1 to 19 and Note 29 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 : 30th May, 2017

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



STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2017

Particulars	Note No.	Year Ended 31-03-2017 Rs.	Year Ended 31-03-2016 Rs.
Incomes:			
I Revenue from Operations (Gross)	20	3,90,99,86,185	3,81,06,37,399
Less : Excise Duty		<u>24,51,47,066</u>	<u>17,60,18,853</u>
Revenue from Operations (Net)		<u>3,66,48,39,119</u>	<u>3,63,46,18,546</u>
II Other Income	21	1,42,33,000	3,52,66,770
III Total Revenue (I+II)		3,67,90,72,119	3,66,98,85,316
IV Expenses:			
a) Cost of materials consumed	22	2,05,30,35,330	2,18,55,34,816
b) Purchases of Stock-in-Trade		12,52,13,420	1,07,575
c) Changes in inventories of finished goods work-in-progress and stock in trade	23	-32,13,503	2,54,84,979
d) Employee benefits expenses	24	15,87,75,529	13,52,56,753
e) Finance costs	25	6,32,22,766	9,35,26,515
f) Depreciation and amortization expense	10	24,65,38,522	9,71,68,428
g) Other expenses	26	85,26,92,161	86,44,94,952
Total Expenses		3,49,62,64,225	3,40,15,74,017
V Profit before Exceptional items and Tax (III - IV)		18,28,07,894	26,83,11,299
VI Exceptional Items	27	3,83,86,589	13,2,51,089
VII Profit before Tax (V+VI)		14,44,21,305	25,50,60,210
VIII Less: Tax Expenses			
(a) Current tax		5,41,90,870	5,36,15,130
Less MAT Recognition		0	-70,78,835
Net Current Tax		5,41,90,870	4,65,36,295
(b) Earlier year tax adjustments		-5,42,20,238	87,26,734
(c) Deferred tax		-3,91,40,282	1,26,20,041
Net Tax Expenses (sub total VIII)		-3,91,69,650	6,78,83,070
IX Profit for the period (XI-XII)		18,35,90,956	18,71,77,140
X Earnings per equity share:			
(a) Basic		11.85	12.71
(b) Diluted		11.85	12.71
(c) Face Value		10.00	10.00
Notes to statement of profit and loss	28		
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 : 30th May, 2017

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



STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2017

Rs.

Particulars	Year Ended 31-03-2017	Year Ended 31-03-2016
A Cash Flow From Operating Activities		
Net Profit before Tax and extraordinary items	14,44,21,305	25,50,60,210
Add:		
Depreciation	24,65,38,522	9,71,68,428
Interest Paid	5,53,98,145	9,35,26,515
Interest Received	-36,13,486	-53,66,509
Loss on sale of Investments	0	0
Loss on sale of assets	0	1,24,235
Profit on sale of investments	-10,050	0
Operating Profit before Working capital changes	44,27,34,436	44,05,12,879
Adjustments for:		
Trade and Other receivables	22,21,82,863	-7,91,38,430
Inventories	-6,62,93,732	2,63,85,405
Decrease in short term provisions and other current liabilities	-18,93,15,288	
Trade payable	8,38,61,514	-8,40,27,553
	5,04,35,357	-13,67,80,578
Cash generated from operations	49,31,69,793	30,37,32,301
Interest Paid	-5,53,98,145	-935,265,15
Interest Received	36,13,486	53,66,509
Direct Taxes	3,91,69,650	-6,78,83,070
Cash Flow From Operating Activities	48,05,54,784	14,76,89,225
Net Cash Flow From Operating Activities	48,05,54,784	14,76,89,225
B Cash Flow From Investing Activities		
Purchase/Sales of Fixed Assets	-18,69,91,977	-6,80,67,339
Purchase/Sales of Investments	-20,64,450	3,67,60,439
Net cash used in Investing Activities	-18,90,56,427	-3,13,06,900
C Cash Flow From Financing Activities		
Proceeds from long term borrowings	-7,07,05,987	-10,59,02,223
Decrease in long term Provisions	-2,00,29,083	0
Decrease in cash credits	-16,67,80,145	0
Deferred Tax Liability	-3,91,40,282	1,26,20,041
Dividend Paid	-2,20,55,984	-2,65,88,345
Increase of share capital	77,45,620	0
Increase of share premium	10,93,90,584	0
Net cash used in Financing Activities	-20,15,75,277	-11,98,70,527
Net increase in cash & cash equivalents (A+B+C)	8,99,23,080	-34,88,202
Cash & Cash equivalents as at 01-04-2016(op.B/s)	5,76,27,773	6,11,15,974
Cash & Cash equivalents as at 31-03-2017(cl.B/s)	14,75,50,852	5,76,27,773
Cash and Bank balances As per Balance sheet	14,75,50,852	5,76,27,773

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 : 30th May, 2017

For and on behalf of the Board

Sd/-

T.G.Bharath

Chairman & Managing Director

Sd/-

S. Ifthekhar Ahmed

Place : Kurnool

Date : 30th May, 2017

Chief Financial Officer

Sd/-

D. Sai Leela

Director

Sd/-

V.Surekha

Company Secretary



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)

Particulars	As At	
	31-03-2017 Rs.	31-03-2016 Rs.
1 Share Capital (Item I (1) (a) of Balance Sheet)		
1.1 Equity Share Capital		
a) Authorised:		
4,90,00,000 (Previous year 4,90,00,000) Equity shares of Rs.10/- each	49,00,00,000	49,00,00,000
b) Issued, subscribed and paid-up		
1,47,16,689 - (Previous Year : 1,47,16,689) Equity shares of Rs.10/- each fully paid-up	14,71,66,890	14,71,66,890
7,74,562-Issued during the year (Previous year NIL)	77,45,620	0
1,54,91,251 - No. of shares (Previous year 1,47,16,689) Total	15,49,12,510	14,71,66,890
1.2 Reconciliation of number of shares outstanding		
Equity shares	No. of shares	No. of shares
At the beginning of the year	14716689	14716689
Add: Issued during the year	774562	0
Total	15491251	14716689
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

Name of the Shareholders	As At 31-03-2017		As At 31-03-2016	
	%	No. of shares	%	No. of shares
Gowri Gopal Hospitals Pvt Ltd	18.93	2931854	17.77	2594573
Sree Rayalaseema Galaxy Projects Pvt Ltd	9.77	1513989	10.29	1513989
TGV Projects & Investments Pvt. Ltd	10.70	1657294	8.97	1320013



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)

- 1.5 The Company declare and pays dividend in indian rupees. In the meeting held on 30th May 2017, the board had recommended a dividend of Rs. 1.50 (15%) per equity share for the year ended 31.03.2017. The proposed dividend as provided in the accounts is subject to approval of members at the ensuing Annual General Meeting
- 1.6 The Company has four wholly owned Subsidiaries which ceased to be subsidiaries from 29th August, 2016.
- 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 The Company had issued 24,48,132 convertible warrants of which 7,74,562 warrants were converted in to equity shares on 31.03.2017, and 16,73,570 convertible warrants which are outstanding are convertible into equity shares in two tranches before september, 2018.
- 1.9 **Utilisation of issue proceeds :**
The Company made allotment of convertible warrants and part conversion of warrants in to shares on 31.03.2017 and the monies received to the extent of Rs. 7,58,22,217/- are held unutilised in bank account as on 31.03.2017.

Particulars	As At 31-03-2017 Rs.	As At 31-03-2016 Rs.
2 Reserves and Surplus (item I (1) (b) of Balance sheet)		
2.1 Capital Reserve		
(a) Central/Capital Subsidy		
Balance as per last Balance Sheet	58,20,690	58,20,690
(b) Securities Premium Reserve		
Balance as per last balance sheet	8,67,58,174	8,67,58,174
Add : Addition on Preferential issue during the year	6,83,08,623	0
	15,50,66,797	8,67,58,174
2.2 General Reserve		
(a) General Reserve		
Balance as per last balance sheet	2,42,29,086	1,48,70,229
Add : Transfer from Profit and loss account	91,79,454	93,58,857
	3,34,08,540	2,42,29,086
(b) Amalgamation Reserve	24,28,66,501	24,28,66,501
(c) Surplus i.e. balance in statement of Profit and Loss		
Balance as per last balance sheet	1,37,08,51,372	1,21,96,21,434
Transferred to General Reserve	-91,79,454	-93,58,857
Difference in Dividend of las year	-19,050	-19,353
Proposed Dividend	-2,32,36,877	-2,20,75,034
Dividend distribution tax	-47,30,482	-44,93,958
Add : Profit for the year	18,35,90,956	18,71,77,140
	1,51,72,76,465	1,37,08,51,372
Total	1,95,44,38,993	1,73,05,25,823



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)

Particulars	As At 31-03-2017 Rs.		As At 31-03-2016 Rs.	
	Long term	Short term	Long term	Short term
3 Borrowings (item I (3) (a) of Balance sheet)				
3.1 Secured				
(a) Term loans from banks	18,49,38,353	4,85,87,569	23,11,31,360	11,59,14,514
(b) Term loans for vehicles from bank	1,73,99,158	39,69,381	1,65,92,413	38,41,533
(c) Loans repayable on demand from banks	0	29,44,08,105	0	46,11,88,250
Total (3.1)	20,23,37,510	34,69,65,065	24,77,23,773	58,09,44,297
3.2 Unsecured				
Security deposits from customers	1,26,24,375	0	2,15,99,375	0
Total (3.2)	1,26,24,375	0	2,15,99,375	0
Total (3.1+3.2)	21,49,61,885	34,69,65,065	26,93,23,148	58,09,44,297
3.3 Disclosure in Balance sheet				
a) Long Term Borrowings (item I (3) (a) of Balance sheet)	21,49,61,885		26,93,23,148	
b) Short term borrowings under current liabilities (item I (4) (a) of Balance sheet)		29,44,08,105		46,11,88,250
c) Current maturities under other current liabilities		5,25,56,960		11,97,56,047
Total	21,49,61,885	34,69,65,065	26,93,23,148	58,09,44,297

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

- The terms loan from banks are secured by exclusive charge on specific fixed assets.
- The loan repayable on demand from banks include 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.
- 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.
- The working capital and Term loans are further secured by guarantee from Managing Director and associate person in respective individual capacities.

2. Defaults

There are no defaults/continuing defaults as on 31st Mar,2017 in payment of interest and repayment of loans.



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)

Additional Information on Borrowing (Contd.,)

3. Repayments Term of repayment	As at 31.03.2017 Outstanding	As at 31.03.2016 Outstanding
A. Term Loans	Rs.	Rs.
(a) Monthly instalment of Rs. 39,50,000/- payable up to Feb,2020	20,43,47,387	25,28,92,507
(b) Monthly instalment of Rs. 4,59,630/- payable up to Mar,2020	1,40,39,001	1,77,83,194
(c) Monthly instalment of Rs. 74,460/- payable up to Oct,2019	19,76,221	25,91,749
(d) Monthly instalment of Rs. 53,860/- payable up to Sep,2019	13,89,942	18,39,646
(e) Monthly instalment of Rs. 4,56,215/- payable up to Sep,2019	1,17,73,371	1,55,82,506
(f) Monthly instalment of Rs. 64,812/- payable up to May,2016	0	1,27,858
B. Vehicle loans		
(a) Monthly instalment of Rs. 65,420/- payable up to Nov,2017	5,02,405	11,90,453
(b) Monthly instalment of Rs. 72,256/- payable up to Feb,2021	28,70,651	33,87,712
(c) Monthly instalment of Rs. 200,520/- payable up to JUL,2021	85,45,414	94,99,685
(d) Monthly instalment of Rs. 20,580/- payable up to Apr,2020	6,50,501	8,21,155
(e) Monthly instalment of Rs. 17,951/- payable up to Aug,2021	6,31,287	7,73,948
(f) Monthly instalment of Rs. 21,021/- payable up to Sep,2021	7,53,819	9,19,461
(g) Monthly instalment of Rs. 2,45,111/- payable up to Feb,2020	74,14,472	0
Particulars	As At 31-03-2017 Rs.	As At 31-03-2016 Rs.
4. Deferred tax liability (item I (3) (b) of Balance sheet)		
Deferred tax liability	19,54,43,603	18,28,23,562
Less: Deferred tax during the year	<u>-3,91,40,282</u>	<u>1,26,20,041</u>
Net Deferred tax liability	<u>15,63,03,321</u>	<u>19,54,43,603</u>
5. Other long-term liabilities (item I (3) (c) of Balance sheet)		
Inter Corporate Loans & Advances - related party	0	6,00,000
Trade payables for capital assets	95,19,105	95,19,105
Amounts due to micro, small and medium enterprises (Refer No. 30.4)	0	0
	<u>95,19,105</u>	<u>101,19,105</u>
6. Long-term provisions (item I (3) (d) of Balance sheet)		
Outstanding liabilities	3,22,85,723	5,62,24,436
Provision for gratuity	<u>68,91,351</u>	<u>59,01,204</u>
	<u>3,91,77,074</u>	<u>6,21,25,640</u>
CURRENT LIABILITIES		
7 Trade Payables (item I (4) (b) of Balance sheet)		
Sundry creditors-Acceptances	5,88,690	5,98,23,151
Sundry creditors-Trade- Micro Small Medium Enterprises	1,54,21,386	1,69,56,532
Sundry creditors-Trade-others(see note 29.4)	<u>30,39,85,417</u>	<u>15,93,54,296</u>
	<u>31,99,95,493</u>	<u>23,61,33,979</u>



