



Keerthi
Industries Limited
(Formerly known as Suvarna Cements Limited)

29th
Annual Report 2011-2012



Board of Directors

| | |
|-----------------------------|-----------------------|
| Sri. J.S.Rao | Managing Director |
| Sri. K.Harishchandra Prasad | Director |
| Sri. J.Sivaram Prasad | Director |
| Sri. E.Siva Sankaram | Director |
| Sri. Boddu Venkata Subbaiah | Director |
| Smt. J.Triveni | Executive Chairperson |

Committees of the Board :

Audit Committee

| | |
|-----------------------------|----------|
| Sri. E.Siva Sankaram | Chairman |
| Sri. K.Harishchandra Prasad | Member |
| Sri. Boddu Venkata Subbaiah | Member |

Remuneration Committee

| | |
|-----------------------------|----------|
| Sri. K.Harishchandra Prasad | Chairman |
| Sri. E.Siva Sankaram | Member |
| Sri. Boddu Venkata Subbaiah | Member |

Share Transfer & Investors' Grievance Committee

| | |
|--------------------------------|----------|
| 1. Sri. Boddu Venkata Subbaiah | Chairman |
| 2. Sri. J.S.Rao | Member |
| 3. Smt. J.Triveni | Member |

Registered Office & Factory (Cement Division)

Mellacheruvu (Village & Mandal), Nalgonda District
Andhra Pradesh - 508 246. Tel: 08683-226028.

Administrative Office & Factory (Electronic Division)

Plot No.40, I.D.A, Balanagar, Hyderabad-500 037.
Tel: 040-23076543, E-mail ID: keerthiltd@gmail.com

Bankers

Canara Bank
Andhra Bank
Indian Bank

Auditors

M/s. K.S.Rao & Co.,
Chartered Accountants
Hyderabad.

Cost Auditors (Cement)

M/s. Narasimha Murthy & Co.
Cost Accountants
Hyderabad.

Cost Auditors (Power)

M/s. BV Rao & Co.
Cost Accountants
Hyderabad.

Registrar & Share Transfer Agents

M/s. XL Softech systems Limited
3, Sagar Society, Road No.2, Banjara Hills,
Hyderabad – 500 034, Tel: 040-23545913,14

ISIN

INE145L01012



NOTICE

NOTICE is hereby given that the 29th Annual General Meeting of Shareholders of the Company will be held on Saturday the 29th September, 2012 at 11:00 AM at the Registered Office and Factory of the Company situated at Mellacheruvu (Village & Mandal), Nalgonda District-508246, Andhra Pradesh to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Balance Sheet as at 31st March, 2012 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri E Siva Sankaram, Director who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri J Sivarama Prasad, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To consider the appointment of M/s. K.S. Rao & Co, Chartered Accountants, as Auditors of the Company to hold the office till the conclusion of the next Annual General Meeting at such remuneration and terms as may be mutually agreed to between the Board of Directors and the Auditor

SPECIAL BUSINESS:

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

“RESOLVED THAT in accordance with section 198,309, 310 and other applicable provisions of the Companies Act 1956 read with its schedule XIII and in partial modification of resolution passed by the shareholders at the 27th Annual general Meeting held on 30th September, 2010 regarding the reappointment and remuneration payable to Smt.J Triveni, Executive Chairperson of the Company and subject to approvals, if any as may be required from shareholders, financial institutions and other authorities concerned, consent be and is hereby accorded to the payment of enhanced remuneration to Executive Chairperson as revised below with effect from 13th August, 2012.

- a) **Salary:** ₹400, 000 per month which includes Basic, DA, HRA and all other allowances by whatever name called.
- b) **Commission:** such amount for each accounting year as may be decided by the Committee /Board subject to the overall limit(s) of 5% of Net profits as stated in

Section 198, 309 and 310 of the Companies Act, 1956.

- c) **Perquisites:** Perquisites shall be restricted to 100% of an amount equivalent to annual salary and shall be valued in terms of the provisions of Income Tax Act, 1961.
 - i. **Medical Reimbursement:** Reimbursement of medical expenses incurred for self and family at actual.
 - ii. **Leave Travel Concession:** Leave Travel Concession for self and family once in a year.

Explanation: Family for (i) and (ii) above shall mean spouse, dependant children and dependant parents.

- iii. **Club Fees:** Fees for two clubs and no admission and life membership fee shall be paid;
- iv. **Personal Accident Insurance:** Personal Accident Insurance premium shall be as per the rules of the Company;
- v. **Reimbursement of expenses** for utilities such as gas, electricity, water, air conditioning and repairs, all of which may be hired or owned;
- vi. **Use of Company's car** for official duties and telephones at residence (including long distance calls) and Cell Phone shall not be considered as perquisites;
- vii. **Earned Leave:** Encashment of leave at the end of the tenure is as per the rules of the Company.
- viii. **Contribution to the provident fund,** superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961; and
- ix. **Gratuity** payable at the rate not exceeding half a month's salary for each completed year of service.

The Perquisites mentioned above can be interchangeable within the overall ceiling of the annual salary.

- d) **Minimum Remuneration:** Where, in any financial year, the Company has no profits or its profits are inadequate, during the currency of tenure of the Executive Chairperson, the Company shall pay ₹400,000/- per month



as minimum remuneration subject to such approvals, if any, as may be required under Schedule XIII of the Companies Act, 1956.”

“FURTHER RESOLVED THAT Sri J S Rao Managing Director or Company Secretary of the Company be and are hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to the above resolutions”

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

“RESOLVED THAT in accordance with section 198,309, 310 and other applicable provisions of the Companies Act 1956 read with its schedule XIII and in partial modification of resolution passed by the shareholders at the 27th Annual general Meeting held on 30th September, 2010 regarding the reappointment and remuneration payable to the Sri JS Rao, Managing Director of the Company and subject to approvals, if any as may be required from shareholders, financial institutions and other authorities concerned consent be and is hereby accorded to the payment of enhanced remuneration to the Managing Director as revised below with effect from 13th August , 2012.

- a) **Salary:** ₹400, 000 per month which includes Basic, DA, HRA and all other allowances by whatever name called.
- b) **Commission:** such amount for each accounting year as may be decided by the Committee /Board subject to the overall limit(s) of 5% of Net profits as stated in Section 198, 309 and 310 of the Companies Act, 1956.
- c) **Perquisites:** Perquisites shall be restricted to 100% of an amount equivalent to annual salary and shall be valued in terms of the provisions of Income Tax Act, 1961.
- i. **Medical Reimbursement:** Reimbursement of medical expenses incurred for self and family at actual.
- ii. **Leave Travel Concession:** Leave Travel Concession for self and family once in a year.
- Explanation: Family for (i) and (ii) above shall mean spouse, dependant children and dependant parents.
- iii. **Club Fees:** Fees for two clubs and no admission and life membership fee shall be paid;

- iv. **Housing:** Furnished House accommodation with one domestic servant.
- v. **Personal Accident Insurance:** Personal Accident Insurance premium shall be as per the rules of the Company;
- vi. **Reimbursement of expenses** for utilities such as gas, electricity, water, air conditioning and repairs, all of which may be hired or owned;
- vii. **Use of Company's car** for official duties and telephones at residence (including long distance calls) and Cell Phone shall not be considered as perquisites;
- viii. **Earned Leave:** Encashment of leave at the end of the tenure is as per the rules of the Company.
- ix. **Contribution to the provident fund, superannuation fund or annuity fund** to the extent these either singly or put together are not taxable under the Income Tax Act, 1961; and
- x. **Gratuity payable** at the rate not exceeding half a month's salary for each completed year of service.

The Perquisites mentioned above can be interchangeable within the overall ceiling of the annual salary.

- d) **Minimum Remuneration:** Where, in any financial year, the Company has no profits or its profits are inadequate, during the currency of tenure of the Managing Director, the Company shall pay ₹400,000/- per month as minimum remuneration subject to such approvals, if any, as may be required under Schedule XIII of the Companies Act, 1956.”

“FURTHER RESOLVED THAT Sri J S Rao Managing Director or company Secretary of the Company be and are hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to the above resolutions”

By Order of the Board of Directors

Place: Hyderabad
Date: 1-09-2012

(J. S.Rao)
Managing Director



NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY/PROXIES INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- (b) Proxies in order to be effective should be received by the Company at its registered office not less than 48 hours before the commencement of the meeting.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from 24th September, 2012 to 28th September, 2012 (both days inclusive).
- (d) Members/proxies should bring the Attendance Slip duly filled in for attending the meeting. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.
- (e) Shareholders are requested to kindly bring their copies of Annual Report to the Meeting and are also requested to send their queries, if any, on the accounts to the Registered Office at least four days before the meeting to enable the management to keep the information ready
- (f) The Ministry of Corporate Affairs vide circular nos. 17/2011 and 18/2011 dated, April 21 and April 29, 2011 respectively, has undertaken a Green Initiative in Corporate Governance and allowed companies to share documents with its shareholders through an electronic mode. Being a company with a focus on the environment and eco-sustainability, the Company proposes to send documents such as the notice of the Annual General Meeting, Audited Financial Statements, Directors Report, Auditors Report, etc., henceforth to the shareholders in electronic form in lieu of the paper form to the Members who are holding Company's share(s) in electronic form and have registered their email address in the records of the Depository which has been made available to us by them. Going forward, the shareholder communication would be sent in electronic form to Member's email address. Please inform any changes to your email address to your Depository Participant from time to time. Those members who have not registered their email address with their Depository Participant are requested to register their email with their Depository Participants.
- (g) The Securities Exchange Board of India has notified that the shareholders/transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their PAN Card to the company/RTA while transacting in the securities market including transfer, transmission or any other corporate action. Accordingly, all the shareholders/ transferee of shares (including joint holders) are requested to furnish a certified copy of their PAN Card to the company/RTA.
- (h) The annual report of your Company for the Financial Year 2011-12 would also be made available in the Company's website: www.keerthiindustries.com.
- (i) Annexed hereto the explanatory Statement pursuant to provisions of section 173(2) of the Companies Act, 1956.



EXPLANATORY STATEMENT

Item No. 5.

Smt. J Triveni was re appointed as Executive Chairperson of the Company for a period of Five years w.e.f. 11th May 2010, at a remuneration of Rs 2.00 Lakhs per month plus certain allowances and perquisites, as per the approval of the Board of Directors in its meeting held on 11th May, 2010 and further approval of the shareholders of the Company in the Annual General Meeting of the Company held on September 2010.

Now, it is proposed to increase the remuneration of Smt J Triveni, Executive Chairperson of the Company to Rs 4.00 lakhs (₹ Four Lakhs only) per month plus certain allowances and perquisites, as approved by the Remuneration Committee and Board w.e.f. 13th August , 2012 which are enlisted in the resolution for the remaining period of tenure.

Smt. Jasti Triveni (age 51 years) is a graduate in Commerce and is the driving force behind the success of organization. She is having 25 years of vast experience in cement and Electronic Printed circuit Board Industries.

The total remuneration being drawn by the Executive Chairperson would be subject to overall ceiling limit of 5% of net profits of the Company.

The above may also be treated as an abstract under the terms of contract/agreement entered into between the Company and Smt. J Triveni Executive Chairperson pursuant to Section 302 of the Companies Act, 1956. None of the Directors are interested in the above resolution except Sri J Seshagiri Rao, Smt J Triveni and J Sivarama Prasad.

As per the provisions of the Companies Act, 1956, read with schedule XIII, thereof, approval of shareholders is required for the purpose. Hence, the Board recommends the resolution for your approval by way of special resolution.

Sri J Triveni is one of the major shareholders in the promoters group and she has 76.20% controlled stake in the Company along with her relatives.

Item No. 6:

Sri. J Seshagiri Rao was re appointed as Managing Director of the Company for a period of Five years w.e.f. 11th May 2010, at a remuneration of Rs 200,000 per month plus certain allowances and perquisites, as per the approval of the Board of Directors in its meeting held on 11th May, 2010 and further approval of the shareholders of the Company in the Annual General Meeting of the Company held on September 2010.

Now, it is proposed to increase the remuneration of Sri J Seshagiri Rao, Managing Director of the Company to Rs 4.00 lakhs (₹ Four Lakhs only) per month, as approved by the Remuneration Committee and Board w.e.f. 13th August, 2012 which are enlisted in the resolution for the remaining period of tenure.