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)

Particulars	As At 31-03-2017 Rs.	As At 31-03-2016 Rs.
OTHER CURRENT LIABILITIES		
8. Other current liabilities		
(item I (4) (c) of Balance sheet)		
Secured		
(a) Current maturities of long term borrowings	5,25,56,960	119,756,047
(b) Interest accrued on loans	-	-
Unsecured		
(a) Advances from customers	0	55,825,377
(b) Un paid dividend	46,64,949	4,673,073
(c) Other liabilities	4,64,63,990	39,574,446
	<u>10,36,85,898</u>	<u>219,828,943</u>
Notes: Unclaimed dividends do not include any amounts due and outstanding as on date of Balance sheet to be credited to Investor Education Protection Fund		
9. Short-term provisions		
(item I (4) (d) of Balance sheet)		
Employee benefits	59,19,925	52,26,545
Provision for Income Tax	11,79,23,302	20,30,01,593
Proposed Dividend	2,32,36,877	2,20,75,034
Dividend Tax payable	47,30,482	44,93,958
	<u>15,18,10,586</u>	<u>23,47,97,130</u>



Note to Accounts - Balance Sheet (Contd..)

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

Schedule 10.

Fixed Assets

Particulars	Gross Block			Depreciation			Net Block		
	Cost As At 01.04.2016	Additions	Deductions	Total Upto 01.04.2016	For the Period	Deductions	Total Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
				Total Upto 31.03.2017					
Land	26,32,43,445	1,60,16,375		27,92,59,820	4,67,44,716		13,27,02,775	27,92,59,820	26,32,43,445
Factory Buildings	39,04,72,655			39,04,72,655	16,34,46,066		78,86,93,989	25,77,69,880	30,45,14,585
Plant and Machinery	1,54,55,98,288	7,48,51,167		1,62,05,49,455	2,90,06,682		34,15,48,347	83,18,55,466	92,03,50,395
Plant & Machinery-WEG	74,07,71,628			74,07,71,628	4,71,801		34,54,460	39,92,23,281	42,82,29,973
Furniture and Fixtures	51,81,067	1,44,56,692		1,96,37,779	29,82,660		2,34,14,125	1,61,83,319	21,98,427
Office Equipment	2,39,17,437			2,39,17,437	60,566		2,34,14,125	5,03,312	5,63,888
Other Equipment	27,49,062			27,49,062	2,13,337		25,36,725	2,13,337	4,26,674
Vehicles	4,96,26,084	1,53,26,169		6,49,52,253	65,95,294		2,91,76,383	3,57,75,870	2,70,44,985
Total	3,02,15,59,686	12,07,50,403	0	3,14,23,10,089	24,65,38,522	0	1,32,15,25,805	1,82,07,84,284	1,94,65,72,403
Capital Work-in-progress									
Civil Work-in-progress	0	0	0	0	0	0	0	0	0
Machinery under erection	1,85,45,181	8,47,86,755	1,85,45,181	8,47,86,755	0	0	0	8,47,86,755	1,85,45,181
Total	1,85,45,181	8,47,86,755	1,85,45,181	8,47,86,755	0	0	0	8,47,86,755	1,85,45,181
Grand Total	3,04,01,04,867	20,55,37,158	1,85,45,181	3,22,70,96,844	24,65,38,522	0	1,32,15,25,805	1,90,55,71,039	1,96,51,17,584
Previous Year	2,97,83,63,589	12,03,92,352	5,86,51,074	3,04,01,04,867	9,71,68,427	62,01,824	1,07,49,87,283	1,96,51,17,584	1,99,43,42,939

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.
- 2) As described in note No. 30.4 (b), the company revised the useful life of properties, plant and equipment at the end of each reporting period. During the current year the directors determined that the useful lives of certain items of equipment should be shortened due to developments in technology and higher wear and tear than expected. Due to this change, depreciation for the year is higher by Rs. 14,98,03,202



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)

Particulars	As At 31-03-2017 Rs.	As At 31-03-2016 Rs.
11 Non current investments (at cost unless otherwise specified) (Item II (1) (b) of Balance sheet)		
A. Investments in equity shares		
a Quoted - Fully paid up		
Sree Rayalaseema Alkalies and Allied Chemicals Ltd (Associate)	19,32,48,989	19,32,48,989
2,05,44,496 (Previous year 2,05,44,496) Equity shares of Rs10/- each (15,000 shares pledged as security)*		
Non - Trade		
The South Indian Bank Ltd	31,80,175	7,05,675
7,07,000 (Previous year 5,30,250)Equity shares of Rs.1/- each) (3,18,000 shares pledged as security)*		
1,76,750 shares subscribed during the year		
Roopa Industries Ltd	41,17,150	41,17,150
13,72,455 (Previous year 13,72,455)Equity shares of Rs.10/- each)		
Kabson Industries Ltd	43,935	43,935
10,100 (Previous year 10,100) Equity shares of Rs.10/- each)		
Karnataka Bank Ltd	2,59,691	2,59,691
3,700 (Previous year 3,700) Equity shares of Rs.10/- each) (3,700 shares pledged as security)*		
Lotus Chocolates Ltd	5,96,400	5,96,400
56,800 (Previous year 56,800) Equity shares of Rs.10/- each) (56,800 shares pledged as security)*		
NEPC Micon Ltd	750	750
200 (Previous year 200) Equity shares of Rs.10/- each)		
BNR Udyog Ltd	500	500
500 (Previous year 500)Equity shares of Rs.10/- each)		
Camson Biotechnology Limited	270	270
300 (Previous year 300) Equity shares of Rs.10/- each)		
Neha International Ltd	2,890	2,890
1,700 (Previous year 1,700) Equity shares of Rs.10/- each)		
Indo Wind Energy Ltd	6,00,000	6,00,000
42,000 (Previous year 42,000) Equity shares of Rs.10/- each)		
b) Quoted - Partly paid up		
Non - Trade		
Surya Jyothi Spinning Mills Ltd	330	330
100 (Previous year 100) Eq.shares of Rs.10/- each) - Rs. 5/ per share paid up		
c) Unquoted - Fully paid up		
Investment in Subsidiaries		
SRHHL Power Generation Private Limited	0	1,00,000
0 (Previous year 10,000) Equity shares of Rs.10/- each) (Sold during the year)		
Sri Vibhu Infrastructure Development Private Limited	0	1,00,000
0 (Previous year 10,000) Equity shares of Rs.10/- each) (Sold during the year)		
TGV Infrastructure & Industrial Parks Private Limited	0	1,00,000
0 (Previous year 10,000) Equity shares of Rs.10/- each) (Sold during the year)		
SRHHL Infrastructure Private Limited	0	1,00,000
0 (Previous year 10,000) Equity shares of Rs.10/- each) (Sold during the year)		



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)

Particulars	As At 31-03-2017 Rs.	As At 31-03-2016 Rs.
B. Investments in preference shares		
Quoted - Fully paid up		
Trade		
Sree Rayalaseema Alkalies and Allied Chemicals Limited	3,34,98,850	3,34,98,850
59,06,504 (Previous year 59,06,504) 0.01 % Cumulative Redeemable Preference shares Rs.10/- each (15000 sheres pledged as security)		
C. Investments in Govt securities		
National Saving Certificates	10,000	10,000
(Deposited with Sales Tax and other Govt. Departments)		
Total	<u>23,55,59,930</u>	<u>23,34,85,430</u>
Aggregate Book value of		
- Quoted Shares	23,55,49,930	23,30,75,430
- Unquoted Shares	10,000	4,10,000
Aggregate Market value of Quoted shares	53,66,09,780	41,90,77,277
12 Long term Loans and advances		
(item II (1) (d) of Balance sheet)		
Unsecured and considered good		
(a) Advances for capital Asset / Investments	11,57,44,464	11,66,25,466
(b) Security Deposits with other govt. depts.	27,88,534	49,46,215
(c) Rental Deposits		
To related parties	2,29,88,500	2,29,88,500
To others	4,53,550	3,34,350
Total	<u>14,19,75,048</u>	<u>14,48,94,531</u>
CURRENT ASSETS		
13 Current Investments	0	0
(Item II (2) (a) of Balance Sheet)	<u>0</u>	<u>0</u>
14 Inventories		
(item II (2) (b) of Balance sheet)		
(a) Raw Materials	9,69,30,832	41,24,63,712
(b) Work-in-progress	2,37,88,045	1,78,17,177
(c) Finished Goods	5,29,60,962	8,42,40,434
(d) Stores and spares including packing materials	8,56,73,336	5,92,46,324
(e) Material in transit	2,85,22,107	1,90,31,244
TOTAL	<u>28,78,75,282</u>	<u>22,15,81,550</u>
15 Trade receivables		
(item II (2) (c) of Balance sheet)		
Unsecured and considered good		
(a) Trade Receivables outstanding for a period exceeding six months from the date due for payment	8,86,62,500	4,78,02,607
(b) Others	21,66,83,986	48,59,67,808
	<u>30,52,46,486</u>	<u>53,37,70,415</u>



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)

Particulars	As At 31-03-2017 Rs.	As At 31-03-2016 Rs.
16 Cash and cash equivalents		
(item II (2) (d) of Balance sheet)		
(a) Cash on hand	11,34,837	10,82,937
(b) Balances with banks in current accounts (see note below)	8,96,19,037	56,80,377
(b) Balances with banks in current accounts earmarked for dividends	74,48,203	46,73,073
(c) Deposit with banks under lien as margin	4,93,48,775	4,61,91,386
	<u>14,75,50,852</u>	<u>5,76,27,773</u>
Note : Balances Include Rs. 7,58,22,217/- towards unutilised proceeds of preferential issue during year		
17 Short term loans and advances		
(item II (2) (e) of Balance sheet)		
Unsecured and considered good		
(a) Advance to related parties		
(i) Inter corporate loans and advances	12,65,12,706	4,36,20,307
(b) Advances to others		
(i) Advance to Suppliers	0	32,340
(ii) Advance to Employees	89,07,175	72,49,242
(iii) Prepaid Insurance and other Expenses	37,89,397	38,86,915
(iv) Insurance claim receivable	0	1,31,26,854
(iv) Export incentives receivable-DEPB,FMS and Target plus.	1,25,37,622	1,53,79,038
(v) Advance Income tax and TDS	13,17,52,192	16,17,05,858
(vi) Other Deposits	14,35,548	16,10,548
(vii) Short term advances	2,72,29,474	4,03,49,305
	<u>31,21,64,114</u>	<u>28,69,60,407</u>
18 Other current assets		
(item II (2) (f) of Balance sheet)		
Service tax , brokerage receivable and sales tax advance.	10,43,52,180	12,32,14,821
	<u>10,43,52,180</u>	<u>12,32,14,821</u>
19 Contingent liabilities and Commitments		
Contingent liabilities: (to the extent not provided for)		
a) Claims against company not acknowledged as debts	1,88,40,894	4,28,38,373
b) Guarantees issued by banks on behalf of the company and outstanding at end of the year	98,09,582	3,14,89,505
c) Other money for which company is contingently liable	3,04,714	3,65,786
Commitments :		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	0	0
b) Uncalled liability on shares and other investments partly paid	500	500
c) Other commitments		
1) Income tax appeal in Appelate Tribunal	3,04,714	3,04,714
2) Consumers cheques / bills discounted with Banks	4,30,25,279	14,79,23,602
3) Unexpired Letters of Credit established by the Coy.	26,46,42,249	14,51,57,502



NOTE TO ACCOUNTS - PROFIT AND LOSS STATEMENT

Particulars	As At 31-03-2017 Rs.	As At 31-03-2016 Rs.
20 Revenue from Operation (Item I of Statement of Profit and Loss)		
Sale of Manufactured Products (Net of Returns / Reversals)	3,48,05,45,009	3,47,58,38,106
Trading sales	13,33,93,565	
Sale of Energy	25,41,73,881	29,93,80,168
Other operating revenues :		
Sale of Scrap	57,88,404	76,55,637
Export Incentives	3,60,85,326	2,77,63,488
	<u>4,18,73,730</u>	3,54,19,125
Less : Excise Duty	<u>-24,51,47,066</u>	<u>-17,60,18,853</u>
TOTAL	<u>3,66,48,39,119</u>	<u>3,63,46,18,546</u>
21 Other Incomes (item II of Statement of Profit and Loss)		
Interest on Bank and other deposits from customers	36,13,486	53,66,509
Profit on sale of Investments	10,050	0
Lease Rent Receipts	38,86,445	1,28,15,024
Other non operating Incomes	67,23,019	1,70,85,237
TOTAL	<u>1,42,33,000</u>	<u>3,52,66,770</u>
Note on Dividend : Accumulated dividend of Rs. 5906.50 for the Financial Year 2016-17 on cumulative preference share is not accounted pending declaration and payment by the investee company		
22 Cost of material consumed (item IV (a) of Statement of Profit and Loss)		
Opening stock of Raw Material	4,12,46,371	8,06,16,510
Add: Purchase of Raw Material	1,84,50,74,611	1,84,72,18,295
Less: Closing stock of Raw Material	<u>(9,69,30,832)</u>	<u>(4,12,46,371)</u>
Raw Materials Consumed	1,78,93,90,150	1,88,65,88,434
Stores, Spares, Chemicals & Packing Materials Consumed	26,36,45,180	29,89,46,382
TOTAL	<u>2,05,30,35,330</u>	<u>2,18,55,34,816</u>
23 Change in inventories of Work in process & Stock in Trade (item IV (c) of Statement of Profit and Loss)		
Closing stock		
a Finished goods	8,14,83,069	8,42,40,434
b Stock-in-process	2,37,88,045	1,78,17,177
TOTAL	<u>10,52,71,114</u>	<u>10,20,57,611</u>
Opening stock		
a Finished goods	8,42,40,434	10,87,91,995
b Stock-in-process	1,78,17,177	1,87,50,595
TOTAL	<u>10,20,57,611</u>	<u>12,75,42,590</u>
Net increase or decrease in stock	<u>32,13,503</u>	<u>-2,54,84,979</u>
24 Employee benefits expenses (item IV (d) of Statement of Profit and Loss)		
Salaries, Wages, Bonus and Allowances	12,98,42,283	10,88,03,195
Contribution to ESI and Provident Fund	55,64,277	52,95,080
Gratuity	17,81,149	26,42,072
Staff Welfare expenses	2,15,87,820	1,85,16,407
Total (Includes Managerial Remuneration of Rs. 1,91,47,000)	<u>15,87,75,529</u>	<u>13,52,56,753</u>



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

Particulars	Year ended 31-03-2017 Rs.	Year ended 31-03-2016 Rs.
25 Finance cost		
(item IV (e) of Statement of Profit and Loss)		
Interest expenses		
Term Loans	3,31,61,466	7,12,93,318
Working capital limits	1,35,15,143	1,29,80,075
Others	<u>1,65,46,157</u>	<u>92,53,122</u>
	<u>6,32,22,766</u>	<u>9,35,26,515</u>
26 Other expenses		
(item IV (g) of Statement of Profit and Loss)		
Repairs & Maintenance		
a) Buildings	6,50,56,234	7,36,80,051
b) Plant & Machinery	8,79,84,099	9,27,05,625
c) Others	<u>1,18,91,964</u>	<u>1,12,41,657</u>
	<u>16,49,32,297</u>	<u>17,76,27,333</u>
Insurance	1,24,12,312	1,63,60,725
Rents	2,06,11,488	1,41,06,090
Rates & Taxes		7,76,037
Travelling and conveyance	1,51,85,471	1,64,44,134
Printing and stationery	18,66,992	13,33,288
Postage Telegrams and Telephones	48,61,817	51,66,722
Freight outward & Incidental Expenses		
Ocean Freight	22,73,79,027	26,14,37,465
Container freight	7,15,41,894	8,66,07,584
Clearing and forwarding Charges	92,80,172	1,40,01,523
Freight on Sales	<u>1,44,80,001</u>	<u>1,22,80,943</u>
	<u>32,26,81,093</u>	<u>37,43,27,515</u>
Discounts and Commission on sales	2,12,25,154	1,59,28,873
Advertisement	8,17,436	2,03,317
Fee and Expenses	85,21,898	1,33,52,422
Bank Charges	1,74,23,746	1,87,78,158
Security & other Service Charges	6,02,34,707	5,52,86,945
Legal Expenses	23,23,493	20,31,660
Power and Fuel	4,69,95,308	67,61,793
Other Expenses	8,20,88,671	7,34,23,084
Donations	6,05,232	1,97,169
Directors sitting fee	97,500	1,38,000
Statutory Audit fees & Expenses (see. note 28.1)	3,43,015	3,53,510
Cost Audit Fees	50,000	40,000
Secretarial Audit Fees	60,000	60,000
Shortages & Price differences	6,17,65,890	6,08,51,603
Other Selling expenses	83,82,004	72,09,444
Excise duty (Refer Note below)	<u>-7,93,365</u>	<u>37,37,130</u>
	<u>85,26,92,161</u>	<u>86,44,94,952</u>
(Note : Excise duty represents difference in duty liability on opening and closing stock of finished goods.)		
27 Exceptional items		
(item VI of Statement of Profit and Loss)		
Excess Provision writtenback	-1,05,05,320	0
Loss due to fire	0	1,31,26,854
Profit on sale of investments/Assets (Net)	0	1,24,235
Repairs & reconditioning of old hypo plant	<u>4,88,91,909</u>	<u>0</u>
	<u>3,83,86,589</u>	<u>1,32,51,089</u>
	<u>3,83,86,589</u>	<u>1,32,51,089</u>



28. Additional Notes to statement of profit and loss:

28.1 Remuneration to Auditors

(Amount in Rs.)

Particulars	2016-17	2015-16
Statutory Auditors		
Audit fees	2,00,000	2,50,000
Tax audit fees	1,00,000	50,000
Out of pocket expenses	43,015	53,510
Total	3,43,015	3,53,510
Secretarial Audit fees	60,000	60,000
Cost Audit fees	50,000	40,000

28.2 Details of raw materials and traded goods

a) Raw Material consumed

Year	Particulars	Unit	2016-17		2015-16	
			Qty	Rs. In lakhs	Qty	Rs. In lakhs
	Caustic Soda Lye	MTs	13284.80	3,679.40	13219.18	3,569.98
	Chlorine	MTs	36242.77	1,057.80	37789.74	716.06
	H2 Gas	Cum	37217.50	1,018.30	35747.10	1,066.24
	Acetic Acid	MTs	14693.24	514.26	3116.63	122.87
	Hydrated Lime	MTs	359740.73	2,204.71	34158.35	3,110.63
	Sulphur	MTs	206573.59	1,419.08	20223.64	1,906.91
	Others			8,000.35		8,373.19
	Grand Total			17,893.90		18,865.88

b) Goods Purchased

Particulars	Year ended 31 st March 2017 (Rs. In Lakhs)	Year ended 31 st March 2016 (Rs. In Lakhs)
Chemicals	1,252.13	1.08

28.3 Details of Work in progress

Particulars	Year ended 31 st March 2017 (Rs. In Lakhs)	Year ended 31 st March 2016 (Rs. In Lakhs)
Chemicals in process	237.88	178.17

28.4 a) Value of imports on CIF basis

Particulars	Year ended 31 st March 2017 (Rs. In Lakhs)	Year ended 31 st March 2016 (Rs. In Lakhs)
Raw materials	1,833.69	1,856.01
Plant and Machinery	48.63	36.13
Packing & Spares	9.20	20.80

**b) Expenses incurred in foreign currency**

(Rs. In Lakhs)

Particulars	Year ended 31 st March 2017	Year ended 31 st March 2016
Overseas Sales commission	118.16	63.37
Freight/Demurrages	2,082.31	2,472.15
Machinery and spares	61.50	65.50
Advertisement	10.47	11.40
Printing and stationery	0.00	0.54
Subscriptions	1.00	1.00

c) Raw Material Consumed

(Rs. In Lakhs)

Particulars	2016-2017		2015-2016	
	Value	%	Value	%
Imported	1,833.69	10.25	1,856.01	9.84
Indigenous	16,060.21	89.75	17,009.88	90.16
Total	17,893.90	100.00	18,865.89	100.00

d) Dividends remitted in Foreign Currency**NIL**

i) Total number of shares held by non-residents	4,96,633
ii) Amount of dividend	7,45,271
iii) No. of non resident share holders	1,849
iv) Year to which the dividend is related	2015-16

e) Earnings in foreign exchange

Particulars	Year ended 31 st March 2017 (Rs. in lakhs)	Year ended 31 st March 2016 (Rs. in lakhs)
FOB value of exports	15391.40	15461.32

**29. Notes forming part of financial statements:****29.1 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 subsidiaries companies.

29.2 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.

29.3 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.

29.4 Significant Accounting Policies**a) Property, Plant and Equipments**

- Property, plant and Equipments are stated at cost, the company has adopted cost method to measure the gross carrying amount of asset. Cost of asset includes acquisition and installation expenses which are directly attributable for bringing the asset into working condition for its intended use.
- 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 01st 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 01st 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.
- Depreciation is recognized so as to write off the cost of assets less than residual value over their useful lives using straight line method.
- The estimated useful lives, residual value and depreciation are reviewed at the end of each reporting period with the effect of any changes in estimate useful lives are accounted for on a prospective basis

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 by Guidance Note on Modvat Accounting issued by the Institute of Chartered Accountants of India.
- The difference in excise duty liability on opening and closing stocks of finished goods is 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 DEPB (Duty Entitlement Pass Book), Focus Market Scheme. 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 cost relating to acquisition and construction of qualifying assets are also included to the extent they related to the period till such assets are ready to be put to use

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.

Cost of Fixed Assets not ready for use before balance sheet date is disclosed as capital work in progress

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:**

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

29.5 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 31-03-2017 and remaining unpaid to any Micro, Small and Medium Enterprises is Rs1,54,21,386/- and the said amounts are due for less than 45 days as on 31-03-2017. 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.

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

Particulars	Amount Outstanding as at March 31, 2017	Maximum Amount outstanding during the year	Amount Outstanding as at March 31, 2016	Maximum Amount outstanding during the year
Dues from Subsidiaries				
1) SRHHL Power Generation Private Limited	NIL	8,935.00 (Dr.)	NIL	8,935.00 (Dr.)
2) SRHHL Infrastructure Private Limited.	NIL	12,470.00 (Dr.)	NIL	12,470.00 (Dr.)
3) TGV Infrastructure & Industrial Parks Private Ltd	NIL	8,935.00 (Dr.)	NIL	8,935.00 (Dr.)
4) Sri Vibhu Infrastructure Development Private Ltd.	NIL	8,935.00 (Dr.)	NIL	8,935.00 (Dr.)
To firms/companies in which directors are interested (other than subsidiaries/associates mentioned above)	NIL	NIL	NIL	NIL

29.7. Discloser under AS-15 employed benefits :

A. Defined contribution plan:

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

Particulars	2016-17	2015-16
Employers contribution to Provident fund	Rs. 37.65 lakhs	Rs. 35.87 lakhs
Employers contribution to Leave encashment	Rs. 4.69 lakhs	Rs. 6.83 lakhs

The Provident Fund contributions are remitted to Regional Provident Fund Commissioner, Kadapa.