Sri J Seshagiri Rao (age 60 years) is a graduate in Engineering and having vast experience in technical and General administration of Beverages, cement and Electronic Printed circuit Board Industries.

The total remuneration being drawn by the managing Director would be subject to maximum ceiling limit of 5% of net profits of the Company.

The above may also be treated as an abstract under the terms of contract/agreement entered into between the Company and Sr. J Seshagiri Rao Managing Director pursuant to Section 302 of the Companies Act, 1956. None of the Directors are interested in the above resolution except Sri J Seshagiri Rao, Smt J Triveni and J Sivarama Prasad.

As per the provisions of the Companies Act, 1956, read with schedule XIII, thereof, approval of shareholders is required for the purpose. Hence, the Board recommends the resolution for your approval by way of special resolution.

Sri J Seshagiri Rao is one of the major shareholders in the promoters group and he has 76.20% controlled stake in the Company along with his relatives.

By Order of the Board of Directors

Place: Hyderabad
Date: 1-09-2012

(J. S.Rao)
Managing Director



DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present your Company's 29th Annual Report for the Financial Year 2011-12 together with the Audited Balance Sheet as at 31st March, 2012 and the Profit & Loss Account for the year ended on that date.

FINANCIAL RESULTS: (₹ In Lakhs)

| | 2011-12 | 2010-11 |
|--|-----------------|---------|
| Net Operational Income | 17593.25 | 8353.84 |
| Other income | 48.71 | 40.68 |
| Profit before interest and depreciation | 4240.97 | 1338.11 |
| Less: Interest | 953.23 | 421.96 |
| Less: Depreciation | 1356.95 | 669.51 |
| Profit/(Loss) before taxation | 1930.79 | 246.65 |
| Less : Provision for taxation | 714.03 | 69.46 |
| Less: short provision of earlier years | 22.79 | - |
| Add: excess provisions of earlier years | - | 31.21 |
| Net Profit after taxation | 1193.97 | 208.40 |
| Add: Surplus Brought Forward from previous years | 2606.05 | 2397.65 |
| Balance carried to Balance Sheet | 3800.02 | 2606.05 |

OPERATIONS:

During the year 2011-12, Keerthi industries Ltd witnessed splendid performance. While, our revenues increased 210% over the previous year, our post-tax profit surged manifold on account of increased margins and augmentation of additional capacity in cement division.

Cement Division: The production of Cement and Clinker were 4,85,391 MTS and 4,28,303 MTS respectively during the twelve months ended 31st March, 2011 as against 2,77,716 MTS and 2,21,259 MTS respectively during the previous year.

During the year under review the Company was augmented at 81% of the installed capacity. In view of augmentation of additional capacity, the operational results of the company during the year are not comparable with the previous year.

Wind Power: The Company has generated

34,88,954 KWH as against 27,71,454 KWH during the previous year .

Electronic Division: The Company produced 2087 sq.mts of Printed Circuit Boards as against 1441sq.mts during the previous year.

FUTURE PROSPECTS:

CEMENT DIVISION:

Demand for cement is expected to grow at 8% in the coming year due to the continued fillips given for the infrastructure projects. The Company expects to sustain and improve the output levels during the year. Also, the Company will have the benefit of increased production from its capacity enhancement project, which will enable the Company to meet the increased market demand for cement. The Company also continues to concentrate on cost reduction measures in all areas of production and distribution to protect and improve its profitability. However, exorbitant increase of input prices of cement and frequent power holidays are the major constraints to sustain in the market. Despite of few adverse conditions, your Directors are hopeful that the performance of the company would achieve satisfactory level.

ELECTRONIC DIVISION:

The division will continue to strengthen the PCB edge, timely expansion, the PCB business to do fine and stronger. The Company is taking the necessary steps to streamline the operations and expects to improve the performance by increasing the sales volumes. The Company has approached to various defense PSUs to secure the work orders for manufacturing rigid PCB and the responses received from them are quite optimistic. During the year under review there is an appreciable improvement in the performance of electronic division. The division has shown more than 30% growth in sales volume and proportionate increase in operating profit. The division has established a loyal customer base in health care instrumentation segment. The high temperature resistant cables made by the division for a defense PSU have been approved for use in their missile programme. There is an improvement in the projected off take to the above segments in the next financial year.

SUGAR DIVISION

The Company has planned to install 3500 TPD integrated sugar mill, 50 KLPD ethanol Plant and 20 MW Co-generation power plant with an estimated cost of 31992 Lakhs at Mosttor Village, Yadgir Dist in the state of Karnataka. Order for project



Keerthi Industries Limited

preplanning has been given to M/s. MITCON Consultancy Services Limited. The Company has secured In-principle approval from the Government of Karnataka for establishing the integrated sugar project. The company has purchased Acres 97 and 19 gunats of land for establishment of the project. The requisite approvals under Environment laws and other project related statutory compliance are under progress. Considering the operational difficulties, the Chief Director (Sugar), Department of Food and public distribution, Ministry of Consumer affairs, New Delhi has extended the validity period of our Industrial Entrepreneurs Memorandum (IEM) up to 26th July, 2014 whereby the unit should be commissioned and achieve the commercial production.

DIRECTORS:

In accordance with the provisions of Companies Act, 1956 and the Company's Articles of Association, Sri E Siva Sankaram and Sri. J Sivaram Prasad directors of the Company would retire by rotation and, being eligible, offer themselves for re-appointment.

DIVIDEND:

Having applied the internal accrued funds of ₹ 2400 Lakhs for cost escalation of the project at cement division and on going redemption plan of first trench of 9% Cumulative Redeemable preferential shares in the month of November 2012, your Board could not recommend any dividend for the financial year 2011-2012.

OPTIONALLY CONVERTIBLE DEBENTURES/PREFERENTIAL SHARES:

The 9% Optionally Fully Convertible unsecured Debentures of face value of ₹100/- each aggregating value of ₹ 770.98 allotted to various shareholders in pursuant to Scheme of amalgamation sanctioned by Honorable High court of Andhra Pradesh has been redeemed. The First tranche of 9% redeemable preferential shares have fallen due for redemption by November, 2012.

DEMAT OF SHARES:

The Equity Shares of your Company have been admitted by CDSL/NSDL for demat. All the Shareholders whose shares are in physical mode are requested to dematerialize their share holding through their depository participants so that it will improve the liquidity of our stock.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors'

Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the accounts for the financial year ended on 31st March, 2012, 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 the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2012 on a going concern basis.

PUBLIC DEPOSITS:

Your Company has not invited any deposits from public / shareholders in accordance with the Section 58A of the Companies Act, 1956.

COST AUDITORS:

Cost Audit records have been maintained in respect of Cement and power divisions for the F.Y.2011-12. Pursuant to the directives of the Central Government and provisions of Section 233B of the Companies Act, 1956, qualified Cost Auditors have been appointed to conduct the cost audit for the F.Y.2012-13.

REPLY TO AUDITOR'S QUALIFICATIONS:

Regarding Auditor's Qualification on confirmation of balance from Sundry Debtors, Sundry Creditors and for Loans and Advances, the management is confident of realizing the receivables at the stated values other than those disclosed as doubtful and in the process of obtaining confirmation from the parties.

AUDITORS:

M/s. K.S. Rao & Co., Chartered Accountants, Hyderabad, the present Auditors, retires at the ensuing Annual General Meeting, and is eligible for reappointment.

PERSONNEL:

Employer-Employee relations remained cordial



during the year under review. Your Directors place on record their sincere appreciation of the contribution made by the employees of the Company at all levels. As regards, information pursuant to Section 217(2AA) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 (as amended), there are no employees governed by the said provisions.

HEALTH AND SAFETY:

The company continues to accord high priority to health and safety of employees at manufacturing locations. During the year under review, the company conducted safety training programmes for increasing disaster preparedness and awareness among all employees at the plants. Training programmes and mock drills for safety awareness were also conducted for all employees at the plants. Safety Day was observed with safety competition programmes with aim to imbibe safety awareness among the employees at the plant.

ADDITIONAL INFORMATION:

Information pursuant to Section 217(e)&(2A) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed herewith.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Cement Division:

Industry Structure and Developments:

The Indian economic growth rate has been quite rapid compared to other emerging economies primarily due to higher reliance on domestic demand. The growth trajectory is expected to continue on the back of strong domestic demand and huge outlay on infrastructure planned by the Government. The long-term domestic outlook remains buoyant with the progressive reforms, increasing FDI, robust investments, growing incomes and aspirations. India being one of the major producers of cement and the demand is largely based on Infrastructure Projects, Urban development and housing, Roads and Buildings, Ports etc., However, the cost of the raw material and fuel namely Limestone, Coal, Power and Freight charges are all controlled by the Government and any increase in the price of the above mentioned items affects the cost of the production on which the company does not have any control. Thus, industry has been to in ups and downs. The Government spending on infrastructure is likely to benefit the revenue and earnings of all the cement companies across the country. Per capita cement consumption in India is still very low at around 200 kg against the world average of about 500 kg and China at approximately 1200 kg. This underlines the tremendous scope for growth of the Indian cement industry in the long term.

Opportunities and Threats:

The demand will be driven by Government's continued thrust on infrastructure development and to boost rural and housing sector. Infrastructure development is need of the nation; this along with rising housing provision will accelerate construction activity. Recovery of the global scenario could also provide impetus to economic growth and Cement demand.

Concerns of the Indian Cement Industry are high cost of Power and Coal, high freight cost, inadequate infrastructure, non availability of Wagons, and poor quality of coal and heavy taxes / royalty levies. Excess supply of cement in the market because of new entrants and frequent imposition of power holidays by the APCPDCL would affect the sustainability of operations.

Electronic Division:

Industry Structure and Developments:

Your Company is one of the few companies



specialized in manufacturing flexible printed circuit boards in India. The flexible PCBs being sold by the Company in India is an import substitute. The PCB industry purely depends on growth of electronic industry. The Electronic Industry is looking up and doing well, giving a scope for PCB industry to expand.

Opportunities and Threats:

Spreading into domestic market, as an import substitutes a major opportunity for the Company. However, due to fall in exports, there is a constraint on DTA eligibility. Therefore, the Company would have to make DTA sales by paying full Excise Duty, which is an additional burden on the margins. The company has been following this system through out the year under review. Undervaluation of our Indian rupee makes imported raw material prices dearer.

SEGMENT OR PRODUCT-WISE PERFORMANCE:

Segment-wise or product-wise performance has already been furnished elsewhere in this report.

OUTLOOK:

This has been discussed elsewhere in this Report.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The company is following a proper and adequate system of internal controls in respect of all its activities including safeguarding and protecting its assets against loss from unauthorized use of disposition. Further all transactions entered into by the company are duly authorized and recorded correctly. M/s. Pavuluri & Co., Chartered Accountants, Hyderabad has been working as the Internal Auditors of the company. The Internal Auditors are submitting reports to the company on a Quarterly basis.

FINANCIAL/OPERATIONAL PERFORMANCE:

This has been already discussed elsewhere in this Report.

HUMAN RESOURCES/INDUSTRIAL RELATIONS:

The company enjoys very cordial industrial relations, due to which there is very low employee/ labour turnover in the company. You will be happy to note that ever since the inception of the Company, there were no strikes, lockouts, lay-offs, retrenchments, etc.

ACKNOWLEDGEMENTS:

Your Directors are thankful to Canara Bank,

Somajiguda Branch, Andhra Bank, SCF Branch and Indian Bank, Main Branch, Koti for their continued support during the year under review and acknowledge with gratitude the help extended by the Central Government and Government of Andhra Pradesh. Your directors also wish to place on record their appreciation of the services rendered and co-operation extended by the Workmen, Staff, Dealers, Customers and other concerned.

By Order of the Board of Directors

Place: Hyderabad
Date: 01-09-2012

(J. Triveni)
Executive Chairperson



Annexure 'A'

Information as required under section 217(1) (e) read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1998.