B. Defined benefit plan:

The company has employees group gratuity fund through a policy with LIC and contributes to the fund through annual renewal premium determined based on actuarial valuation using projected unit credit method as at 31-03-2017. 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 31-03-2017. The disclosures in respected 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 31-03-2017

	Gratuity	
	Funded (Rs. in lakhs)	Unfunded (Rs. in lakhs)
Present value of defined obligation at Beginning of year	91.26 (80.82)	57.20 (45.65)
Current service cost	12.15 (10.44)	0.00 (0.00)
Interest cost	7.30 (6.47)	4.59 (3.65)
Net actuarial (gain)/loss on obligations	-1.69 (4.04)	-3.15 (-7.90)
Present value of define benefit obligation at the end of year	103.41 (91.26)	64.94 (57.20)

II. Changes and reconciliation in fair value of plan asset as on 31-03-2017.

Opening fair value of plan assets	89.450 (80.82)	0.00 (00.00)
Expected return on plan assets	7.78 (7.59)	00.00 (0.00)
Contribution	15.59 (12.28)	00.00 (0.00)
Benefits paid	-5.61 (-10.51)	00.00 (00.00)
Actuarial valuation (gain)/loss on plan assets	7.78 (-0.73)	00.00 (00.00)
Closing fair value of plan assets	99.43 (89.45)	00.00 (00.00)

III. Assets recognized in Balance Sheet

Present value of liability	103.41 (91.26)	64.94 (57.20)
Fair value and plan assets	99.43 (-89.45)	0.00 (0.00)
Net liability	3.98 (1.81)	64.94 (57.20)

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

Current service cost	12.15 (10.44)	0.00 (0.00)
Interest on define benefit obligation	7.30 (6.47)	4.59 (3.65)
Expected return as plan assets	-7.78 (-7.59)	0.00 (0.00)
Past service cost	0.00 (0.00)	0.00 (0.00)
Net actuarial loss/gain	6.09 (3.32)	3.15 (7.90)

V. Movement in Net liability

Net liability at the beginning of the year	91.26 (80.82)	57.20 (45.65)
Expenses	17.76 (12.63)	7.74 (11.55)
Net liability at the close of the year	93.43 (81.17)	64.94 (57.10)

VI. Actuarial on plan assets

Expected return on plan assets	7.78 (7.59)	0.00 (0.00)
Actuarial gain / loss	7.78 (0.73)	0.00 (0.00)
Actual return on plan assets	15.56 (6.86)	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 41.55years.
- b) The Mortality is as per the published rates of Life Insurance Corporation of India (1994-96).
- c) Average past service : 11.62 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.) 7.75%
- c) Salary escalation rate(p.a.) 7.00%

29.8 Disclosure under AS-17 Segment reporting

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

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

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

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

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

Segment information for the year ended 31st Mar, 2017. Information about primary Business Segment.

S.No.	Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
1.	Segment Revenue		
	a) Chemicals	34,199.12	33,280.15
	b) Power generation	5,703.16	6,469.11
	c) unallocated	38.51	130.39
		39,940.79	39,749.90
	Less: Intersegment revenue	3,150.07	3,403.78
		36,790.72	36,346.19
2.	Segment Results (Profit before tax and finance cost)		
	a) Chemicals	1,221.46	2,740.41
	b) Wind Power	816.47	877.96
	c) unallocated	38.51	130.39
	Total	2,076.44	3,618.38



3. Interest (Net)	632.23	935.27
4. Other unallocated expenses net of unallocated income	0.00	0.00
5. Profit before tax	1,444.21	2,550.60
6. Segment Assets		
a) Chemicals	20,712.90	20,380.37
b) Power generation	9,726.63	11,011.52
c) Others	3,963.41	3,942.67
Total	34,402.95	3,5334.5
7. Segment Liabilities		
a) Chemicals	4,810.36	7,313.24
b) Power generation	2,325.61	226.88
c) Others	1,563.03	1,954.44
Total	8,699.00	9,494.55

Segment information for the year ended 31st March, 2017, Information about secondary Business Segment. Revenue by Geographical Market :

In India	18,512.72	16,783.70
Out side India	18,278.00	19,562.49
Total	36,790.72	36,346.19

29.9 Disclosure under AS-18, Related Party Disclosures.

In terms of Accounting Standard -18, the Company has the following related parties on account of shareholdings by key management personnel & their relatives.

(A) Enterprises on which key managerial person (or) his relatives have significant influence / control

Name of the Related Party	Transaction
1) Sree Rayalaseema Alkalies and Allied Chemicals Ltd.,	Yes
2) TGV Projects and investments private limited	Yes
3) Sree Rayalaseema Galaxy projects private limited	Yes
4) Gowri Gopal Hospital Pvt Limited	Yes
5) Brilliant bio Pharma private limited	No
6) Brilliant Industries Private limited	No
7) Sree Guru raghavendra film exhibitors private limited	No
8) Vasistha power projects limited	No
9) Kurnool power projects limited	No
10) TGV Securities Pvt.Ltd	No
11) Vibhu Cement Pvt.Ltd	No
12) Sree Maruthi AgroTech Ltd,	No

(B) Key Management Personnel :

Name of the Related Party and Relationship	
a) Sri T G Bharath	Chairman & Managing Director
b) Smt. V Surekha	Company Secretary
c) Sri S Iftekhar Ahmed	Chief Financial Officer

(C) Relatives of Key Management person Relationship to Key Management person

a) Sri T G Venkatesh	Father	Yes
b) Smt.T G Rajyalakshmi	Mother	No
c) Smt.T G Shilpa Bharath	Wife	No

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

	31.03.2017	31.03.2016
	<u>Rs in Lakhs</u>	<u>Rs in Lakhs</u>
(i) Transactions with Associate Companies		
a. Goods/ Equipment sold	2,646.22	661.01
b. Goods purchased	7,868.29	6,965.58
c. Rents paid	626.50	03.39
d. Serviced Received	503.20	410.21
ii) Transaction with key management personnel and relatives :		
Salary & allowances	202.42	130.80
Contribution to Provident Fund	1.03	01.00
Rent paid to relative of key managerial personnel	12.45	09.00
Rent deposit paid to relative of key managerial personnel	00.00	20.00
Guarantee Commission Paid.	109.00	00.00
(E) Outstanding balances as at the end of the year		
In current liabilities-Acceptances	0.00	158.41
In current liabilities-Sundry Creditors	0.00	5.88
In loan and advances	1,265.12	435.53
Vehicle Loans	1.02	1.50
Rents Deposit to relative key managerial personnel	20.00	20.00

The above related parties disclosed are as specified in AS-18 'Related Parties Disclosures' under Sec 133 of the Companies Act, 2013 read with Rule-7 of the Companies (Accounts) Rules, 2014.

The above information is as per scope, recognition, measurement, presentation and disclosure required under AS -18, related party disclose read with para 6 of General Instructions in Schedules III of the Companies Act, 2013.

29.10 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 and loss for the year 31.03.2017 are given here under.

	2016-17	2015-16
	<u>Rs.in Lakhs</u>	<u>Rs.in Lakhs</u>
b. Future Lease rental payments		
(i) Not later than one year	163.95	143.02
(ii) Later than one year and not later than five years	655.80	535.17
(iii) Later than five years	0.00	0.00
c. Lease rentals receivables		
(i) Not later than one year	14.70	35.03
(ii) Later than one year and not later than 5years	11.70	6.12
(iii) Later than five years	0.00	0.00
d. Lease payments recognized in the Profit and Loss account	191.97	127.20
e. Lease receipts recognized in the Profit and Loss account	38.87	138.98
f. General description of the leasing arrangement on operating lease:		
(i) Assets taken on Lease: Hydrogen Cylinders, office premises and factory land.		
(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 or take back the asset or extended the term by giving notice in writing.		



29.11 Disclosure under AS-20 Earnings per share.

- I. Net Profit as per Profit and Loss Account available to equity share holders
- II. No. of shares for computation of Earnings per share
- III. Earnings per share (Rs.) (Basic)

31.03.2017	31.03.2016
18,35,90,956	18,71,77,140
1,54,91,251	1,47,16,689
11.85	12.72

29.12 Disclosure under AS-22 Taxes on income.

Deferred tax liability:

The company has accounted for Deferred tax in accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountant of India and has charged the net profit and loss account with the deferred tax liability relating to the year net of Rs.164,21,693/-

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

Particulars	2016-2017 Rs.	2015-2016 Rs.
I. Deferred Tax Liabilities:		
Depreciation differences	0.00	3,64,65,676
Others - preliminary exp.	0.00	0.00
	0.00	3,64,65,676
II. Deferred Tax Assets:		
Depreciation (As per Sch-II of Co. Act 2013)	11,30,96,052	0.00
Others	0.00	0.00
Net Deferred Tax Liabilities (I-II)	(11,30,96,052)	3,64,65,676
Tax liability at current rates	(3,91,40,282)	1,26,20,041

29.13 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.

29.14 Details of specified bank notes (SBN) held and transacted during the period from 8th Nov, 2016 to 30th Dec, 2016.

Particulars	SBN's	Other Denomination Notes	Total
Closing cash balance in hand as on 8th Nov, 2016	50,000	8,96,566	9,46,566
(+) Permitted receipts	0	26,93,990	26,93,990
(-) Permitted payments	0	18,98,559	18,98,559
(-) Amount deposited in Banks	50,000	0	50,000
Closing cash balance in hand as on 30th Dec, 2016.	0	16,91,997	16,91,997

29.15 Regrouped/ Rearranged/ Reclassified.

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

29.16 Rounding off

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

Signature to note 1 to 29

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 : 30th May, 2017

For and on behalf of the Board

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

Sd/-
D. Sai Leela
Director

Sd/-
S. Iftekhar Ahmed
Chief Financial Officer

Sd/-
V.Surekha
Company Secretary

Place : Kurnool
Date : 30th May, 2017



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"), comprising of the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement upto date of cessation i.e., 29th August, 2016 for the year then ended 31st March, 2017, 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 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 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, upto the date of cessation of all subsidiary Companies 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 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 controlled entities as at 31st March, 2017, and their consolidated profit/loss and their consolidated cash flows for the period upto date of cessation during 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.3,40,350/- as at cessation date of 29th August, 2016 during the year ended 31st March, 2017 and total loss of Rs.86,400/- for the year ended on that date, as considered in the consolidated financial statements.

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 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, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies/ controlled companies incorporated in India, none of the directors of the Group companies is disqualified as on 31st March, 2017 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 possible impact of pending litigations on the consolidated financial position of the Group,— 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 incorporated in India.
 - iv. The Company has provided requisite disclosures in the financial statements as to holding as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management - Refer Note 29.15 to the financial statements.

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

M.T. Sreenivasa Rao
Proprietor
Membership No. 015635

Place: Kurnool
Date : 30th May, 2017

**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, 2017, 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 to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, 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, 2017, 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 : 30th May, 2017



CONSOLIDATED BALANCE SHEET AS AT 29th AUGUST, 2016 IN FINANCIAL YEAR 2016-17

Particulars	Note No.	As At 31st March 2017 (upto 29th Aug, 2016) Rs.	As At 31st March, 2016 Rs.
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	1	14,71,66,890	14,71,66,890
(b) Reserves and Surplus	2	1,81,78,61,955	1,88,77,47,179
(c) Money received against share warrants		0	0
		1,96,50,28,845	2,03,49,14,069
(2) Share application money pending allotment		0	0
(3) Non-current liabilities			
(a) Long-term borrowings	3	27,43,07,288	26,93,23,148
(b) Deferred tax liabilities (Net)	4	17,94,21,662	19,54,43,603
(c) Other Long term liabilities	5	95,19,105	1,01,19,105
(d) Long-term provisions	6	14,17,12,299	6,21,25,640
		60,49,60,353	53,70,11,496
(4) Current liabilities			
(a) Short-term borrowings	3	46,52,10,681	46,11,88,250
(b) Trade payables	7		
A. Total Outstandings to micro, small & medium enterprises		1,23,60,365	1,69,56,532
B. Total Outstanding to other than micro, small & medium enterprises		2,74,32,857	21,91,77,447
(c) Other current liabilities	8	10,04,41,748	22,01,12,943
(d) Short-term provisions	9	22,46,09,312	23,47,97,130
		83,00,54,963	1,15,22,32,302
TOTAL		3,40,00,44,161	0 3,72,41,57,867
II ASSETS			
(1) Non-current Assets:			
(a) Fixed Assets	10		
(i) Tangible Assets		1,87,47,18,736	1,94,65,72,403
(ii) Intangible Assets		0	0
(iii) Capital work-in-progress		0	1,85,45,181
(iv) Intangible assets under development		0	0
		1,87,47,18,736	1,96,51,17,584
(b) Non-current investments	11	23,34,85,430	39,06,30,436
(c) Deferred tax assets(net)		0	0
(d) Long-term loans and advances	12	14,65,54,594	18,12,09,220
(e) Other non-current assets		0	0
(2) Current Assets:			
(a) Current investments	13	0	0
(b) Inventories	14	12,16,47,168	22,15,81,550
(c) Trade receivables	15	52,51,68,459	53,37,70,415
(d) Cash and Cash equivalents	16	7,59,04,192	5,79,88,123
(e) Short term loans and advances	17	32,10,18,731	25,06,45,718
(f) Other current assets	18	10,15,46,851	12,32,14,821
		1,14,52,85,401	1,18,72,00,627
TOTAL		3,44,02,94,931	3,72,41,57,867
Contingent liabilities	19		
Significant Accounting Policies and Notes to Accounts	29		

Notes 1 to 20 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 : 30th May, 2017

For and on behalf of the Board

Sd/-

T.G.Bharath

Chairman & Managing Director

Sd/-

S. Ifthekhar Ahmed

Place : Kurnool

Date : 30th May, 2017

Chief Financial Officer

Sd/-

D. Sai Leela

Director

Sd/-

V.Surekha

Company Secretary

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 29TH AUGUST, 2016 DURING YEAR ENDED 31ST MARCH, 2017

Particulars	Note No.	Year ended 31st March, 2017	Year Ended
		(Upto 29th Aug, 2016) Rs.	31st March, 2016 Rs.
Incomes:			
I Revenue from Operations (Gross)	20	1,68,29,70,904	3,81,06,37,400
Less : Excise Duty		<u>4,00,93,827</u>	<u>17,60,18,853</u>
Revenue from Operations (Net)		1,64,28,77,077	3,63,46,18,547
II Other Income	21		
a) Profit on sale of investment in subsidiary company		10,050	-
b) Other Income		<u>36,76,978</u>	<u>3,52,66,770</u>
III Total Revenue (I+II)		1,64,65,64,105	3,66,98,85,317
IV Expenses:			
a) Cost of materials consumed	22	87,13,99,359	2,18,55,34,815
b) Purchases of Stock-in-Trade		0	1,07,575
c) Changes in inventories of finished goods work-in-progress and stock in trade	23	3,47,88,361	2,54,84,979
d) Employee benefits expenses	24	4,74,43,633	1,23,256,754
e) Finance costs	25	2,49,49,147	93,526,515
f) Depreciation and amortization expense	10	10,35,14,210	97,168,428
g) Other expenses	26	<u>47,80,53,927</u>	<u>8,76,818,602</u>
Total Expenses		1,56,01,48,636	34,01,897,668
V Profit before exceptional, tax, minority interest & share of profit/loss in associate companies (III—V)		8,64,15,469	26,79,87,649
VI Exceptional Items	27	0	1,32,51,089
VII Profit before tax, minority interest & share of profit/loss in associate companies (V-VI)		8,64,15,469	25,47,36,560
VIII Less: Tax Expenses			
(a) Current tax		1,51,01,259	5,36,15,130
Less MAT Recognition		0	-70,78,835
Net Current Tax		1,51,01,259	4,65,36,295
(b) Earlier year tax adjustments		0	87,26,734
(c) Deferred tax		<u>-1,60,21,941</u>	<u>1,26,20,041</u>
Net Tax Expenses		-9,20,682	6,78,83,070
IX Profit after tax, but minority interest & share of profit/loss in associate companies (VII-VIII)		8,73,36,151	18,68,53,490
X. Monitory Interest		0	0
XI. Sharing Profit or Loss of Associate		0	6,36,45,006
XII. Net Profit for the period (IX + X + XI)		8,73,36,151	25,04,98,496
XII. Earnings per equity share: face value of Rs. 10/- each			
(a) Basic		5.93	17.02
(b) Diluted		5.93	17.02
(c) Face Value		10.00	10.00
Notes to statement of profit and loss	28		
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 : 30th May, 2017

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

SREE RAYALASEEMA HI-STRENGTH HYPO LIMITED


CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 29TH AUGUST, 2016 DURING YEAR ENDED 31ST MARCH, 2017
Rs. in Lakhs

Particulars	Year ended 31st March 2017 (Upto 29th Aug, 2016)	Year Ended 31st March, 2016
A Cash Flow From Operating Activities		
Net Profit before Tax and extraordinary items	8,64,15,469	31,83,81,506
Add:	0	0
Depreciation	10,35,14,210	9,71,68,428
Interest Paid	1,98,88,825	9,35,26,515
Interest Received	0	-53,66,509
Loss on sale of assets & Loss on exchange	0	1,24,235
Operating Profit before Working capital changes	<u>20,98,18,504</u>	<u>50,38,34,175</u>
Adjustments for:		
Trade and Other receivables	-4,01,03,087	-7,91,38,430
Inventories	9,99,34,382	2,63,85,405
Change sin short term provision and other current liability	-12,98,59,013	
Trade payable	-19,63,40,757	-83743058
	<u>-26,63,68,475</u>	<u>-13,64,96,083</u>
Cash generated from operations	<u>-5,65,49,971</u>	<u>36,73,38,091</u>
Interest Paid	-1,98,88,825	-9,35,26,515
Interest Received	0	53,66,509
Direct Taxes	9,20,682	-6,78,83,070
Cash Flow From Operating Activities	<u>-7,55,18,114</u>	<u>21,12,95,015</u>
Net Cash Flow From Operating Activities	<u>-7,55,18,114</u>	<u>21,12,95,015</u>
B Cash Flow From Investing Activities		
Purchase/Sales of Fixed Assets	-1,31,91,731	-6,80,67,339
Purchase/Sales of Investments	0	-2,64,85,000
Net cash used in Investing Activities	<u>-1,31,91,731</u>	<u>-9,45,52,339</u>
C Cash Flow From Financing Activities		
Proceeds from long term borrowings	43,84,140	-10,59,02,223
Decrease in long term provisions	11,42,41,285	
Changes in cash credit	40,22,431	
Deferred Tax Liability	-1,60,21,941	1,26,20,041
Dividend Paid	0	-2,65,88,345
Net cash used in Financing Activities	<u>10,66,25,914</u>	<u>-11,98,70,527</u>
Net increase in cash & cash equivalents (A+B+C)	<u>1,79,16,069</u>	<u>-31,27,850</u>
Cash & Cash equivalents as at 01-04-2016(op.B/s)	5,79,88,123	6,11,15,974
Cash & Cash equivalents as at 29-08-2016(cl.B/s)	7,59,04,192	5,79,88,123
Cash and Bank balances As per Balance sheet	7,59,04,192	5,79,88,123

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 : 30th May, 2017

For and on behalf of the Board

Sd/-

T.G.Bharath

Chairman & Managing Director

Sd/-

D. Sai Leela

Director

Sd/-

S. Ifthekhar Ahmed

Place : Kurnool

Date : 30th May, 2017

Chief Financial Officer

Sd/-

V.Surekha

Company Secretary



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)

Particulars	As At 29th August, 2016 Rs.	As At 31-03-2016 Rs.
1 Share Capital (item I (1) (a) of Balance Sheet)		
1.1 Equity Share Capital		
a) Authorised:		
4,90,00,000 (Previous year 4,90,00,000)		
Equity shares of Rs.10/- each	49,00,00,000	49,00,00,000
b) Issued, subscribed and paid-up		
1,47,16,689 - (Previous Year : 1,47,16,689) Equity shares of Rs.10/- each fully paid-up	14,71,66,890	14,71,66,890
1.2 Reconciliation of number of shares outstanding		
Equity shares	No. of shares	No. of shares
At the beginning of the year*	1,47,16,689	1,47,16,689
Add: Issued during the year	0	0
Total	1,47,16,689	1,47,16,689
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

Name of the Shareholder	As At 29th Aug, 2016		As At 31-03-2016	
	%	No. of shares	%	No. of shares
Gowri Gopal Hospitals Pvt Ltd	17.63	25,94,573	17.63	25,94,573
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

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

- 1.5 The Company has Four wholly owned Subsidiaries for which parent, subsidiary relation ceased from 29/08/2016 and three are no Holding Companies.
- 1.6 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
- 1.7 **Utilisation of issue proceeds :**
There are no Unutilised Proceeds of issue as at the close of the Financial period of consolidation.

Particulars	As At 29th Aug, 2016 during the year 2016-17 Rs.		As At 31st March, 2016 Rs.	
2 Reserves and Surplus (Item I (1) (b) of Balance sheet)				
2.1 Capital Reserve				
(a) Central/Capital Subsidy				
Balance as per last Balance Sheet	58,20,690		58,20,690	
Add : Additions during the period	0	58,20,690	0	58,20,690
(b) Securities Premium Reserve				
Balance as per last balance sheet	8,67,58,174		8,67,58,174	
Add: Additions during the period	0		0	
		8,67,58,174		8,67,58,174
2.2 General Reserve				
(a) General Reserve				
Balance as per last balance sheet	11,81,29,086		10,87,70,229	
De-recognition due to cessation of parent relations	-9,39,00,000		0	
Transfer from Profit and loss account	0		93,58,857	
		2,42,29,086		11,81,29,086
(b) Amalgamation Reserve				
Balance as per Last Balance Sheet		24,28,66,501		24,28,66,501
(c) Surplus i.e. balance in statement of Profit and Loss				
Balance as per last balance sheet	1,43,41,72,728		1,21,96,21,434	
De-recognition of reserves in earlier years due to cessation of parent relations	-6,33,21,375			
Transferred to General Reserve	0		-93,58,857	
Difference in Dividend of last year	0		-19,353	
Proposed Dividend	0		-2,20,75,034	
Dividend distribution tax	0		-44,93,958	
Add: Profit for the period	8,73,36,151		25,04,98,496	
		1,45,81,87,504		1,43,41,72,728
Total		1,81,78,61,955		1,88,77,47,179
3 Borrowings (item I (3) (a) of Balance sheet)				
	Long term	Short term	Long term	Short term
3.1 Secured				
(a) Term loans from banks	24,52,83,755	4,85,87,569	23,11,31,360	11,59,14,514
(b) Term loans for vehicles from bank	1,73,99,158	39,69,391	1,65,92,413	38,41,533
(c) Loans repayable on demand from banks		46,52,10,681	0	46,11,88,250
Total	26,26,82,913	51,77,67,641	24,77,23,773	58,09,44,297



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)

3.2 Unsecured

(a) Security deposits from customers	1,16,24,375	0	2,15,99,375	0
Total	1,16,24,375	0	2,15,99,375	0
Total	27,43,07,288	51,77,67,641	26,93,23,148	58,09,44,297

3.3 Disclosure in Balance sheet

a) Long Term Borrowings (item I (3) (a) of Balance sheet)	27,43,07,288		26,93,23,148	
b) Short term borrowings under current liabilities (item I (4) (a) of Balance sheet)		46,52,10,681		46,11,88,250
c) Current maturities under other current liabilities		5,25,56,960		11,97,56,047
Total	27,43,07,288	51,77,67,641	26,93,23,148	58,09,44,297

3.4 Additional information on borrowings

1. Security

- The term loan from banks are secured by exclusive charge on specific fixed assets.
- 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.
- 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.
- 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 29th August, 2016 in payment of interest and repayment of loans.