FORM - A

Form for disclosure of particulars with respect to conservation of energy.

| Particulars | Current Year | | | Previous Year | | |
|--|--------------|---------------------|------------|---------------|---------------------|------------|
| | Cement | Electronic Division | Wind Power | Cement | Electronic Division | Wind Power |
| A. Power and Fuel Consumption: | | | | | | |
| 1. Electricity: | | | | | | |
| a) Purchased Units (Nos) | 4,60,71,507 | 4,32,670 | NIL | 2,76,43,746 | 3,21,165 | NIL |
| Amount (₹.) | 17,51,19,646 | 23,88,296 | NIL | 11,28,26,766 | 20,10,448 | NIL |
| Rate/unit (₹.) | 3.80 | 5.52 | NIL | 4.08 | 6.26 | NIL |
| b) Own Generation: | | | | | | |
| Through Diesel Generator Units (Nos.) | 7,130 | 23,120 | NIL | 13,500 | 8,160 | NIL |
| Units per Ltr. of Diesel Oil | 3.04 | 3.40 | NIL | 3.00 | 3.40 | NIL |
| Cost/Unit (₹) | 14.47 | 13.19 | NIL | 9.88 | 11.94 | NIL |
| ii) Through Steam Turbine/ Generator: | NIL | NIL | NIL | NIL | NIL | NIL |
| Units (Nos.) | NIL | NIL | NIL | NIL | NIL | NIL |
| Units per Ltr. Of Fuel Oil Gas | NIL | NIL | NIL | NIL | NIL | NIL |
| Cost/Unit (₹) | NIL | NIL | NIL | NIL | NIL | NIL |
| 2 Coal and Lignite used as fuel in Kiln: | | | | | | |
| Quantity (M.T.) | 78,156 | NIL | NIL | 49,342 | NIL | NIL |
| Total Cost (₹) | 37,08,48,870 | NIL | NIL | 15,77,47,171 | NIL | NIL |
| Average Rate/M.T. (₹) | 4,745 | NIL | NIL | 3197 | NIL | NIL |
| 3 Furnace Oil | NIL | NIL | NIL | NIL | NIL | NIL |
| 4 Others/Internal Generation | NIL | NIL | NIL | NIL | NIL | NIL |
| B. Consumption per unit production: | | | | | | |
| Electricity (Units) | 101.67 | 220.15 | NIL | 104.65 | 228.59 | NIL |
| Furnace Oil | NIL | NIL | NIL | NIL | NIL | NIL |
| Coal | 0.18 | NIL | NIL | 0.21 | | |
| Others (Specify) | NIL | NIL | NIL | NIL | NIL | NIL |



FORM - B

Form for disclosure of particulars with respect to Technology Absorption

Research and Development (R&D):

- | | |
|--|-----|
| 1. Specific areas in which R&D carried out by the Company | NIL |
| 2. Benefits derived as a result of the above R&D | NIL |
| 3. Future Plan of Action | |
| 4. Expenditure on R&D | NIL |
| a) Capital | |
| b) Recurring | |
| c) Total | |
| d) Total R&D expenditure as a percentage of total turnover | |

Technology absorption, adoption and innovation

- | | |
|---|-----|
| 1 Efforts, in brief, made towards innovation | NIL |
| 2 Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, production development, import substitution etc. | NIL |
| 3 In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial Year), the following information may be furnished | NIL |
| a) Technology | |
| b) Been imported | |
| c) Year of import | |
| d) Has technology been fully absorbed | |
| e) If not fully absorbed, reasons therefore and future plans of action | |

Foreign Exchange Earnings & Outgo:

- | | |
|--|---------------|
| 1) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans | |
| 1) Total foreign exchange outgo and earned | |
| a) Foreign Exchange Outgo | ₹130.49 lakhs |
| b) Foreign Exchange Earned | ₹ 16.85 lakhs |

a. Particulars of Employees:

There are no employees governed by the provision of section 217(2A) of the Companies Act, 1956

By Order of the Board of Directors

(J. Triveni)
Executive Chairperson

Place: Hyderabad
Date: 01-09-2012



REPORT ON CORPORATE GOVERNANCE

Your Company fully adheres to the standards set out by the Securities and Exchange Board of India's Corporate Governance practices and has implemented all of its stipulations. In so far as compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchange is concerned, your Company is in full compliance with the norms and disclosures that have to be made and forms part of this Annual Report.

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your Directors philosophy on Corporate Governance is to enhance the long-term economic value of the company, sustainable return to its stakeholders i.e., the society at large by adopting best corporate practices in fair and transparent manner by aligning interest of the company with that of its shareholders/other key stakeholders, employees and the Government.

2. BOARD OF DIRECTORS

The Board comprises 6 Directors of which two of them are Executive Chairman and Managing Director. The non-executive directors on the Board are experienced, competent and highly reputed persons from their respective fields. The non-executive directors take active part at the Board and Committee Meetings, which adds vision, strategic direction and value in the decision making process of the Board of Directors. The composition of the Board is in conformity with the amendments in the listing agreement.

a) Composition of the Board as on 30th August, 2012

| S.No | Category | No. of Directors | Percentage of Total No. of Directors |
|-----------------|-------------------------------------|------------------|--------------------------------------|
| 1 | Functional Directors | 2 | 33.33 |
| 2 | Non executive Independent Directors | 3 | 50.00 |
| 3 | Other Non Executive Directors | 1 | 16.67 |
| Total Directors | | 6 | 100.00 |

a) Code of Conduct

The Board shall lay down a code of conduct for all Board members and senior management of the company. All Board members and senior management personnel shall affirm compliance with the code on an annual basis. The Annual Report of the company shall contain a declaration to this effect signed by the Chief Executive Officer (CEO).

The Board of Directors has laid down the Code of Conduct applicable to all Board members and senior executives of the company.

All Board members and senior management executives have affirmed compliance with the Code of Conduct.

A declaration by Managing Director (being CEO) affirming the compliance of the Code of Conduct for Board Members and senior management executives is also annexed separately at the end of this report.

3. BOARD MEETINGS AND ATTENDANCE RECORD – 2011-12:

The Company's Corporate Governance policy requires the Board to meet at least four times in a year. Five Board Meetings were held during the year under review.

| Sl. No | Name of the Director | Designation As on 31.03.2012 | No. of Meetings attended | Whether attended the last AGM | No. of Directorships in other Boards as on 31.03.2012* | No. of other Board Committee(s) as on 31.03.2012 | |
|--------|-----------------------------|------------------------------|--------------------------|-------------------------------|--|--|----------|
| | | | | | | Membership | Chairman |
| | M ^{rs} J. Triveni | Executive Chairperson | 3 | YES | 5 | 0 | 0 |
| | Mr. J.S.Rao | Managing Director | 5 | YES | 8 | 2 | 0 |
| | Mr. K.Harish Chandra Prasad | Director | 5 | No | 12 | 7 | 1 |
| | Mr.J.S.R. Prasad | Director | 4 | No | 11 | 0 | 0 |
| | Mr. E.Siva Sankaram | Director | 5 | YES | 0 | 0 | 0 |
| | Mr. B. V. Subbaiah | Director | 5 | No | 1 | 3 | 0 |

*Includes both private and public limited Companies.



The annual calendar of meetings is agreed upon at the beginning of each year. Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for consideration of the Board.

In accordance with the provisions of the Companies Act, 1956 and the company's Articles of Association, Mr. E Sivasankaram and Sri. J Sivarama Prasad, Directors retire by rotation and are eligible for re-appointment.

GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under:

| S.No | Financial Year | Venue | Date and Time of AGM |
|------|----------------|---|-------------------------|
| 1 | 2008-09 | Mellacheruvu (Village & Mandal). Nalgonda District-508246 Andhra Pradesh. | 29.09.2009 at 11.45 AM |
| 2 | 2009-10 | Mellacheruvu (Village & Mandal). Nalgonda District-508246 Andhra Pradesh. | 30.09.2010 at 11.00AM |
| 3 | 2010-11 | Mellacheruvu (Village & Mandal). Nalgonda District-508246 Andhra Pradesh. | 30.09.2011 at 10.00 A.M |

4. AUDIT COMMITTEE

The Board of Directors of the Company has constituted an Audit Committee consisting of the following Directors, with the role and responsibility duly defined and in accordance with the applicable statutory and other requirements. During the year, in all, 5 meetings of the committee took place and attendance thereat was as under:

| Sl.No. | Name of the Director | No. of the Meetings Attended |
|--------|-----------------------------|------------------------------|
| 1 | Sri.E.Siva Sankaram | 5 |
| 2 | Sri. K.Harishchandra Prasad | 5 |
| 3 | Sri. B.V.Subbaiah | 5 |

5. SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE

The Board of Directors of the company constituted Shareholders/Investors' Grievances Committee for utmost attention for resolving shareholders/ Investors grievances / complaints received from shareholders/ Investors directly or through Stock exchanges or SEBI and are replied to immediately. There are no outstanding or unresolved complaints.

The Board of Directors of the company constituted Shareholders Grievance Committee consisting of the following Directors, to deal with complaints regarding transmission of shares, non receipt of share certificates, dividends, annual reports and such other matters:

| Sl.No. | Name | Designation |
|--------|-------------------|-------------|
| 1 | Sri. B.V.Subbaiah | Chairman |
| 2 | Sri. J.S. Rao | Member |
| 3 | Smt. J.Triveni | Member |

During the year under review the company has received three complaints and resolved all the complaints.

6. REMUNERATION COMMITTEE

Other than the Managing Director, no other Director receives any remuneration from the company except sitting fees for attending the Board Meetings. The details of remuneration paid to the Managing Director are mentioned in Schedule 24.8 (Notes to the Accounts) to the Balance Sheet of the Company.

The Board of Directors of the company constituted Remuneration Committee consisting of the Non-Executive Directors, with role and responsibilities duly defined and in accordance with the applicable statutory and other requirements.



Keerthi Industries Limited

| Sl.No. | Name | Designation |
|--------|-----------------------------|-------------|
| 1 | Sri. K.Harishchandra Prasad | Chairman |
| 2 | Sri. E.Siva Sankaram | Member |
| 3 | Sri. B.V.Subbaiah | Member |

The remuneration paid to the Executive and Whole-time Directors during the year 2011-12 are mentioned elsewhere in the report.

Details of other benefits being paid to Executive and whole time Directors:

| | |
|---|--|
| Bonus, Stock options, Pension etc., being paid | : Nil |
| Details of fixed component and Performance linked incentive | : Nil |
| Service Contracts | Appointment of Mr..J S Rao as Managing Director and M [₹] J.Triveni as Executive Chairpersons for 5 Years |
| Notice Period & Severance Fees | Nil |

7. CEO/CFO CERTIFICATION:

The Certificate issued by the Chief Executive Officer (i.e. the M.D) is enclosed to this report.

8. DISCLOSURES:

The pecuniary disclosure with regard to interested Directors

- (a) Disclosures on materially significant related party transactions of the Company of material nature with the promoters, the Directors or the management, their subsidiaries or relatives that may have potential conflict with the interests of the Company at large.

None of the transactions with any of related parties were in conflict with interests of the Company.