Additional Information on Borrowing (Contd.,)

3. Repayments

Term of repayment	As at	As at
	29.08.2016	31.03.2016
	Outstanding	Outstanding
A. Term Loans	Rs.	Rs.
(a) Monthly instalment of Rs. 39,50,000/- payable up to Feb,2020	23,00,95,175	25,28,92,507
(b) Monthly instalment of Rs. 4,59,630/- payable up to Mar,2020	1,62,72,781	1,77,83,194
(c) Monthly instalment of Rs. 74,460/- payable up to Oct,2019	23,44,182	25,91,749
(d) Monthly instalment of Rs. 53,860/- payable up to Sep,2019	16,58,773	18,39,646
(e) Monthly instalment of Rs. 4,56,215/- payable up to Sep,2019	1,40,50,456	1,55,82,506
(f) Monthly instalment of Rs. 64,812/- payable up to May,2016	0	1,27,858
B. Vehicle loans		
(a) Monthly instalment of Rs. 65,420/- payable up to Nov,2017	9,12,896	11,90,453
(b) Monthly instalment of Rs. 72,256/- payable up to Feb,2021	32,04,912	33,87,712
(c) Monthly instalment of Rs. 200,520/- payable up to Jul,2021	94,54,164	94,99,685
(d) Monthly instalment of Rs. 20,580/- payable up to Apr,2020	7,52,159	8,21,155
(e) Monthly instalment of Rs. 17,951/- payable up to Aug,2021	7,16,269	7,73,948
(f) Monthly instalment of Rs. 21,021/- payable up to Sep,2021	8,52,492	9,19,461
(g) Monthly instalment of Rs. 2,45,111/- payable up to Feb,2020	89,56,007	0



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)

Particulars	As At 29.08.2016 Rs.	As At 31.03.2016 Rs.
4. Deferred tax liability (item I (3) (b) of Balance sheet)		
Deferred tax liability	19,54,43,603	18,28,23,562
Less : Deferred tax liability	-1,60,21,941	1,26,20,041
Net Deferred tax liability	<u>17,94,21,662</u>	<u>19,54,43,603</u>
5. Other long-term liabilities (item I (3) (c) of Balance sheet)		
Inter Corporate Loans & Advances - related party	0	600,000
Trade payables for capital assets	95,19,105	95,19,105
Amounts due to micro, small and medium enterprises (Refer No. 29.5)	0	0
	<u>95,19,105</u>	<u>1,01,19,105</u>
6. Long-term provisions (item I (3) (d) of Balance sheet)		
Outstanding liabilities group	13,58,11,095	5,62,24,436
Gratuity provision	59,01,204	59,01,204
	<u>14,17,12,299</u>	<u>6,21,25,640</u>
CURRENT LIABILITIES		
7 Trade Payables (item I (4) (b) of Balance sheet)		
Sundry creditors-Acceptances	5,88,690	5,98,23,151
Sundry creditors-Trade-others(see note 29.4)	2,68,44,167	15,93,54,296
Sundry creditors - Trade- msmed	1,23,60,365	1,69,58,532
	<u>3,97,93,222</u>	<u>23,61,33,979</u>
(LCs are fully secured charge on current assets)		
OTHER CURRENT LIABILITIES		
8. Other current liabilities (item I (4) (c) of Balance sheet)		
Secured		
(a) Current maturities of long term borrowings	5,25,56,960	11,97,56,047
(b) Interest accrued on loans	0	0
Unsecured		
(a) Advances from customers	0	5,58,25,377
(b) Un paid dividend	46,73,073	46,73,073
(c) Other liabilities	4,32,11,717	3,98,58,446
	<u>10,04,41,748</u>	<u>22,01,12,943</u>
Notes: Unclaimed dividends do not include any amounts due and outstanding as on date of Balance sheet to be credited to Investor Education Protection Fund		
9. Short-term provisions (item I (4) (d) of Balance sheet)		
Employee benefits	65,06,460	52,26,545
Provision for Income Tax	21,81,02,852	20,30,01,593
Proposed Dividend	0	2,20,75,034
Dividend Tax payable	0	44,93,958
	<u>22,46,09,312</u>	<u>23,47,97,130</u>



Note to Accounts - Balance Sheet (Contd..)

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

Schedule 10

Fixed Assets

Amount in Rs.

Particulars	Gross Block			Depreciation			Net Block		
	Cost As At 01.04.2016	Additions	Deductions	Total Upto 29.08.2016	For the Period	Deductions	Total Upto 29.08.2016	As at 29.08.2016	As at 31.03.2016
Land	26,32,43,445	31,35,310		26,63,78,755			26,63,78,755	26,32,43,445	
Factory Buildings	39,04,72,655			39,04,72,655	8,59,58,060	2,01,37,512	10,60,95,572	28,43,77,083	30,45,14,995
Plant and Machinery	1,54,55,98,288	1,85,45,182		1,56,41,43,470	62,52,47,893	6,83,91,322	69,36,39,815	87,05,03,655	92,03,50,395
Plant & Machinery-WEG	74,07,71,628			74,07,71,628	31,25,41,655	1,20,86,122	32,46,27,777	41,61,49,851	42,82,29,973
Furniture and Fixtures	51,81,087			51,81,087	29,82,660	1,26,482	31,08,142	20,71,945	21,98,427
Office Equipment	2,39,17,437			2,39,17,437	2,33,53,539	18,127	2,33,71,666	5,45,771	5,63,898
Other Equipment	27,49,062			27,49,062	23,22,388	88,890	24,11,278	3,37,784	4,26,674
Vehicles	4,96,26,084	99,80,052		5,96,06,136	2,25,81,089	26,65,155	2,52,46,244	3,43,59,892	2,70,44,995
Total	3,02,15,59,696	3,16,60,544	0	3,05,32,20,230	1,07,49,87,283	10,35,14,210	1,17,85,01,493	1,87,47,18,736	1,94,65,72,403
Capital Work-in-progress									
Civil Work-in-progress	0	0	0	0	0	0	0	0	0
Machinery under erection	1,85,45,181		1,85,45,181	0	0	0	0	0	1,85,45,181
Total	1,85,45,181	0	1,85,45,181	0	0	0	0	0	1,85,45,181
Grand Total	3,04,01,04,867	3,16,60,544	1,85,45,181	3,05,32,20,230	1,07,49,87,283	10,35,14,210	1,17,85,01,493	1,87,47,18,736	1,96,51,17,594
Previous Year	2,97,83,63,589	12,03,92,352	5,86,51,074	3,04,01,04,867	98,40,20,680	9,71,68,427	62,01,824	1,07,49,87,283	1,96,51,17,594

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.
- 2) As described in note No. 30.4 (b), the company revised the useful life of properties, plant and equipment at the end of each reporting period. During the current year the directors determined that the useful lives of certain items of equipment should be shortened due to developments in technology and higher wear and tear than expected.



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)

Particulars	As At 29-08-2016 Rs.	As At 31-03-2016 Rs.
11 Non current investments (at cost unless otherwise specified) (item II (1) (b) of Balance sheet)		
A. Investments in equity shares		
a Quoted - Fully paid up		
Sree Rayalaseema Alkalies and Allied Chemicals Ltd (Associate)	19,32,48,989	35,07,93,995
2,05,44,496 (Previous year 2,05,44,496)Equity shares of Rs10/- each (after derecognition of reserves and profits due to cessation of parent relation) (15,000 shares pledged as security)*		
Non - Trade		
The South Indian Bank Ltd	7,05,675	7,05,675
5,30,250 (Previous year 5,30,250)Equity shares of Rs.1/- each (3,18,000 shares pledged as security)*		
Roopa Industries Ltd	41,17,150	41,17,150
13,72,455 (Prevoius year 13,72,455)Equity shares of Rs.10/- each)		
Kabson Industries Ltd	43,935	43,935
10,100 (Previous year 10,100) Equity shares of Rs.10/- each)		
Karnataka Bank Ltd	2,59,691	2,59,691
3,700 (Previous year 3,700) Equity shares of Rs.10/- each) (3,700 shares pledged as security)*		
Lotus Chocolates Ltd	5,96,400	5,96,400
56,800 (Previous year 56,800) Equity shares of Rs.10/- each) (56,800 shares pledged as security)*		
NEPC Micon Ltd	750	750
200 (Previous year 200) Equity shares of Rs.10/- each)		
BNR Udyog Ltd	500	500
500 (Previous year 500)Equity shares of Rs.10/- each)		
Consom Biotech Ltd	270	270
300 (Previous year 300) Equity shares of Rs.10/- each)		
Neha International Ltd	2,890	2,890
1,700 (Previous year 1,700) Equity shares of Rs.10/- each)		
Indo Wind Energy Ltd	6,00,000	6,00,000
42,000 (Previous year 42,000) Equity shares of Rs.10/- each)		
b) Quoted - Partly paid up		
Non - Trade		
Surya Jyothi Spinning Mills Ltd	330	330
100 (Previous year 100) Eq.shares of Rs.10/- each) - paid Rs. 5/ per share		



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)

Particulars	As At 29-08-2016 Rs.	As At 31-03-2016 Rs.
B. Investments in preference shares		
Quoted - Fully paid up		
Trade		
Sree Rayalaseema Alkalies and Allied Chemicals Limited 59,06,504 (Previous year 59,06,504) Cumulative Redeemable Preference shares Rs.10/- each (15,000 shares pledged as security)	3,34,98,850	3,34,98,850
C. Investments in Govt securities		
National Saving Certificates (Deposited with Govt. Departments)	10,000	10,000
Total	<u>23,30,85,430</u>	<u>39,06,30,436</u>
Aggregate Book value of		
- Quoted Shares	23,30,75,430	39,06,20,436
- Unquoted Shares	10,000	10,000
Aggregate Market value of Quoted shares	46,71,98,205	41,90,77,277
12 Long term Loans and advances (item II (1) (d) of Balance sheet)		
Unsecured and considered good		
(a) Capital Advances	11,81,26,466	11,66,25,466
(b) Security Deposits	50,84,678	49,46,215
(c) Mat Credit entitlement	0	3,63,14,689
(d) Related deposits:		
To Related parties	2,29,88,500	2,29,88,500
To Others	3,54,950	3,34,350
Total	<u>14,65,54,594</u>	<u>18,12,09,220</u>
CURRENT ASSETS		
13 Current Investments	0	0
(Item II (2) (a) of Balance Sheet)	<u>0</u>	<u>0</u>
14 Inventories (item II (2) (b) of Balance sheet)		
(a) Raw Materials	4,27,14,337	4,12,46,372
(b) Work-in-progress	7,7,52,918	1,78,17,177
(c) Finished Goods	5,95,16,332	8,42,40,434
(d) Stores and spares, Chemicals, fuel and packing materials	1,16,63,582	5,92,46,324
(e) Good in transit	0	1,90,31,244
TOTAL	<u>12,16,47,168</u>	<u>22,15,81,550</u>
15 Trade receivables (item II (2) (c) of Balance sheet)		
Unsecured and considered good		
(a) Trade Receivables outstanding for a period exceeding six months from the date due for payment	4,61,96,218	4,78,02,607
(b) Others	47,89,72,241	48,59,67,808
	<u>52,51,68,459</u>	<u>53,37,70,415</u>



NOTE TO ACCOUNTS - BALANCE SHEET (CONTD..)