- (b) Details of non-compliance by the Company, penalties, stricture on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to Capital Markets during the last three years

There were no instances of non-compliance of any matter related to Capital Market during the last three years

9. MEANS OF COMMUNICATION:

Quarterly Financial Results of the Company are forwarded to the Bombay Stock Exchange and published in Financial Express and Andhra Prabha. Half Yearly report is not sent to each shareholder as the results of the Company are published in the News paper

1. The financial results or official news displaying in the Website at frequent intervals.
2. Company has not made any presentations to any Institutional Investors/analysts during the year.
3. All terms required to be covered in the Management Discussions & Analysis Report have been included in the Directors' Report to Members

10. GENERAL SHAREHOLDER INFORMATION:

- a) Annual General Meeting : 29th Annual General Meeting
Date : 29th September, 2012
Time : 11:00 A.M
Venue : Mellacheruvu (Village & Mandal),
Nalgonda Dist, 508 246, Andhra Pradesh.
- b) Financial Calendar : 1st April to 31st March
(tentative and subject to change)
for financial reporting for the period ending



Keerthi Industries Limited

- Jun 30, 2012 : August, 2012
- Sep 30, 2012 : October, 2012*
- Dec 31, 2011 : February, 2013*
- Mar 31, 2012 : May, 2013*
- AGM for 2012-13 : Sep, 2013*
(* Expected)

- c) Date of Book closure : 24th September to 28th September, 2012
(Both days inclusive)
- d) Dividend payment date : Not applicable
- e) Registered Office & Factory (Cement Division) : Mellacheruvu (Village & Mandal),
Nalgonda Dist, 508 246, Andhra Pradesh.
Phone : 08683-226028
Fax : 08683-226039
- f) Administrative Office & Factory (Electronic Division) : Plot No. 40, IDA Balanagar,
Hyderabad - 500 037.
Phone No.040-23076538.
- g) Listing on Stock Exchange : The Bombay Stock Exchange
- h) Code/Symbol : BSE – 518011
- i) Market Price Data:

The Monthly high and low share quotation on Bombay Stock Exchange month-wise for the financial year 2011-12 are as follows:

| Month Wise | Monthly High Price ₹ | Monthly Low Price ₹ |
|-----------------|-------------------------|------------------------|
| April, 2011 | 33.60 | 24.85 |
| May, 2011 | 36.10 | 27.70 |
| June, 2011 | 35.40 | 30.40 |
| July, 2011 | 33.40 | 26.05 |
| August, 2011 | 44.85 | 26.50 |
| September, 2011 | 45.00 | 33.80 |
| October, 2011 | 38.00 | 30.35 |
| November, 2011 | 40.45 | 32.35 |
| December, 2011 | 39.90 | 32.75 |
| January, 2012 | 36.95 | 31.30 |
| February, 2012 | 42.4 | 32.55 |
| March, 2012 | 33.95 | 29.50 |

- j) Address of Registrars and Share Transfer Agents:

Registrars for Physical and Demat Services:

XL Softech System Limited
Plot No. 3, Sagar Society,
Road No.2, Banjara Hills,
Hyderabad - 500 034.
Phone No. 040-23545913/14

- k) Share Transfer systems:

Transfer of Securities in physical form are registered and duly transferred share certificates are dispatched within thirty (30) days of receipt provided the transfer documents are in order.



l) Shareholding Pattern as on 31st March, 2012:

| Category | No. of Shares | Percentage |
|--|------------------|---------------|
| Promoter's Holding: | | |
| Indian Promoters | 61,09,152 | 76.20 |
| Foreign Promoters | Nil | Nil |
| Persons acting in Concert | Nil | Nil |
| Institutional Investors: | | |
| Mutual Funds and UTI | 646 | 0.01 |
| Banks, Financial Institutions, Insurance companies | 1,77,744 | 2.22 |
| Others: | | |
| Private Body Corporate Bodies | 101,183 | 1.26 |
| Indian Public | 15,41,157 | 19.09 |
| NRIs / OCBs | 86,856 | 1.12 |
| Total | 80,16,738 | 100.00 |

m) Distribution of shareholding as on 31st March 2012:

| Shareholdings of nominal value of ₹ | Shareholders: | | Shares Value | |
|-------------------------------------|---------------|---------------|-----------------|---------------|
| | No. | % | ₹ | % |
| Upto 5,000 | 16102 | 97.38 | 11580640 | 14.45 |
| 5,001 - 10,000 | 309 | 1.87 | 2413060 | 3.01 |
| 10,001 - 20,000 | 88 | 0.53 | 1259620 | 1.57 |
| 20,001 - 30,000 | 10 | 0.06 | 230860 | 0.29 |
| 30,001 - 40,000 | 10 | 0.06 | 356700 | 0.44 |
| 40,001 - 50,000 | 2 | 0.01 | 92000 | 0.11 |
| 50,001 - 1,00,000 | 6 | 0.04 | 432480 | 0.54 |
| 1,00,001 & above | 9 | 0.05 | 63802020 | 79.59 |
| Total | 16536 | 100.00 | 80167380 | 100.00 |

Outstanding GDR's/ADR's/Warrants or any convertible instruments, conversion date and likely impact on equity:

The Company has not issued any of these instruments.

n) As on 31st March 2012, out of the total shares 64,81,198 were dematerialized with the following depositories:

- i) National Securities Depositories Limited - 64, 17,000
- ii) Central Depository Services (India) Limited - 64,198

The International Securities Identification Number (ISIN) allotted for the Company by NSDL and CDSL is INE145L01012. In case a member wants his shares to be dematerialized, he may send the shares along with the request through his depository participant (DP) to the Registrars, M/s. XL softtech systems Limited.

o) Factory location:

Cement Division:
Mellacheruvu, (Village & Mandal),
Nalgonda District - 508 246, Andhra Pradesh.

Electronic Division:
Plot No 40, IDA
Balanagar, Hyderabad - 500 037.



Keerthi Industries Limited

- p) Address of Compliance officer for correspondence:
 J S Rao
 Compliance officer
 Keerthi Industries Limited
 Mellacheruvu (Village & Mandal)
 Nalgonda District
 Andhra Pradesh-508 246.
 Tel: 08683-226028.
 Fax: 08683-226039
 Email: kilinvestorservices@gmail.com

Shareholders can also correspond at the Administrative Office of the Company

- q) Particulars of Directors seeking re-appointment at the forthcoming Annual General Meeting pursuant to Clause 49 of the Listing Agreement:

| Name of Director | Mr. J Sivarama Prasad | Mr. Siva Sankaram |
|--|--|----------------------|
| Expertise in Specific Functional Areas | Finance, Accounts and General Management | Finance, Accounts |
| Date of Birth | 01-06-1960 | 06-02-1937 |
| Qualification | Chartered Accountant | Chartered Accountant |
| List of other Companies in which Directorship is held as on 31 st March, 2012 | <ol style="list-style-type: none"> 1. Greenesol Power Systems Private Limited 2. Puissance De L'eau Power Systems Private Limited 3. Qre Greenesol Power Transformer Company Private Limited 4. Greenesol Power Services Private Limited 5. Kakatiya Cement Sugar And Industries Limited 6. Hmg Power Systems Private Limited 7. Growmore Bio-Tech Limited 8. Ecogreen Power Systems Private Limited 9. Supinco Automation Private Limited 10. Greensecure Power Systems Private Limited 11. Greenesol Power Boiler Private Limited | Nil |
| Chairman / Member of the Committees of the Board of other Companies in which he is a Director as on 31 st March, 2012 | NIL | Nil |
| Number of Equity Shares held in the Company by the Director or for other persons on a beneficial basis | Nil | Nil |
| Relationship with other Directors | NA | NA |

DECLARATION

As provided under clause 49 of the Listing Agreement with the Stock Exchanges(s), it is hereby declared that all the Board members and senior management personnel of the company have affirmed compliance with the code of conduct for the year ended 31.03.2012.

Place: Hyderabad
 Date: 01-09-2012

(J.S.Rao)
 Managing Director



To
The Board of Directors
Keerthi Industries Limited
Hyderabad.

Certification of Financial Results for the period ended 31st March, 2012

In relation to the Audited Financial Accounts of the Company as at March 31, 2012, we hereby certify that:

- ❖ We have reviewed the financial statements and cash flow statement for the said period and that to the best of our knowledge and belief:
 - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- ❖ There are, to the best of their knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or violative of the company's code of conduct.
- ❖ We accept responsibility for establishing and maintaining internal controls and we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors, and to the audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- ❖ There are no
 - significant changes in internal control during the period;
 - significant changes in accounting policies during the period and that the same have been disclosed in the notes to the financial statements; and
 - instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.
- ❖ We have fully complied with the Accounting manual of the Company and reviewed very carefully the checklists prepared by the Company.

(J. S.Rao)
Managing Director

Place: Hyderabad
Date: 01-09-2012



**Practicing Company Secretary's Certificate on compliance of conditions of Corporate Governance
as per Clause 49 of the Listing Agreement with the Stock Exchange**

To
The Members of
Keerthi Industries Limited
Hyderabad.

We have examined the compliance of conditions of Corporate Governance by **KEERTHI INDUSTRIES LIMITED, HYDERABAD** for the year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management subject to the following:

1. The CEO/CFO certificate is signed by only CEO

We certify that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For Rekha Gadwal
Company Secretaries

Place: Hyderabad
Date: 30-08-2012



AUDITORS' REPORT

To
The Members of
KEERTHI INDUSTRIES LIMITED, HYDERABAD.

1. We have audited the attached Balance Sheet of KEERTHI INDUSTRIES LIMITED, HYDERABAD (A.P) as at 31st March, 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v) On the basis of written representations received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
5. a) **There are no confirmation of balances, by Sundry Debtors, Creditors and for Loans and Advances.**
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, **subject to our comment in Para 5 above**, read in conjunction with the Schedules annexed therewith give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2012;
 - b) in the case of the Statement of profit and loss, of the Profit of the Company for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

for K.S.RAO & CO.
Chartered Accountants
Firm's Registration Number: 003109S

(P.Govardhana Reddy)
Partner
Membership Number: 029193

Place: Hyderabad
Date : 31st August, 2012



Annexure to the Auditor's Report: referred to in paragraph 3 of our report of even date,

Re: KEERTHI INDUSTRIES LIMITED, HYDERABAD.

1.
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) All the assets have not been physically verified by the management during the year, but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.
 - c) During the year, the Company has not disposed off any of its fixed assets that would affect the going concern status of the Company.
2.
 - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3.
 - a) The Company has not granted any unsecured loans to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence, clauses (iii) (a) to (d) of the said order are not applicable.
 - b) The Company had taken unsecured loan from a Body Corporate and from a party covered in the register maintained under Section 301 of the Companies Act, 1956. Maximum amount involved and the year end balance was ₹656.04 lakhs and ₹142.87 lakhs respectively; and
 - c) In our opinion, the terms and conditions on which loans have been taken are not, prima-facie, prejudicial to the interest of the Company.
 - d) Time schedule for repayment has not been fixed. Hence we cannot offer any comment on the over dues.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5.
 - a) According to the information and explanations given to us by the Management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register to be maintained under that section
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted deposits from the public. Hence the provisions of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company for the time being.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Cement Division of the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prime facie the prescribed accounts and records have been made and maintained. In respect of Electronics Division, the Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
9.
 - a) According to the records, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-



tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.

- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.
- c) According to the records of the Company and the information and explanations given to us, the dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess, which have not been deposited on account of any dispute are as follows:

STATEMENT OF DISPUTED DUES

| S. No | Name of the Statute | Nature of Dues | Amount ₹ | Period to which the amount relates | Due date | Forum where dispute is pending |
|-------|---|-----------------------------------|-------------|--|--|--|
| i) | AP General Sales Tax Act | Tax Liability on packing material | 18,77,197 | 1990-91 & 1991-92 | Not mentioned in demand notice | Sales Tax Appellate Authority |
| ii) | Central Sales Tax | Central Sales Tax | 74,29,390 | 2003-04 & 2004-05 | Not mentioned in demand notice | Appellate Dy.Commissioner |
| iii) | Commercial Tax Department Govt.of Karnataka | Central Sales Tax | 6,20,112 | 1993-94 | Not mentioned in demand notice | Honourable High Court of Karnataka |
| iv) | AP General Sales Tax Act | Central Sales Tax | 39,25,213 | Accounting year 2000-2001, the Order was passed in the year 2007-08 | Not mentioned in demand notice | AP Sales Tax Tribunal. |
| v) | Customs,Central Excise & Service Tax | Central Excise | 1,90,02,358 | February' 2006 to August 2010. Show cause notice received on 10.11.2010. | Not mentioned in the demand notice | Customs, Excise&Service Tax Appellate Tribunal |
| vi) | Income tax Department | Income Tax | 2,90,96,803 | Accounting year 2006-07. Assessment order received on 14.11.2011. | Not mentioned in the assessment order. | Commissioner (appeals). |

10. The Company has no accumulated losses as at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and Banks.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.