Particulars	As At 29-08-2016 Rs.	As At 31-03-2016 Rs.
16 Cash and cash equivalents		
(item II (2) (d) of Balance sheet)		
(a) Cash on hand	4,52,122	10,82,937
(b) Balances with banks in current accounts	2,45,87,610	60,40,727
(c) Balances with banks earmarked for unpaid dividends	46,73,073	46,73,073
(c) Deposit with banks under lien as margin	4,61,91,386	4,61,91,386
	<u>7,59,04,192</u>	<u>5,79,88,123</u>
17 Short term loans and advances		
(item II (2) (e) of Balance sheet)		
Unsecured and considered good		
(a) Advance to related parties		
(i) Inter corporate loans and advances	10,70,95,824	4,36,20,307
(b) Advances to others		
(i) Advance to Suppliers	0	32,340
(ii) Advance to Employees	1,33,58,096	72,49,242
(iii) Prepaid Insurance and other Expenses	3,63,910	38,86,915
(iv) Insurance claim receivable	11,49,871	1,31,26,854
(v) Export incentives receivable-DEPB,FMS and Target plus.	83,93,978	1,53,79,038
(vi) Advance Income tax and TDS	14,63,99,503	12,53,91,169
(vii) Other Deposits	14,04,274	16,10,548
(viii) Short term advances	4,28,53,275	4,03,49,305
	<u>32,10,18,731</u>	<u>25,06,45,718</u>
18 Other current assets		
(item II (2) (f) of Balance sheet)		
Other current assets	10,15,46,851	12,32,14,821
	<u>10,15,46,851</u>	<u>12,32,14,821</u>
19 Contingent liabilities and Commitments		
Contingent liabilities: (to the extent not provided for)		
a) Claims against company not acknowledged as debts	1,88,40,494	4,28,38,373
b) Guarantees outstanding	0	0
c) Other money for which company is contingently liable	3,65,786	3,65,786
Commitments :		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	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	0	14,79,23,602
3) Unexpired Bank Guarantees provided by the Coy.	0	3,14,89,505
4) Unexpired Letters of Credit established by the Coy.	0	14,51,37,502



NOTE TO ACCOUNTS - PROFIT AND LOSS STATEMENT

Particulars	As At 29-08-2016 Rs.	As At 31-03-2016 Rs.
20 Revenue from Operation (item I of Statement of Profit and Loss)		
Sale of Manufactured Products (Net of Returns / Reversals)	15,95,917,536	34,75,838,107
Sale of Energy	7,76,82,838	2,99,380,168
Other operating revenues : Sale of Scrap	18,77,444	76,55,637
Export Incentives	74,93,086	2,77,63,488
	<u>93,70,530</u>	<u>3,54,19,125</u>
TOTAL	<u>1,68,29,70,904</u>	<u>3,81,06,37,400</u>
21 Other Incomes (item II of Statement of Profit and Loss)		
Interest on Bank & other deposits	0	53,66,509
Lease Rent Receipts	30,48,103	1,28,15,024
Profit on sale of investment in subsidiaries	10,050	0
Other non operating Incomes	6,28,875	1,70,85,237
TOTAL	<u>36,87,028</u>	<u>3,52,66,770</u>
Note on Dividend : Accumulated dividend of Rs. 2,767 on cumulative preference share is not accounted pending declaration and payment by the investor company		
22 Cost of material consumed (item IV (a) of Statement of Profit and Loss)		
Opening stock of Raw Material	4,12,46,372	8,06,16,510
Add: Purchase of Raw Material	73,01,73,588	1,84,72,18,295
Less: Closing stock of Raw Material	-4,27,14,337	-4,12,46,372
Raw Materials Consumed	72,87,05,623	1,88,65,88,433
Stores, Spares, Chemicals & Packing Materials Consumed	14,26,93,737	29,89,46,382
TOTAL	<u>87,13,99,359</u>	<u>2,18,55,34,815</u>
23 Change in inventories of Work in process & Stock in Trade (item IV (c) of Statement of Profit and Loss)		
Closing stock		
a Finished goods	5,95,16,332	8,42,40,434
b Stock-in-process	77,52,918	1,78,17,177
TOTAL	<u>6,72,69,250</u>	<u>10,20,57,611</u>
Opening stock		
a Finished goods	8,42,40,434	10,87,91,995
b Stock-in-process	1,78,17,177	1,87,50,595
TOTAL	<u>10,20,57,611</u>	<u>12,75,42,590</u>
Net increase or decrease in stock	<u>-3,47,88,361</u>	<u>-2,54,84,979</u>
24 Employee benefits expenses (item IV (d) of Statement of Profit and Loss)		
Salaries, Wages, Bonus and Allowances	3,90,35,067	9,68,03,195
Contribution to ESI and Provident Fund	16,70,587	52,95,080
Contribution of Gratuity	7,42,307	26,42,072
Staff Welfare expenses	59,95,672	1,85,16,407
Total	<u>4,74,43,633</u>	<u>12,32,56,754</u>



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

Particulars	Year ended 31-03-2017 Rs.	Year ended 31-03-2016 Rs.
25 Finance cost (item IV (e) of Statement of Profit and Loss)		
Interest expenses		
On Term Loans	1,70,33,940	7,12,93,318
On Working capital limits	40,73,703	1,29,80,075
On others	38,41,504	92,53,122
	<u>2,49,49,147</u>	<u>9,35,26,515</u>
26 Other expenses (item IV (g) of Statement of Profit and Loss)		
Repairs & Maintenance		
a) Buildings	2,82,68,039	7,36,80,051
b) Plant & Machinery	3,45,95,265	9,27,05,625
c) Others	36,75,570	1,12,41,657
	<u>6,65,38,873</u>	<u>1,77,627,333</u>
Insurance	75,05,209	16,360,725
Rents	64,06,590	14,370,090
Rates & Taxes		7,76,037
Travelling and conveyance	32,80,852	1,64,44,134
Printing and stationery	5,20,196	13,33,288
Postage Telegrams and Telephones	14,32,090	51,66,722
Freight outward & Incidental Expenses		
Ocean Freight	21,29,53,085	26,14,37,465
Container freight	2,37,32,990	8,66,07,584
Clearing and forwarding Charges	40,45,489	1,40,01,523
Freight on Sales	35,07,480	1,22,80,943
	<u>24,42,39,044</u>	<u>37,43,27,515</u>
Discounts and Commission on sales	23,32,381	1,59,28,873
Advertisement	5,76,163	2,03,317
Fee and Expenses	37,92,282	1,33,91,697
Bank Charges	70,97,925	1,87,78,533
Security & other Service Charges	1,68,08,646	5,52,86,945
Legal Expenses	5,67,220	20,31,660
Power and Fuel	3,15,02,251	67,61,793
Other Expenses	2,51,04,301	7,34,23,084
Donations	56,700	1,97,169
Directors sitting fee	17,000	1,38,000
Remuneration to Managing Director	50,00,000	1,20,00,000
Audit fees & Expenses	1,55,629	3,73,510
Cost Audit Fees	16,667	40,000
Secraterial Audit Fees	25,000	60,000
Shortages & Price differences	5,06,64,824	6,08,51,603
Other Selling expenses	28,56,946	72,09,444
Excise duty (Refer Note below)	15,57,138	37,37,130
	<u>47,80,53,927</u>	<u>87,68,18,602</u>
(Note) Excise duty represents difference in duty liability on opening and closing stock of finished goods.)		
27 Exceptional items (item VI of Statement of Profit and Loss)		
Loss due to fire	0	1,31,26,854
Profit on sale of investments/Assets (Net)	0	1,24,235
	<u>0</u>	<u>1,32,51,089</u>
		<u>1,32,51,089</u>



28. Additional Notes to statement of profit and loss:

28.1 Details of raw materials and traded goods

a) Raw Material consumed

(Amount in Rs.)

Year		Up to 29th Aug, 2016		2015-16	
Particulars	Unit	Qty	Rs. In lakhs	Qty	Rs. In lakhs
Caustic Soda Lye	MTs	6426.23	1,767.21	13219	3,569.98
Chlorine	MTs	19769.85	468.55	37789	716.06
H2 Gas	Cum	1492729	407.12	3574710	1,066.24
Acetic Acid	MTs	1175.80	411.53	3116	122.87
Hydrated Lime	MTs	11690.72	823.40	34158	3,110.63
Sulphur	MTs	8540.8	570.96	20223	1,906.91
Others			2,838.28		8,373.19
Grand Total			7,287.05		18,865.88

b) Goods Purchased - Trade

(Rs. In Lakhs)

	Up to 29th Aug, 2016	Year ended 31 st March 2016
Chemicals	0.00	1.08

28.2 Details of Work in progress

(Rs. In Lakhs)

	Up to 29th Aug, 2016	Year ended 31 st March 2016
Chemicals in process	77.53	178.17

28.3 a) Value of imports on CIF basis

(Rs. In Lakhs)

	Up to 29th Aug, 2016	Year ended 31 st March 2016
Raw materials	1,261.37	1,856.01
Plant and Machinery	48.33	36.13
Packing & Spares	2.65	20.80

b) Expenses incurred in foreign currency

(Rs. In Lakhs)

Particulars	Up to 29th Aug, 2016	Year ended 31 st March 2016
Travelling Expenses	0.00	0.00
Overseas Sales commission	18.38	63.37
Freight/Demurrages	1,086.85	2,472.15
Machinery and spares	50.98	65.50
Advertisement	0.00	11.40
Printing and stationery	0.46	0.54
Subscriptions	0.47	1.00



c) Raw Material Consumed

(Rs. In Lakhs)

Particulars	Up to 29th Aug, 2016		2015-2016	
	Value	%	Value	%
Imported	1,031.86	14.16	1,856.01	9.84
Indigenous	6,255.19	85.84	17,009.88	90.16
Total	7,287.05	100	18,865.89	100.00

d) Dividends remitted in Foreign Currency

Up to 29th Aug, 2016

2015-2016

i) Total number of shares held by non-residents	502027	5,02,027
ii) Year to which the dividend is related	2015-16	2014-15
iii) Amount of dividend	#	7,53,360
iii) No. of non resident share holders	#	1,861

e) Earnings in foreign exchange

(Rs. In Lakhs)

Particulars	Up to 29th Aug, 2016	Year ended 31 st March 2016
FOB value of exports	8,012.69	15,461.32



29. Notes forming part of financial statements:

29.1 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.

29.2 Principles of consolidation

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.

The results of operations of subsidiary companies with which principal and subsidiary relationship ceases to exist are included in consolidated statement of profit and loss up to the date of cessation of relationship. The difference between proceeds from disposal of investments in subsidiary companies and the carrying amount of its assets and liabilities as on the date of disposal are recognized.

Investment in Associate:

Incase of Associate, where the Company holds more than 20% of equity, investments in associate are accounted under equity method when significant influence exists. 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 investments in associate are not accounted as in equity method for consolidated financial statements if the company does not exercise control or significant influence but investment are accounted and disclosed in consolidated financial statements as per Accounting Standard -13 Accounting for Investment in Associate.

**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 Consolidated Financial Statement as per Accounting Standard-13 (AS-13), Accounting for Investments

29.3 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.

29.4 Significant Accounting Policies**a) Property, Plant & Equipments**

- Property, plant and Equipments are stated at cost, the company has adopted cost method to measure the gross carrying amount of asset. Cost of asset includes acquisition and installation expenses which are directly attributable for bringing the asset into working condition for its intended use.
- 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 01st 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 01st 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.
- Depreciation is recognized so as to write off the cost of assets less than residual value over their useful lives using straight line method.



- The estimated useful lives, residual value and depreciation are reviewed at the end of each reporting period with the effect of any changes in estimate useful lives are accounted for on a prospective basis

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 by Guidance Note on Modvat Accounting issued by the Institute of Chartered Accountants of India.

The difference in excise duty liability on opening and closing stocks of finished goods is 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 DEPB (Duty Entitlement Pass Book), Focus Market Scheme. 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) Leases:

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

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

q) Material events occurring after the Balance Sheet date are taken into recognizance.

29.5 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 29th Aug 2016 and remaining unpaid to any Micro, Small and Medium Enterprises is Rs.1,23,60,365/- and the said amounts are due for less than 45 days as on 29th Aug 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.


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

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

29.7 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:

	2016-17 up to 29th Aug, 2016	2015-16
Employers contribution to Provident fund	Rs. 12.38 lakhs	Rs. 35.87 lakhs

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 31-03-2017. 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 31-03-2017. The disclosures in respected 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 31-03-2017

	Gratuity	
	Funded (Rs. in lakhs)	Unfunded (Rs. in lakhs)
Present value of defined obligation at Beginning of year	91.26	57.20
	80.82	45.55
	(70.54)	(45.26)
Current service cost	12.15	0.00
	(10.44)	(0.00)
Interest cost	7.30	4.59
	(6.47)	(3.65)
Net actuarial (gain)/loss on obligations	-1.69	-3.15
	(4.04)	(-7.90)
Present value of define benefit obligation at the end of year	103.41	64.94
	(91.26)	(57.20)


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

Opening fair value of plan assets	89.45	00.00
	(80.82)	(00.00)
Expected return on plan assets	7.78	00.00
	(7.59)	(0.00)
Contribution	15.59	00.00
	(12.28)	(0.00)
Benefits paid	-5.61	00.00
	(-10.51)	(00.00)
Actuarial valuation (gain)/loss on plan assets	7.78	00.00
	(-0.73)	(00.00)
Closing fair value of plan assets	99.43	00.00
	(89.45)	(00.00)

III. Assets recognized in Balance Sheet

Present value of liability	103.41	64.94
	(91.26)	(57.20)
Fair value and plan assets	99.43	0.00
	(-89.45)	(0.00)
Net liability	3.98	64.94
	(1.81)	(57.20)

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

Current service cost	12.15	0.00
	(10.44)	(0.00)
Interest on define benefit obligation	7.30	4.59
	(6.47)	(3.65)
Expected return as plan assets	-7.78	0.00
	(-7.59)	(0.00)
Past service cost	0.00	0.00
	(0.00)	(0.00)
Net actuarial loss/gain	6.09	3.15
	(3.32)	(7.90)

V. Movement in Net liability

Net liability at the beginning of the year	91.26	57.20
	(80.82)	(45.65)
Expenses	17.76	7.74
	(12.63)	(11.55)
Net liability at the close of the year	93.43	64.94
	(81.17)	(57.10)

VI. Actuarial on plan assets

Expected return on plan assets	7.78	0.00
	(7.59)	(0.00)
Actuarial gain / loss	7.78	0.00
	(0.73)	(0.00)
Actual return on plan assets	15.56	0.00
	(6.86)	0.00

(Expenses in brackets indicate corresponding figures for previous year)

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 41.55years.
- 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: 11.62 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.)	7.75%
c) Salary escalation rate(p.a.)	7.00%

29.8 Disclosure under AS-17 Segment reporting

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

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

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

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

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

Segment information for the period ended 29th August, 2016. Information about primary Business Segment.