16. In our opinion and according to the information and explanations given to us the term loans were applied for the purpose for which the loans were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the funds raised on short-term basis have prima-facie not been used during the year for long-term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. During the year under report, the Company has not issued any debentures. Accordingly the provisions of clause 4(xix) of the above referred Order are not applicable to the Company.
20. During the year, the Company has not made any public issue and therefore the question of disclosing the end use of money raised by public issue does not arise.
21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

for K.S.RAO & CO.
Chartered Accountants
Firm's Registration Number: 003109S

(P.Govardhana Reddy)
Partner
Membership Number: 029193

Place: Hyderabad
Date : 31st August, 2012



Keerthi Industries Limited

Balance Sheet as at 31 March 2012

(₹ In Lakhs)

| Particulars | Note No. | As at 31 March 2012 | As at 31 March 2011 |
|--|----------|---------------------|---------------------|
| Equity and Liabilities | | | |
| (1) Shareholders' funds | | | |
| (a) Share capital | 2 | 1840.11 | 1840.11 |
| (b) Reserves and surplus | 3 | 4774.57 | 3580.60 |
| | | 6614.68 | 5420.71 |
| (2) Non-current liabilities | | | |
| (a) Long-term borrowings | 4 | 5806.67 | 6765.18 |
| (b) Deffered Tax Liability(net) | 24.10 | 1101.39 | 666.15 |
| (c) Long-term provisions | 5 | 170.64 | 125.36 |
| | | 7078.70 | 7556.69 |
| (3) Current liabilities | | | |
| (a) Short-term borrowings | 6 | 998.41 | 848.50 |
| (b) Trade payables | 7 | 347.88 | 366.06 |
| (c) Other current liabilities | 8 | 3193.54 | 4607.68 |
| (d) Short-term provisions | 9 | 43.03 | 43.53 |
| | | 4582.86 | 5865.77 |
| Total | | 18276.24 | 18843.17 |
| Assets | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | 10 | | |
| (i) Tangible assets | | 14058.70 | 14749.02 |
| (iii) Intangible assets | | 58.03 | 69.89 |
| (iii) Capital work-in-progress | | 152.91 | 302.09 |
| | | 14269.64 | 15121.00 |
| (b) Non - Current Investments (at cost) - National Saving Certificates | | 0.06 | 0.06 |
| (c) Long-term loans and advances | 11 | 1262.85 | 1058.11 |
| | | 15532.55 | 16179.17 |
| (2) Current assets | | | |
| (a) Inventories | 12 | 1288.66 | 998.06 |
| (b) Trade receivables | 13 | 269.98 | 202.33 |
| (c) Cash and cash equivalents | 14 | 314.43 | 697.34 |
| (d) Short-term loans and advances | 15 | 715.99 | 593.08 |
| (e) Other current assets | 16 | 154.63 | 173.19 |
| | | 2743.69 | 2664.00 |
| Total | | 18276.24 | 18843.17 |
| Significant Accounting policies | 1 | | |
| Other Disclosures | 24 | | |

As per our report of even date

For and on behalf of Board of Directors

for K.S.RAO & CO.

Chartered Accountants

Firm's Registration No. 003109S

(P. Govardhan Reddy)

Partner

Place: Hyderabad

Date: 01.09.2012

(J.Triveni)

Executive Chairperson

Company Secretary

(J.S.Rao)

Managing Director



Statement of Profit and Loss for the year ended 31 March 2012

(₹ In Lakhs)

| Particulars | Note No. | Current year | Previou year |
|--|----------|-----------------|--------------|
| I. Revenue from operations | 17 | 17593.25 | 8353.84 |
| II. Other income | 18 | 48.71 | 40.68 |
| III. Total Revenue (I+II) | | 17641.96 | 8394.52 |
| IV. Expenses | | | |
| (i) Cost of materials consumed | 19 | 1593.21 | 1164.22 |
| (ii) Changes in inventories of finished goods and work-in-progress | 20 | (52.70) | 137.50 |
| (iii) Employee benefits expense | 21 | 906.05 | 601.97 |
| (iv) Finance costs | 22 | 953.23 | 421.96 |
| (v) Depreciation and amortization expense | 10 | 1356.95 | 669.51 |
| (vi) Other expenses | 23 | 10954.43 | 5152.71 |
| Total expenses | | 15711.17 | 8147.87 |
| V. Profit before tax (III-IV) | | 1930.79 | 246.65 |
| VI. Tax expense: | | | |
| (1) Current tax: Minimum Alternative Tax | | 386.30 | 49.16 |
| Less: MAT Credit Entitlement | | 107.72 | 49.16 |
| | | 278.58 | - |
| Wealth tax | | 0.21 | - |
| (2) Deferred tax | 24.10 | 435.24 | 69.46 |
| (3) Short provision of earlier year | | 22.79 | 2.79 |
| (4) Excess Provision of fringe benefit tax | | - | 2.81 |
| (5) Income tax refund on account of amalgamation | | - | 31.19 |
| VII. Profit (after tax) for the year (V-VI) | | 1193.97 | 208.40 |
| VIII. Earnings per equity share (face value of ₹10/-) | | | |
| Basic & Diluted | 24.9 | 13.73 | 1.43 |

As per our report of even date

For and on behalf of Board of Directors

for K.S.RAO & CO.

Chartered Accountants

Firm's Registration No. 003109S

(P. Govardhan Reddy)

Partner

Place: Hyderabad

Date: 01.09.2012

(J.Triveni)

Executive Chairperson

Company Secretary

(J.S.Rao)

Managing Director

**Cash Flow Statement for the Twelve Months ended 31st March, 2012**

(₹ In Lakhs)

| | Year ended 31 st March 2012 | Year ended 31 st March 2011 |
|--|--------------------------------|--------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit Before Tax | 1930.79 | 246.65 |
| Adjustments for: | | |
| Depreciation | 1356.95 | 669.51 |
| Interest | 953.23 | 421.96 |
| Profit on sale of Asset | (0.17) | 45.07 |
| Interest Earned | (36.47) | (31.84) |
| Operating Profit before working capital changes | 4204.33 | 1351.35 |
| Changes in working capital: | | |
| Inventories | (290.60) | (186.88) |
| Trade and other receivables | (392.53) | 481.08 |
| Trade and other payables | (1237.43) | 1511.34 |
| Cash generated from operations | 2283.77 | 3156.89 |
| Interest paid | (953.23) | (421.96) |
| Direct Taxes paid | (276.55) | 15.14 |
| | 1053.99 | 2750.07 |
| Net Cash Flow from Operating Activity (A) | 1053.99 | 2750.07 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Interest received | 27.01 | 41.05 |
| Purchase of Fixed Assets | (654.58) | (12378.31) |
| Capital Work in progress | 149.18 | 8966.30 |
| Net Cash used in Investing Activities (B) | (478.39) | (3370.96) |
| C. CASH FLOW FROM FINANCIAL ACTIVITIES | | |
| Un-Secured Loans | (58.53) | 130.56 |
| Proceeds from Secured Loans | (899.98) | 106.14 |
| Sale of Investments | - | 18.89 |
| Net Cash used in Financing Activities (C) | (958.51) | 255.59 |
| D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | | |
| Cash and Cash Equivalents as at 31.03.2011 | 697.34 | 1062.64 |
| Cash and Cash Equivalents as at 31.03.2012 | 314.43 | 697.34 |

As per our report of even date

For and on behalf of Board of Directors

for K.S.RAO & CO.

Chartered Accountants

Firm's Registration No. 003109S

(P. Govardhan Reddy)

Partner

Place: Hyderabad

Date: 01.09.2012

(J.Triveni)

Executive Chairperson

Company Secretary

(J.S.Rao)

Managing Director



1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation:

The financial statements have been prepared and presented under historical cost convention on accrual basis and comply in all material aspects with the Accounting Standards (AS) and the relevant provisions prescribed in the Companies Act, 1956, besides the pronouncements/guidelines of the Institute of Chartered Accountants of India and of the Securities and Exchange Board of India.

1.2. Classification of Assets and Liabilities as Current and Non-Current:

All assets and liabilities are classified as current/non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956.

1.3. Fixed Assets:

Fixed assets (Tangible and Intangible) are stated at cost, less accumulated depreciation /amortisation. Cost comprises the purchase price and any attributable cost of bringing the asset to its location and working condition for its intended use.

1.4. Treatment of Expenditure during Construction Period:

Expenditure during construction period is included under capital work-in-progress and the same is allocated to the respective fixed assets on the completion of construction.

1.5. Borrowing Cost:

Interest and other costs in connection with the borrowing of funds to the extent attributable to the acquisition or construction of a qualifying fixed asset are capitalised as part of the cost of such asset till such time the asset is ready for its intended use. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

1.6. Depreciation:

- i) Depreciation is provided on Straight Line method on the assets other than office equipment, furniture & fixtures and vehicles of Cement Division, on which depreciation is provided on written Down Value Method in accordance with Schedule XIV to the Companies Act, 1956.
- ii) Upfront lease amount in respect of leasehold land is amortised over the period of lease.

1.7. Inventories:

Inventories are valued at the lower of cost and net realisable value. The cost is computed on weighted- average basis. In case of sale of raw material/stores the proceeds are credited to their respective heads.

1.8. Revenue Recognition:

Sales revenue is recognised on transfer of the significant risks and rewards of ownership of the goods to the buyer and stated inclusive of duties and taxes collected, net of trade discounts and rebates.

1.9. Retirement benefits:

- a. Provident fund contributions are remitted to Provident Fund Commissioner and the Contributions are charged to revenue.
- b. Provision for gratuity and leave encashment is made on the basis of an actuarial valuation which is done as per Projected Unit Credit Method at the end of each financial year.

1.10. Provisions/Contingencies:

A provision is recognised when there is a present obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined (as provided/charged to the Statement of Profit and Loss) based on estimate of the amount required to settle the obligation at the Balance Sheet date and are not discounted to present value.

Contingent liabilities are not recognised but are disclosed in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.



Notes forming part of the Financial Statements for the year ended 31st March, 2012

2. Share Capital

₹ In Lakhs

| Particulars | As at 31st March 2012 | | As at 31st March 2011 | |
|---|-----------------------|----------------|-----------------------|-----------|
| | Number of Shares held | % holding | Number of Shares held | % holding |
| a. Authorised: | | | | |
| 2,73,00,000 Equity Shares of ₹10/- each | | | | |
| | 2730.00 | | 2730.00 | |
| 10,70,000 - 9% Cumulative Redeemable Preference Shares of ₹ 100/-each | | | | |
| | 1070.00 | | 1070.00 | |
| Total | 3800.00 | | 3800.00 | |
| b. Issued, subscribed and paid up: | | | | |
| 80,16,738 Equity Shares of ₹.10/- each | | | | |
| | 801.67 | | 801.67 | |
| 10,38,440 - 9% Cumulative Redeemable Preference shares of ₹ 100/- each | | | | |
| | 1038.44 | | 1038.44 | |
| Total | 1840.11 | | 1840.11 | |
| c. List of shareholders holding more than 5% of total number of shares in the company | | | | |
| | As at 31 March 2012 | | As at 31 March 2011 | |
| Name of the Share Holder | Number of Shares held | % holding | Number of Shares held | % holding |
| Equity Shares of ₹10/- each: | | | | |
| Sri. J S Rao | 3796825 | 47.36% | 3796825 | 47.36% |
| Smt.J Triveni | 2195379 | 27.38% | 2195379 | 27.38% |
| 9% Redeemable Preference shares of ₹100/- Each: | | | | |
| M/s. Hyderabad Bottling Company Ltd | 1038440 | 100.00% | 1038440 | 100.00% |

d. Terms/ rights attached to equity shares

Each holder of equity share is entitled to one vote per share. The dividends recommended by the Board of Directors, if any are subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the equity share holders are entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to the number of shares held. The rights attached to the Equity shareholders are subject to the provisions of Companies Act, 1956 and other applicable laws.

e. Terms/ rights attached to 9% cumulative redeemable preference shares

Preference shares would not carry any voting rights. Dividends recommended by the Board of Directors for not exceeding the coupon rate, if any, are subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the preferential share holders will have preferential right over the Equity share holders for their principal amount and the dividend, if any, declared thereon on remaining assets of the Company after distribution to the secured and the preferential creditors. The rights attached to the 9% Cumulative Redeemable Preferential shareholders are subject to the provisions of Companies Act, 1956 and other applicable laws.

f. Reconciliation of Equity Shares outstanding at the end of the reporting period.

| Particulars | As at 31st March 2012 | | As at 31st March 2011 | |
|---|-----------------------|-------------------|-----------------------|-------------------|
| | No. of shares | Amount ₹ in Lakhs | No. of shares | Amount ₹ In Lakhs |
| Shares outstanding at the beginning of the year | 8016738 | 801.67 | 7795150 | 779.51 |
| Add: Shares issued during the year | 0 | 0 | 221588 | 22.16 |
| Shares outstanding at the end of the year | 8016738 | 801.67 | 8016738 | 801.67 |



g. **Reconciliation of 9% Cumulative Redeemable preferential shares outstanding at the end of the reporting period**

| Particulars | As at 31st March 2012 | | As at 31st March 2011 | |
|---|-----------------------|----------------------|-----------------------|----------------------|
| | No. of shares | Amount ₹ in Lakhs | No. of shares | Amount ₹ In Lakhs |
| Shares outstanding at the beginning of the year | 1038440 | 1038.44 | 770100 | 770.10 |
| Add: Shares issued during the year | - | - | 268340 | 268.34 |
| Shares outstanding at the end of the year | 1038440 | 1038.44 | 1038440 | 1038.44 |

Redemption terms of the above Preference Shares of ₹100/- each

| No of shares | Date of allotment | Terms |
|--------------|-------------------|---|
| 5,00,000 | 24.10.2001 | Redeemable at par at the end of 11th, 12th and 13th year from the date of allotment and the amount payaable per share is ₹30, ₹35 and ₹35 respectively. |
| 2,70,100 | 31.10.2002 | |
| 2,68,340* | 13.06.2001 | Redeemable at par at the end of 16th, 17th, 18th and 19th year ₹ 50.00 lakhs per year and at the end of 20th year ₹ 68.34 lakhs. |
| 10,38,440 | | |

*These shares were issued by the Company to preference shareholders of Hyderabad Flextech Limited (amalgamating Company) on amalgamation, redeemable on the same terms on which these were issued initially by Hyderabad Flextech Limited.

3. **Reserves and Surplus** (₹ In Lakhs)

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|---|-----------------------------|-----------------------------|
| Capital Reserves on shares forfeited | 4.29 | 4.29 |
| Capital Reserve (Electronic Division) | 523.36 | 523.36 |
| Capital Reserve (on amalgamation) | 411.90 | 411.90 |
| Govt. Subsidies | 35.00 | 35.00 |
| | 974.55 | 974.55 |
| Surplus in the Statement of Profit & Loss | | |
| Balance as per last financial statement | 2606.05 | 2397.65 |
| Profit for the year | 1193.97 | 208.40 |
| Closing Balance | 3800.02 | 2606.05 |
| Total | 4774.57 | 3580.60 |

4. **Long-term borrowings** (₹ In Lakhs)

| Particulars | Non-current portion | | Current Maturities | |
|----------------|--------------------------|--------------------|--------------------------|--------------------|
| | As at 31st March 2012 | 31st March 2011 | As at 31st March 2012 | 31st March 2011 |
| Secured | | | | |
| Term loans: | | | | |
| - Canara Bank | 1843.65 | 2242.69 | 400.01 | 470.97 |
| - Andhra Bank | 1842.89 | 2240.20 | 400.98 | 477.80 |
| - Indian Bank | 490.01 | 593.64 | 104.03 | 138.36 |



Keerthi Industries Limited

Unsecured

Term loans(against hypothecation of vehicles):

| | | | | |
|-----------------------|----------------|----------------|--------|---------|
| - ICICI Bank | 0.00 | 3.16 | 3.16 | 2.90 |
| - Kotak Mahendra Bank | 0.00 | 16.53 | 16.53 | 19.91 |
| - HDFC Bank | 33.58 | 66.79 | 33.22 | 29.99 |
| Sales Tax Deferment | 1596.54 | 1602.17 | 5.63 | 1.41 |
| Total | 5806.67 | 6765.18 | 963.56 | 1141.34 |

- A. All the installments falling due within 12 months from the date of Balance Sheet have been classified as current maturities, the aggregate amounts are shown under 'Other Current Liabilities'.
- B. The term loans from Canara bank, Andhra Bank and Indian Bank are secured by: (a) First charge on the fixed assets of the Company, (b) Second Charge on Current Assets of the Company and (c) Pledge of equity shares of the company held by the promoters equivalent to 30% of the equity shares of the company. The said charges and the pledge are on pari passu basis.
- C. All the term loans obtained from the banks are guaranteed by two of the directors of the Company in their individual capacities.
- D. The term loans from Banks are repayable in 32 equal quarterly instalments and repayment started from June 2009. Other terms of repayment of term loans are given below:

| Particulars | Rate of Interest | 31st March 2012 | | 31st March 2011 | |
|---------------------|------------------|----------------------------|-------------------|----------------------------|-------------------|
| | | Number of installments due | Amount ₹ in lakhs | Number of installments due | Amount ₹ in lakhs |
| Term loans: | | | | | |
| Canara Bank: | BPLR + 0.25% | 24 | 2248.00 | 29 | 2726.00 |
| Andhra Bank | BPLR + 0.25% | 24 | 2248.00 | 29 | 2726.00 |
| Indian Bank | BPLR + 0.25% | 24 | 602.00 | 28 | 728.00 |
| | | | 5098.00 | | 6180.00 |
| ICICI Bank | 9.09% | 12 | 3.15 | 16 | 6.06 |
| Kotak Mahendra Bank | 11.67% | 9 | 16.53 | 13 | 36.44 |
| HDFC Bank | 10.25% | 23 | 66.79 | 27 | 96.79 |
| | | | 86.47 | | 139.29 |
| | | | 5184.47 | | 6319.29 |

- E. Sales Tax Deferment(Cement Division): Consequent to the introduction of VAT from 01.04.2005, the Tax Holiday, being the sales tax incentive, against expanded capacity, has been converted into Deferment and the Company got entitlement to defer tax collections up to ₹ 1590.43 lakhs over a period of ten years effective 01.04.2005 and repayable after fourteen years from the end of the relevant financial year. Due dates for repayment are given below.

| Due Date | Amount (₹ in lakhs) |
|------------|---------------------|
| 01.04.2020 | 308.18 |
| 01.04.2021 | 491.73 |
| 01.04.2022 | 591.70 |
| 01.04.2023 | 198.82 |

- (ii) Electronic Division is allowed to defer its Sales Tax Liability on Domestic sales to ₹ 528 lakhs during the period 01.09.1994 to 31.08.2004. Accordingly, Sales Tax collected on DTA Sales up to 31.08.2004 of ₹13.15 lakhs is shown as unsecured loan. Repayment dues and the accounting years in which they are due are as given below:



| Due Date | Amount (₹ in Lakhs) |
|----------|---------------------|
| 2012-13 | 5.63 |
| 2013-14 | 3.89 |
| 2014-15 | 2.22 |

5. Long-term provisions (₹ In Lakhs)

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|---------------------------------|--------------------------|--------------------------|
| Provision for employee benefits | | |
| Gratuity | 154.23 | 106.65 |
| Compensated absences | 16.41 | 18.71 |
| Total | 170.64 | 125.36 |

6. Short-term borrowings (₹ In Lakhs)

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|---------------------------------|-----------------------------|-----------------------------|
| A. Secured | | |
| Canara Bank - Cash Credit | 106.55 | 467.42 |
| State Bank of India - Overdraft | 92.95 | |
| Total (a) | 199.50 | 467.42 |
| B. Unsecured | | |
| From Related parties: | | |
| Inter Corporate Deposit | 656.04 | 201.04 |
| Loan from Directors | 142.87 | 180.04 |
| Total (b) | 798.91 | 381.08 |
| Total (a+b) | 998.41 | 848.50 |

- a. Secured: (i) Cash Credit from Canara Bank sanctioned limit of ₹ 480 lakhs, is secured by way of hypothecation of work-in-process, finished goods, raw materials, stores and spares, receivables both present and future and also by a second charge on the immovable properties and other fixed assets of the company. Further, working capital loans are guaranteed by two of the directors of company individually and by the corporate guarantee of M/s Hyderabad Bottling Company Limited and equitable mortgage against the residential property of a director of Company. (ii) Overdraft from State Bank of India was secured by Fixed Deposit Receipt of ₹103.69 Lakhs.
- b. Unsecured: (1) Loan from a director is free of interest and is repayable on demand. (2) Inter corporate deposits to the extent of ₹430 lakhs carry an interest of 10% per annum and is repayable on demand.

7. Trade payables (₹ In Lakhs)

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|--|-----------------------------|-----------------------------|
| Other than Micro, Small and Medium Enterprises | 347.88 | 366.06 |
| Total | 347.88 | 366.06 |

Note: As per the information available with the Company, there are no suppliers/service providers in the category of Micro, Small and Medium Enterprises.



8. Other current liabilities

(₹ In Lakhs)

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|---|-----------------------------|-----------------------------|
| Current maturities of long-term debt (Refer Note - 4) | 963.55 | 1141.34 |
| Current maturities of long-term Provisions | 1.12 | 8.16 |
| Creditors for capital goods | 564.82 | 958.75 |
| Trade Deposits | 14.48 | 15.29 |
| Interest accrued and due | 65.44 | 70.49 |
| Advances from customers | 632.68 | 858.96 |
| Creditors for expenses | 469.12 | 325.62 |
| Creditors for other finance | 18.40 | 20.86 |
| Creditors for Contractual obligations | 4.41 | 4.83 |
| Other Current Liabilities | 411.42 | 968.54 |
| Salaries & wages payable | 48.10 | 34.84 |
| Share Application Money | 0.00 | 200.00 |
| Total | 3193.54 | 4607.68 |

9. Short-term provisions

(₹ In Lakhs)

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|---------------------------------|-----------------------------|-----------------------------|
| Provision for employee benefits | 42.83 | 43.53 |
| Provision for tax | | |
| Wealth Tax | 0.20 | - |
| Total | 43.03 | 43.53 |



Keerthi Industries Limited

(₹ In Lakhs)

| Sl. No. | Particulars | GROSS BLOCK | | DEPRECIATION | | NET BLOCK | | | | | | |
|--------------------------------|--------------------------------|------------------|---------------|--------------|------------------|------------------|----------------|--------------|------------------|------------------|------------------|---------|
| | | As at 31.03.2011 | Additions | Deductions | As at 31.03.2012 | Up to 31.03.2011 | For the year | Deductions | Up to 31.03.2012 | As at 31.03.2012 | As at 31.03.2011 | |
| (I) Tangible Assets: | | | | | | | | | | | | |
| 1 | Land: | | | | | | | | | | | |
| | Freehold: Cement Division | 445.05 | 134.59 | 0.00 | 579.64 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 579.64 | 445.05 |
| | Sugar Division | 406.82 | 0.00 | 0.00 | 406.82 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 406.82 | 406.82 |
| | Lease hold Land (Wind Power) | 18.00 | 0.00 | 0.00 | 18.00 | 2.40 | 0.60 | 0.00 | 3.00 | 0.00 | 15.00 | 15.60 |
| 2 | Buildings: | | | | | | | | | | | |
| | Factory | 3177.52 | 111.11 | 0.00 | 3288.63 | 333.46 | 106.15 | 0.00 | 439.61 | 0.00 | 2849.02 | 2844.06 |
| | Factory (Wind Power) | 57.55 | 0.00 | 0.00 | 57.55 | 6.74 | 1.92 | 0.00 | 8.66 | 0.00 | 48.89 | 50.81 |
| | Non-Factory | 318.61 | 0.00 | 0.00 | 318.61 | 20.52 | 5.19 | 0.00 | 25.71 | 0.00 | 292.90 | 298.09 |
| 3 | Plant & Machinery | 11561.43 | 348.60 | 0.00 | 11910.03 | 3750.66 | 982.92 | 0.00 | 4733.58 | 0.00 | 7176.45 | 7810.77 |
| | Plant & Machinery (Wind Power) | 860.45 | 0.00 | 0.00 | 860.45 | 159.29 | 88.03 | 0.00 | 247.32 | 0.00 | 613.13 | 701.16 |
| 4 | Electrical Installations | 2221.78 | 42.77 | 0.00 | 2264.55 | 273.55 | 105.54 | 0.00 | 379.09 | 0.00 | 1885.46 | 1948.23 |
| 5 | Furniture & Fixtures | 50.66 | 0.00 | 0.00 | 50.66 | 48.82 | 0.33 | 0.00 | 49.15 | 0.00 | 1.51 | 1.84 |
| 6 | Office Equipment | 43.82 | 5.90 | 0.00 | 49.72 | 25.71 | 2.72 | 0.00 | 28.43 | 0.00 | 21.29 | 18.11 |
| 7 | Vehicles | 186.69 | 7.95 | 3.81 | 190.83 | 31.98 | 42.01 | 3.64 | 70.35 | 0.00 | 120.48 | 154.71 |
| 8 | Other Assets | 17.95 | 0.00 | 0.00 | 17.95 | 17.95 | 0.00 | 0.00 | 17.95 | 0.00 | 0.00 | 0.00 |
| 9 | Data Processing Equipment | 70.75 | 4.02 | 0.00 | 74.77 | 27.95 | 7.60 | 0.00 | 35.55 | 0.00 | 39.22 | 42.80 |
| 10 | Power Line | 10.51 | 0.00 | 10.51 | 0.00 | 10.51 | 0.00 | 10.51 | 0.00 | 0.00 | 0.00 | 0.00 |
| 10 | Effluent Treatment Plant | 19.49 | 0.00 | 0.00 | 19.49 | 14.81 | 0.93 | 0.00 | 15.74 | 0.00 | 3.75 | 4.68 |
| 11 | Generators | 17.59 | 0.00 | 0.00 | 17.59 | 13.02 | 0.84 | 0.00 | 13.86 | 0.00 | 3.73 | 4.57 |
| 12 | Lab Equipment | 6.57 | 0.00 | 0.00 | 6.57 | 4.85 | 0.31 | 0.00 | 5.16 | 0.00 | 1.41 | 1.72 |
| | Total | 19491.24 | 654.94 | 14.32 | 20131.86 | 4742.22 | 1345.09 | 14.15 | 6073.16 | 14058.70 | 14749.02 | |
| (II) Intangible Assets: | | | | | | | | | | | | |
| | Computer Software | 71.19 | 0.00 | 0.00 | 71.19 | 1.30 | 11.86 | 0.00 | 13.16 | 0.00 | 58.03 | 69.89 |
| | Total (I + II) | 19562.43 | 654.94 | 14.32 | 20203.05 | 4743.52 | 1356.95 | 14.15 | 6086.32 | 14116.73 | 14818.91 | |
| | Add:Capital work in progress | 302.09 | 350.69 | 499.87 | 152.91 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 152.91 | 302.09 |
| | Less:Internal transfers | 0.00 | 499.87 | 499.87 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Total | 19864.52 | 505.76 | 14.32 | 20355.96 | 4743.52 | 1356.95 | 14.15 | 6086.32 | 14269.64 | 15121.00 | |
| | Previous Year | 16707.97 | 3739.35 | 582.80 | 19864.52 | 4285.52 | 669.51 | 211.51 | 4743.52 | 15121.00 | 12422.46 | |