S.No.	Particulars	Period Ended 29.08.2016	Year Ended 31.03.2016
1.	Segment Revenue		
	a) Chemicals	15,466.17	33,503.14
	b) Power generation	2,212.96	6,469.11
	c) unallocated	36.87	130.39
		<u>17,716.00</u>	<u>40,102.64</u>
	Less: Intersegment revenue	1,250.36	3,403.78
		<u>16,465.64</u>	<u>36,698.86</u>
2.	Segment Results (Profit before tax and finance cost)		
	a) Chemicals	695.52	2,477.52
	b) Wind Power	381.55	877.96
	c) unallocated	36.57	130.39
	Total	<u>1,113.64</u>	<u>3,485.87</u>
3.	Interest (Net)	249.49	935.27
4.	Other unallocated expenses net of unallocated income	0.00	0.00
5.	Profit before tax	864.15	2,550.60
6.	Segment Assets		
	a) Chemicals	20,963.98	20,380.37
	b) Power generation	9,079.28	11,011.52
	c) Others	3,957.18	3,942.67
	Total	<u>34,000.44</u>	<u>35,334.56</u>
7.	Segment Liabilities,		
	a) Chemicals	4,587.88	7,313.24
	b) Power generation	2,256.12	226.88
	c) Others	1,456.55	1,954.44
	Total	<u>8,300.55</u>	<u>9,494.55</u>

Segment information for the year ended 31st March, 2017, Information about secondary Business Segment. Revenue by Geographical Market :

In India	6,988.17	17,136.37
Out side India	9,477.47	19,562.49
Total	<u>16,465.64</u>	<u>36,698.86</u>



29.9 Disclosure under AS-18, Related Party Disclosures.

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

(A) Subsidiary companies up to 29th Aug, 2016

	<u>Transactions</u>
1. SRHHL Power Generation Private Limited	Yes
2. Sri Vibhu Infrastructure Development Private Limited	Yes
3. TGV Infrastructure & Industrial Parks Private Limited	Yes
4. Sri Vibhu Infrastructure Development Private Limited	Yes

(B) Enterprises on which Key Managerial Person has Significant Influence

<u>Name of the Related Party</u>	<u>Transactions</u>
• Sree Rayalaseema Alkalies and Allied Chemicals Ltd.,	Yes
• TGV Projects and investments private limited	Yes
• Sree Rayalaseema Galaxy projects private limited	Yes
• Gowri Gopal Hospital Pvt Limited	Yes
• Brilliant bio Pharma private limited	No
• Brilliant Industries Private limited	No
• Sree Guru raghavendra film exhibitors private limited	No
• Vasistha power projects limited	No
• Kurnool power projects limited	No
• TGV Securities Pvt.Ltd	No
• Vibhu Cement Pvt.Ltd	No
• Sree Maruthi AgroTech Ltd	No

(C) Key Managerial Person:

Name of the Related Party and Relationship

• Mr. T G Bharath	Chairman & Managing Director	Yes
• Smt. V. Surekha	Company Secretary	Yes
• Sri S Ifthekhar Ahmed	Chief Financial Officer	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

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

	Up to 29th Aug, 2016 Rs. in Lakhs	31.03.2016 Rs in Lakhs
(i) Transactions with Associate Companies		
(a) Goods/ Equipment sold	259.01	661.01
(b) Goods purchased	3,162.53	6965.58
(c) Rents paid	257.78	3.38
(d) Services Received	155.08	410.21
(ii) Transaction with key Managerial Person and relatives:		
Salary & allowances	142.02	130.80
Contribution to Provident Fund	0.73	1.00
Commission	0.00	0.00
Rents paid to relative of key managerial person	05.10	09.00
Rents deposit paid to relative of key managerial person	0.00	20.00



(E) Outstanding balances as on	Up to 29th Aug, 2016	31.03.2016
i) Subsidiaries		0.00
ii) Associate companies		
In current liabilities-Acceptances	0.00	1,595.27
In current liabilities-Sundry Creditors	0.00	134.10
In advance for investments	0.00	0.00
In loan and advances	1,070.96	435.33
iii) Key Managerial Personal		
Vehicle Loans	1.22	1.50
iv) Rents Deposit to relative of key managerial personnel	20.00	20.00

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 disclosure read with para 6 of General Instructions in Schedules III of the Companies Act, 2013.

29.10 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 31-03-2017 are given here under.

	2016-17	2015-16
	Rs.in Lakhs	Rs.in Lakhs
b. Future Lease rental payments		
(i) Not later than one year	163.95	143.02
(ii) Later than one year and not later than five years	655.80	535.17
(iii) Later than five years	0.00	0.00
c. Lease rentals receivables		
(i) Not later than one year	14.70	35.03
(ii) Later than one year and not later than 5 years	11.70	6.12
(iii) Later than five years	0.00	0.00
d. Lease payments recognized in the Profit and Loss account	64.06	138.98
e. Lease receipts recognized in the Profit and Loss account	30.48	127.20
f. General description of the leasing arrangement		
(i) Assets taken on Lease: Hydrogen Cylinders; Office premises and Factory land.		
(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.		

29.11 Particulars of consolidation and disclosures under AS 21 & AS 23

29.11.1 Investments in Subsidiaries

The Company had four wholly owned subsidiaries in last year and their financials are considered in consolidated financial statements of the company in last financial year.

During the current year the company has disposed of the entire share holdings in four wholly owned subsidiaries and the parent subsidiary relation ceased to exist with effect from 29th Aug, 2016 during current year. Hence consolidation of subsidiaries are considered for the proportionate period with that of parent company up to 29th Aug, 2016.

The four wholly owned subsidiaries have not commenced any business operations and hence not material in nature. Following are the particulars of four wholly owned subsidiaries.



Subsidiaries	Date of cessation
Indian	
SRHHL Power Generation Private Limited	29 th Aug,2016
Sri Vibhu Infrastructure Development Pvt. Limited	29 th Aug,2016
TGV Infrastructure & Industrial Parks Pvt Limited	29 th Aug,2016
SRHHL Infrastructure Private Limited	29 th Aug,2016

There are no other subsidiaries controlled by the company during the current year

29.112 Associate company

The company held 26% equity in an associate which was not considered for consolidation under AS 23, The share holding is expected to reduce to 23.40% as per corporate action in associate and is expected to reduce further and company also expected to make subsequent disposal in near future. However the position is reviewed and as per terms and conditions prevailing, the company ceases to have control or significant influence on associate. Hence the company ceased to account in investment in associate under equity method with effect from 1st Apr, 2016 and derecognize the share of profit that was recognised till date of discontinuation and from date of such discontinuance the carrying amount of investment are considered as costs and accounted there after in accordance with AS13, Investments.

29.113 Entities incorporated but operations not considered:

The company has not incorporated any subsidiary during the year that has not commenced any business, The four wholly owned subsidiaries incorporated have not commenced any business operations till they ceased to be subsidiaries.

29.114 Disinvestment of subsidiaries companies

- A) As explained in para 30.11.1 the only four subsidiaries companies that the company has controlled ceases to be subsidiaries from 29th Aug, 2016.
- B) In view of not exercising any control or significant influence. the company has not considered the associate for consolidation of Financial Statements and ceased to account the investment under equity method.

29.12 Disclosure under AS-20 Earnings per share.

a. Net Profit as per Profit and Loss Account available to equity share holders	Up to 29th Aug, 2016	31.03.2016
	8,73,36,151	18,71,77,140
b. No. of shares for computation of Earnings per share	1,47,16,689	1, 47,16,689
c. Earnings per share (Rs.) (Basic)	5.93	12.72

29.13 Disclosure under AS-22 Taxes on income.

Deferred tax liability:

The company has accounted for Deferred tax in accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountant of India and has charged the net profit and loss account with the deferred tax liability relating to the year net of Rs.1,60,21,941/-

I. Deferred Tax Liabilities:	Up to 29th Aug, 2016	2015-16
Depreciation differences	Nil	3,64,65,676
Others – preliminary exp.	0	0
II. Deferred Tax Assets:		
Depreciation differences	4,62,95,483	0
Others	Nil	0
Net Deferred Tax Liabilities	-4,62,95,483	3,64,65,676
Tax liability at current rates	-1,60,21,941	1,26,20,041



29.13 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	Up to 29th August, 2016				2015-16			
	Net Assets i.e. Total Assets - Total Liabilities		Share in Profit or Loss		Net Assets i.e. Total Assets - Total Liabilities		Share in Profit or Loss	
	As% of Conso licated Net Assets	Amount	As% of Conso licated Net Assets	Amount	As% of Conso licated Net Assets	Amount	As% of Conso licated Net Assets	Amount
Parent Sree Rayalaseema Hi-Strength Hypo Limited	99.99	1,96,50,46,481	99.92	8,74,22,551	99.99%	2,03,48,37,719	74.72%	18,71,77,110
Subsidiaries								
Indian :								
SRHHL Power Generation Private Limited	0.01	-7604	0.02	-21600	00.01%	13,990	-0.03%	-86,010
Sri Vibhu Infrastructure Development Private Limited	0.00	-7604	0.02	-21600	00.00%	13,990	-0.03%	-86,010
TGV Infrastructure & Industrial Parks Private Limited	0.00	-7604	0.02	-21600	00.00%	13,990	-0.03%	-86,010
SRHHL Infrastructure Private Limited	0.00	12700	0.02	-21600	00.00%	34,380	-0.03%	-65,620
Mimiry Interest in All Subsidiaries	0.00	-	-	-	00.00%	0	0.00%	0
Total	100.00%	1,96,50,28,845			100.00%	2,03,48,14,069		
Associates (Investment as per equity method)								
Indian :								
Sree Rayalaseema Alkalies & Allied Chemicals Limited						35,07,93,995	25.40%	6,36,45,005
Joint Ventures	Nil	Nil	Nil	Nil	Nil	0	0	0
Total			100%	8,73,36,151			100%	25,04,98,496

29.14 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.

29.15 Details of specified bank notes (SBN) held and transacted during the period from 8th Nov, 2016 to 30th Dec, 2016.

Particulars	SBN's	Other Denomination Notes	Total
Closing cash balance in hand as on 8th Nov, 2016	50,000	8,96,566	9,46,566
(+) Permitted receipts	0	26,93,990	26,93,990
(-) Permitted payments	0	18,98,559	18,98,559
(-) Amount deposited in Banks	50,000	0	50,000
Closing cash balance in hand as on 30th Dec, 2016.	0	16,91,997	16,91,997

29.16 Regrouped/ Rearranged/ Reclassified.

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

29.17 Rounding off

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

Signature to note 1 to 29

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 : 30th May, 2017

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



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 12th Annual General Meeting of the Company held at the Registered Office of the Company on Wednesday, the 27th September, 2017 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 12th Annual General Meeting on Wednesday, the 27th September, 2017 at 11.00 A.M.

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

Signature of Member / Proxy



If undelivered, please return to :

Sree Rayalaseema Hi-Strength Hypo Limited

T.G.V. Mansion, 6-2-1012, 4th Floor,

Above ICICI Bank, Khairatabad,

Hyderabad - 500 004.

Telangana State. India.