11. Long-term loans and advances (Unsecured, considered good) (₹ In Lakhs)

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|--------------------------------------|-----------------------------|-----------------------------|
| Advances for Capital items | 796.96 | 694.58 |
| Consumption Deposit with CPDCL | 256.09 | 255.53 |
| Voltage Surcharge paid under protest | 72.06 | 72.06 |
| Income Tax Paid Under Protest | 116.97 | - |
| Sales Tax paid under protest | 19.09 | 30.88 |
| Excise Duty under protest | 1.68 | 1.68 |
| Gratuity paid under protest | | 3.38 |
| Total | 1,262.85 | 1,058.11 |

12. Inventories (₹ In Lakhs)

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|--|-----------------------------|-----------------------------|
| Raw materials | 175.26 | 174.47 |
| Stores and spares | 569.67 | 416.81 |
| Coal | 374.16 | 274.85 |
| Packing Material | 6.72 | 14.29 |
| Work-in-progress | 44.24 | 48.83 |
| Finished goods | 98.21 | 40.92 |
| Srap(discarded assets)-At realisable value | 20.40 | 22.00 |
| Material in transit | - | 5.89 |
| Total | 1,288.66 | 998.06 |

13. Trade Receivables (Unsecured considered good) (₹ In Lakhs)

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|---|-----------------------------|-----------------------------|
| Debts outstanding for a period exceeding six months | 35.88 | 58.18 |
| Other debts | 234.10 | 144.15 |
| Total | 269.98 | 202.33 |

14. Cash and cash equivalents (₹ In Lakhs)

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|---------------------|-----------------------------|-----------------------------|
| Balances with banks | 312.28 | 692.67 |
| Cash on hand | 2.15 | 4.67 |
| Total | 314.43 | 697.34 |

Note: Balances with banks include i) ₹ 158.54 lakhs (previous year: ₹ 157.15 lakhs kept as margin money deposits against the guarantee given by bank) ii) Fixed Deposit Receipts for ₹ 103.69 lakhs (previous year ₹ 103.69 lakhs) are held by the bankers with a lien marked in their favour towards overdraft sanctioned by the bank.

Fixed Deposits receipts are with the bankers with a lien marked in their favor towards the overdraft/bank guarantee limits sanctioned by them.

**15. Short-term loans and advances (Unsecured, considered good)** (₹ In Lakhs)

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|---------------------------------------|-----------------------------|-----------------------------|
| Unsecured, Considered Good | | |
| Advances to staff | 2.27 | 5.46 |
| Sundry deposits | 48.56 | 52.17 |
| Vendor advances | 456.91 | 409.70 |
| Advance Income Tax (net of provision) | 51.37 | 76.59 |
| MAT Credit Entitlement | 156.88 | 49.16 |
| Total | 715.99 | 593.08 |

16. Other current assets (₹ In Lakhs)

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|---------------------------------------|-----------------------------|-----------------------------|
| Interest accrued | 29.00 | 19.54 |
| Prepayments | 24.33 | 27.87 |
| CENVAT & VAT Input Credit | 82.10 | 117.20 |
| Claims receivable | 8.17 | 8.58 |
| I T Refundable on A/c of Amalgamation | 11.03 | - |
| Total | 154.63 | 173.19 |

17. Revenue from operations (₹ In Lakhs)

| Particulars | Current Year | Previous Year |
|---------------------------------|-----------------|------------------|
| Sale of cement | 19498.86 | 8994.80 |
| Sale of printed circuit boards* | 355.29 | 267.63 |
| Sale of Wind Power | 118.47 | 94.10 |
| | 19972.62 | 9356.53 |
| Less: Excise duty | 2379.37 | 1002.69 |
| Total | 17593.25 | 8353.84 |

* Net of rejections and returns

18. Other Income (₹ In Lakhs)

| Particulars | Current Year | Previous Year |
|---|-----------------|------------------|
| Interest Income (TDS : ₹ 3,59,942.) | 36.46 | 31.84 |
| Miscellaneous income | 11.92 | 8.84 |
| Gain from foreign exchange fluctuations (Net) | 0.33 | - |
| Total | 48.71 | 40.68 |



19. Raw materials consumed

(₹ In Lakhs)

| Particulars | Current Year | Previous Year |
|--------------------------------|----------------|----------------|
| Opening Stock | 174.47 | 172.57 |
| Add: Purchases during the year | 1594.00 | 1166.12 |
| | <u>1768.47</u> | <u>1338.69</u> |
| Less: Closing Stock | 175.26 | 174.47 |
| Total | 1593.21 | 1164.22 |

Details of raw materials consumed

| | | |
|---------------------|----------------|----------------|
| Lime stone | 538.16 | 354.27 |
| Clay | 11.71 | 12.66 |
| Fly Ash | 247.34 | 138.39 |
| Gypsum | 360.22 | 178.15 |
| Laterite | 81.98 | 35.45 |
| Iron ore/Mill scale | 5.03 | 4.30 |
| Others | 192.53 | 341.06 |
| Electronic Division | 152.87 | 99.94 |
| Total | 1589.84 | 1164.22 |

20. Changes in inventories of finished goods and work-in-progress

(₹ In Lakhs)

| Particulars | Current Year | Previous Year |
|--------------------------------|----------------|---------------|
| Opening Stock: | | |
| Finished Goods | 40.92 | 27.15 |
| Work-in-process | 48.83 | 200.10 |
| | <u>89.75</u> | <u>227.25</u> |
| Less: Closing Stock: | - | - |
| Finished Goods | 98.21 | 40.92 |
| Work-in-process | 44.24 | 48.83 |
| (Increase)/ Decrease in stocks | <u>(52.70)</u> | <u>137.50</u> |

21. Employee Benefits Expense

(₹ In Lakhs)

| Particulars | Current Year | Previous Year |
|---|---------------|---------------|
| Salaries and Wages | 743.50 | 497.83 |
| Contribution to provident and other funds | 53.90 | 36.34 |
| Gratuity, bonus and incentives | 68.70 | 39.58 |
| Staff welfare expenses | 39.95 | 28.22 |
| Total | 906.05 | 601.97 |



22. Finance Costs

(₹ In Lakhs)

| Particulars | Current Year | Previous Year |
|--------------------------|---------------|---------------|
| Interest expense: | | |
| Working capital loans | 26.56 | 35.97 |
| Term loans | 840.23 | 315.21 |
| Unsecured loans | 57.75 | 61.78 |
| Others | 28.69 | 9.00 |
| Total | 953.23 | 421.96 |

23. Other Expenses

(₹ In Lakhs)

| Particulars | Current Year | Previous Year |
|-----------------------------------|-----------------|----------------|
| Consumption of stores | 453.95 | 229.53 |
| Power and fuel | 5487.65 | 2728.15 |
| Packing and forwarding expenses | 1780.14 | 586.81 |
| Repairs to: buildings | 13.57 | 6.18 |
| plant and machinery | 144.97 | 142.91 |
| others | 4.79 | 3.55 |
| Taxes & Duties | 2570.42 | 1145.56 |
| Insurance | 12.91 | 14.27 |
| Rates and taxes | 34.65 | 5.37 |
| Bad debts | 42.61 | - |
| Auditors remuneration - Audit fee | 1.50 | 0.80 |
| Tax Audit | 0.50 | 0.25 |
| Certification | 0.30 | 0.28 |
| Other Expenses | 406.47 | 289.05 |
| Total | 10954.43 | 5152.71 |



24.1 a) Contingent Liabilities not provided for in respect of:

| | Current Year ₹ in lakhs | Previous Year ₹ in lakhs |
|---|----------------------------|-----------------------------|
| i) Bank Guarantee | 219.04 | 214.24 |
| ii) During the year Income tax department has raised demand for ₹ 290.97 lakhs for the Assessment year 2007-08 disallowing unabsorbed depreciation relating to the Assessment years 1997-98 to 2001-02 which was set off in the Assessment year 2007-08 by the company. The company has not recognized this liability in the books of accounts as the company preferred an appeal before the Commissioner (appeals). However the company has paid ₹ 116.97 lakhs under protest and shown under long term loans and advances.. | | |
| iii) A.P. General Sales Tax liability of ₹ 18.77 lakhs (up to Previous year ₹ 18.77 lakhs) on packing materials purchased during the accounting years 1990-91 and 1991-92 as the Company preferred appeals before Appellate Authorities and the same are pending | | |
| iv) Karnataka Sales Tax demand of ₹ 6.20 lakhs (up to Previous year ₹ 6.20 lakhs) for the accounting year 1993-94 as the company preferred an appeal in the Hon'ble High Court of Karnataka. | | |
| v) Demand from Central Excise Authorities for ₹95.01 lakhs together with penalty of ₹95.01 lakhs (Previous year ₹190.02 lakhs) against alleged irregular availment of Cenvat Credit on inputs by Cement Division, as the Company's legal counsel opined that the demand is not sustainable. | | |
| vi) In the year 2003-04, Central Power Distribution Company of Andhra Pradesh had levied Voltage Surcharge of ₹ 130.29 lakhs for getting the energy through general lines over and above the contracted load instead of dedicated lines. As getting the energy through specified line is not within the control of the company, the company challenged the levy before Hon'ble High Court of Andhra Pradesh and the High Court was pleased to grant staying the collection of the said levy. However the Company has paid ₹ 72.06 lakhs (previous year ₹ 72.06 lakhs) under protest and shown under Long term loans and advances and the said amount was not provided for in the books. The appeal is pending. | | |
| vii) In the year 2007-08 A P Commercial Tax Department had revised the CST Assessment for the year 2000-2001 and demanded ₹ 39.25 lakhs. The company got stayed the demand through an order of Hon'ble High Court of A.P. and the department had collected ₹ 19.09 lakhs around 50% of the demand which is grouped under long term loans and advances. As the matter is pending in appeal before the A P Sales Tax Appellate Tribunal, no provision is made in the accounts for the disputed tax of ₹ 39.25 lakhs. | | |
| viii) In the year 2007-08 a supplier filed a suit and obtained an ex-parte decree against the Company from District Court Cuddalore, Tamilnadu demanding ₹ 39.50 lakhs against the liability of ₹ 23.59 lakhs towards Lignite supplied in earlier year. Company disputed the liability of ₹ 39.50 lakhs and deposited ₹ 5.00 lakhs in court as directed by Madras High Court and case is pending before Vriddachalam Additional District Court (FTC). | | |
| b) i) Estimated amount of contracts to be executed on capital on account of Project expansion of Cement Division ₹ 158 lakhs (Net of advances) (previous year ₹ 9.30 lakhs). | | |
| ii) Arrears of fixed Cumulative Dividends-9% cumulative dividend for the current year is ₹ 93.46 lakhs (up to Previous year ₹ 864.81 lakhs). | | |

24.2. In the year 2007-08 Company paid ₹ 147 lakhs to the land owners for acres 98 and 15 guntas in the vicinity of the Cement factory for surrendering their Pattadar pass Books, to the Revenue authorities, Government of A.P. to facilitate granting of the lease rights in favour of the company, in respect of the said surrendered lands for lime stone mining. Company's application for lease rights in this regard is under process. The said amount of ₹ 147 lakhs is shown as advance for mining lease rights.

24.3. Upfront lease amount of ₹ 18.00 lakhs paid to Karnataka Forest Dept. towards Wind mill land lease is amortised over the lease period of 30 year. Accordingly ₹ 0.60 lakhs for the current year is amortised (up to Previous year ₹ 2.40lakhs).

24.4. The National Savings Certificate VIII issue (shown under investments) has been pledged with Sales Tax Department towards Sales Tax Deposit.

24.5. Foreign Exchange Earnings and Expenditure:



| | Current Year ₹ in lakhs | Previous Year ₹ in lakhs |
|---|----------------------------|-----------------------------|
| a) Value of Imports calculated on CIF basis | | |
| i) Project equipment | 19.52 | -- |
| ii) Raw Materials | 72.84 | 73.32 |
| iii) Spares | 7.91 | 0.73 |
| b) Expenditure in foreign currency on account of Travelling | 30.22 | -- |
| c) Earnings in foreign Exchange: | | |
| Export of goods calculated on F.O.B basis | 16.85 | 3.36 |

Disclosures in accordance with Accounting Standards Rules, 2006 notified by the Central Government:

24.6. Defined Benefit Scheme in accordance with A S-15 "Employee Benefits" issued by ICAI. As per actuarial valuation as on 31.03.2012 and recognised in financial statements in respect of employee defined benefit scheme.

| | Gratuity ₹ in lakhs | Leave Encashment ₹ in lakhs |
|--|------------------------|-----------------------------------|
| Current Service Cost | 5.99 | 2.16 |
| Interest Cost on benefit obligation | 8.85 | 1.83 |
| Expected return on plan assets | NIL | NIL |
| Net Actuarial(gain)/loss recognised in the year | 34.47 | (5.90) |
| Net Benefit expense | 49.32 | (1.91) |
| Actual return on plan assets | NIL | NIL |
| Details of provision for: | | |
| Change in the present value of the defined benefit obligation are as follows: | | |
| Opening defined benefit obligation | 110.67 | 22.84 |
| Interest cost | 8.85 | 1.83 |
| Current services cost | 5.99 | 2.16 |
| Benefits paid | (4.81) | (4.35) |
| Actuarial(gains)/losses on obligation | 34.47 | (5.90) |
| Closing defined benefit obligation | 155.18 | 16.58 |

24.7. Segment Reporting:

Current Year (₹ in lakhs)

| | Cement Division | Wind Mill | Electronics Division | Total |
|-------------------------|--------------------|-----------|-------------------------|----------|
| Primary Disclosures: | | | | |
| External Sales | 19498.86 | 118.47 | 355.29 | 19972.62 |
| Inter-segment Sales | - | - | - | - |
| Total Revenue | 19498.86 | 118.47 | 355.29 | 19972.62 |
| Segment Result: | 2818.28 | 99.40 | (82.38) | 2835.30 |
| Less: Interest Expenses | 944.96 | - | 8.27 | 953.23 |
| Add: Interest Received | 37.47 | - | 11.24 | 48.71 |
| Less : Income Taxes | 736.81 | - | - | 736.81 |
| Profit | 1173.98 | 99.40 | (79.41) | 1193.97 |



Keerthi Industries Limited

| | | | | |
|---|----------|--------|--------|----------|
| Segment Assets: | | | | |
| i) Total cost incurred during the year to acquire segment assets that are expected to be used during more than one year | 652.08 | - | 2.86 | 654.94 |
| ii) Others | 16171.26 | 695.33 | 754.71 | 17621.30 |
| Total Assets | 16823.34 | 695.33 | 757.57 | 18276.24 |
| Segment Liabilities | 17518.67 | - | 757.57 | 18276.24 |
| Total Liabilities | 17518.67 | - | 757.57 | 18276.24 |
| Depreciation | 1156.05 | 90.55 | 110.35 | 1356.95 |
| Non cash expenses Other than Depreciation | - | - | - | - |

Previous Year

(₹in lakhs)

| | Cement Division | Wind Mill | Electronics Division | Total |
|---|-----------------|-----------|----------------------|----------|
| Primary Disclosures: | | | | |
| External Sales | 8994.81 | 94.10 | 267.63 | 9356.54 |
| Inter-segment Sales | - | - | - | - |
| Total Revenue | 8994.81 | 94.10 | 267.63 | 9356.54 |
| Segment Result: | 654.72 | 75.83 | (102.62) | 627.93 |
| Less: Interest Expenses | 414.48 | - | 7.48 | 421.96 |
| Add: Interest Received | 26.26 | - | 14.42 | 40.68 |
| Less : Income Taxes | 38.25 | - | - | 38.25 |
| Profit | 228.25 | 75.83 | (95.68) | 208.40 |
| Segment Assets: | | | | |
| i) Total cost incurred during the year to acquire segment assets that are expected to be used during more than one year | 12694.57 | - | 11.07 | 12705.64 |
| ii) Others | 4591.25 | 786.70 | 759.58 | 6137.53 |
| Total Assets | 17285.82 | 786.70 | 770.65 | 18843.17 |
| Segment Liabilities | 18072.52 | - | 770.65 | 18843.17 |
| Total Liabilities | 18072.52 | - | 770.65 | 18843.17 |
| Depreciation | 509.94 | 47.95 | 111.62 | 669.51 |
| Non cash expenses Other than Depreciation | - | - | - | - |

24.8.AS -18 Related party disclosures:

| Name of Related Parties | Nature of Relationship |
|---|--|
| a. Hyderabad Bottling Co.Ltd | Enterprises over which key management personnel have significant influence |
| b. Triveni Capital Leasing & Investments Pvt Limited | |
| c. I O U Projects Limited | |
| d. Mr J.Venkata Krishna | Relatives of key managerial personnel. |
| e. Ms. J.Sharada Govardhini | |
| f. M ^{re} J. Triveni, Executive Chair Person | Key Management Personnel |
| g. Mr. J.S.Rao, Managing Director | |



Keerthi Industries Limited

i) Transaction with Enterprises over which key management personnel have significant influence: (₹ in lakhs)

| Nature of Transactions | Current Year | Previous Year | Receivable (Payable) as on 31.03.12 | Receivable (Payable) as on 31.03.11 |
|-----------------------------|---------------|---------------|-------------------------------------|-------------------------------------|
| a) Inter Corporate Deposits | 437.73 | -- | (656.04) | (201.04) |
| b) Interest payment | 17.27 | -- | | |
| c) Supply of cement | -- | -- | 0.60 | 0.60 |

ii. Transactions with the persons referred to in item d & e above:

| | | | | |
|---------------------|--------------|--------|----------|----------|
| a) Remuneration | 20.24 | 0.92 | (1.06) | (0.92) |
| b) Purchase of Land | -- | 259.25 | (244.13) | (259.25) |

iii. Transactions with Key Management Personnel:

| | | | | |
|---------------------|--------------|--------|----------|----------|
| a) Unsecured Loan | -- | -- | (142.88) | (180.04) |
| b) Purchase of Land | -- | 147.05 | (20.42) | (147.05) |
| c) Remuneration | 95.55 | 46.59 | (50.56) | (4.16) |

24.9. Earnings per share: A.S-20

| Particulars | Current year | Previous year |
|---|----------------|---------------|
| | (₹ in lakhs) | |
| Net Profit after tax | 1193.97 | 208.40 |
| Less : Dividend on 9% Cumulative Redeemable Preference Shares | 93.46 | 93.46 |
| Balance Available for Equity Share Holders (A) | 1100.51 | 114.94 |
| No. of Shares (B) | 8016738 | 8016738 |
| Basic & Diluted earnings per share of ₹10 each (A)/ (B) | 13.73 | 1.43 |

24.10. Deferred Tax:

In accordance with accounting standard 22, "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the company worked out taxes on income resulting deferred tax liability of ₹ 1101.39 lakhs as at 31.03.2012. The components of deferred tax assets and deferred tax liabilities are given hereunder.

| | As at 31.03.2012 | As at 31.03.2011 |
|---|------------------|------------------|
| | (₹ in lakhs) | |
| A. Items of Deferred Tax Liability: Depreciation | 3455.90 | 2035.85 |
| B. Items of Deferred Tax Asset: Disallowance U/S 43 B of IT Act' 1961 and other disallowances | 61.79 | 30.44 |
| (A) - (B) | 3394.11 | 2005.41 |
| Deferred Tax Liability | 1101.39 | 666.15 |

24.11 During the year ended 31st March, 2012, the revised format of accounts was notified by modifying Schedule VI under the Companies Act, 1956. The new format has been followed for preparation and presentation of the financial statements. The adoption of revised Schedule VI, as aforesaid, does not impact recognition and measurement principles followed for preparation of the financial statements. The Company has reclassified the previous year's figures in accordance with the requirements applicable in the current year.

As per our report of even date

For and on behalf of Board of Directors

for K.S.RAO & CO.

Chartered Accountants

Firm's Registration No. 003109S

(P. Govardhan Reddy)

Partner

Place: Hyderabad

Date: 01.09.2012

(J.Triveni)

Executive Chairperson

Company Secretary

(J.S.Rao)

Managing Director



INTENTIONALLY KEPT BLANK



Keerthi Industries Limited

KEERTHI INDUSTRIES LIMITED

29th ANNUAL GENERAL MEETING

Registered Office: Mellacheruvu (Village & Mandal), Nalgonda District,
Andhra Pradesh-508 246.

PROXY FORM

D.P.Id* _____

Folio No _____

Client Id* _____

I/We _____ of _____

being Member/ Members of Keerthi Industries Limited, hereby appoint Mr./ Ms. _____

of _____ or failing him/ her, Mr./ Ms. _____

of _____ as my/our proxy to attend and vote for me/us on

my/our behalf at the 29th Annual General Meeting of the Company to be held on Saturday, the 29th September, 2012 at

11.00 A.M. at the Registered Office of the Company at Mellacheruvu (Village & Mandal), Nalgonda District, Andhra Pradesh

- 508 246 and at any adjournment(s) thereof.

Signature : _____

Date : _____

Affix
Revenue
Stamp of
Re. 1.00

Note: The Proxy form duly completed must be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting. A proxy need not be a member.

TEAR OFF HERE

KEERTHI INDUSTRIES LIMITED

29th ANNUAL GENERAL MEETING

Registered Office: Mellacheruvu (Village & Mandal), Nalgonda District,
Andhra Pradesh-508 246.

ATTENDANCE SLIP

Please complete this attendance slip and hand over it over at the entrance of the meeting hall joint shareholders may obtain additional attendance slips on request.

D.P.Id* _____

Folio No _____

Client Id* _____

Name & Address of the Shareholder _____

I hereby record my presence at the 29th Annual General Meeting of the Company to be held at the Regd. office & Factory: Mellacheruvu (Village & Mandal), Nalgonda District, Andhra Pradesh-508 246 at 11.00 A.M on 29th day of September, 2012.

Signature of the Shareholder or Proxy

(NO GIFTS PLEASE)

PRINTED MATER

BOOK POST

If undelivered, Please return to :

KEERTHI INDUSTRIES LIMITED

Administrative Office :

Plot No.40, I.D.A, Balanagar,

Hyderabad - 500 037.