



Keerthi
Industries Limited
(Formerly known as Suvarna Cements Limited)

30th
Annual Report 2012-2013



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

Sri. Boddu Venkata Subbaiah	Chairman
Sri.J.S.Rao	Member
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: general@keerthiindustries.com
kilinvestorservices@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 30th Annual General Meeting of Shareholders of the Company will be held on Monday the 29th July, 2013 at 11:00 AM at the Registered Office 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, 2013 and the Statement of Profit and Loss Account for the year ended on that date together with the Notes, Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri K Harishchandra Prasad, Director who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri B V Subbaiah, Director 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 Auditors.

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 198,269,309 and 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act,1956 the consent of the members be and is hereby accorded for payment of remuneration of ₹4,00,000/- P.M (inclusive of all allowances, amenities and perquisites) to Sri. J S Rao, Managing Director as per the terms approved by the members at the 29th Annual General meeting of the company held on 29th September, 2012 as minimum remuneration for the period 13th August, 2012 to till the completion of his term on 10th May, 2015 in view of the company having no profits during the financial year ended 31st March, 2013 and in the event company having no profits or inadequate profits during any subsequent financial year in which his present term is completed.”

“FURTHER RESOLVED THAT Sri J S Rao Managing Director or company Secretary of the Company be and are hereby authorized severally 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 198,269,309 and 310 and other applicable provisions, if any, read with schedule XIII of the Companies Act,1956 the consent of the members be and is hereby accorded for payment of remuneration of ₹4,00,000/- p.m (inclusive of all allowances, amenities and perquisites) to Smt. J Triveni, Executive Chairperson as per the terms approved by the members at the 29th Annual General meeting of the company held on 29th September 2012 as minimum remuneration for the period 13th August, 2012 to till the completion of her term on 10th May, 2015 in view of the company having no profits during the financial year ended 31st March, 2013 and in the event company having no profits or inadequate profits during any subsequent financial year in which her present term is completed.”

“FURTHER RESOLVED THAT Sri J S Rao Managing Director or company Secretary of the Company be and are hereby authorized severally 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: 29-05-2013

Sd/-
(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 July, 2013 to 28th July, 2013 (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 2012-13 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 & 6.

As members will recall the appointment and terms of appointment, remuneration including terms of minimum remuneration of Sri.J S Rao, Managing Director and Smt. J Triveni, Executive Chairperson to their respective offices approved by the members by special resolution at their 27th Annual General meeting held on 30th September 2010 with effect from 11th May 2010 and increase of their remuneration by members in the 29th Annual General Meeting held on 29th September 2012 with effect from 13th August 2012, pursuant to section 269,309,310 read with Schedule XIII of the Companies Act 1956. During that time the managerial remuneration was well with in the limits as specified in the Companies Act, 1956 as the company had adequate profits. However, adverse impact from input cost, non availability of power, sluggish demand for cement put significant pressure on margins for the year ended 31st March 2013. In view of the same, it is necessary for the company to secure members approval by way of special resolution for payment of same Managerial remuneration as already approved by the members in the 29th Annual General Meeting held on 29th September 2012 as minimum remuneration for the part period in the financial 2012-13 commencing from 13th August 2012 and in the event of loss or inadequacy of profits in any later financial years up to respective terms of appointment (i.e 10th May 2015) of Sri J S Rao and Smt. J Triveni. The payment of minimum remuneration to concerned persons as stated above has the approval of the Remuneration committee of the Board of Directors. The resolutions are recommended for adoption by the members. The explanatory statement may be treated as notice of disclosure under section 302 of the Companies Act 1956.

The statement as required under Clauses 1(B) and 1(C) of Section II, Part II of the Schedule XIII of the Companies Act, 1956 with reference to the item no(s). 1, 2 and 3 are as follows:

I. GENERAL INFORMATION:

- (1) **Nature of Industry:** Manufacturing of Cement and printed circuit Boards
- (2) **Date or expected date of commencement of commercial production :** Existing Company,
- (3) **In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. :** Existing Company, not applicable.



(4) Financial performance based on given indicators:

S. No.	Particulars	Audited Figure for 12 months period ended 31.03.2013 (₹ in lacs)	Audited Figure for 12 months period ended 31.03.2012 (₹ in lacs)	Audited Figure for 12 months period ended 31.03.2011 (₹ in lacs)
	Net sales/Income from operations	10769.28	17593.25	8353.84
	Other Income	55.78	48.71	40.68
	Total Expenditure (including adjustment of stock)	10971.62	13400.99	7056.40
	Interest	897.89	953.23	421.96
	Depreciation	1372.68	1356.95	669.51
	Profit/(loss) before Tax	2417.13	1930.79	246.65
	Provision for Tax	—	386.51	—
	a) Current Tax			
	Deferred Tax	36.98	435.24	69.46
	d) MAT Credit Write Down/ (Entitlement)		(107.72)	
	e) Income Tax provision for earlier year written back	0.96	22.79	(31.21)
	Net Profit/(loss)	2455.07	1193.97	208.40

(5) Export performance and net foreign exchange collaborations : Nil

(6) Foreign Investment of Collaborators, if any : Nil

II. INFORMATION ABOUT APPOINTEES:

1. Information about the Chairperson:

1	Background details	Smt. Jasti Triveni (age 50 years) is a graduate in Commerce and She is having 29 years of vast experience in the cement Industry. During her tenure, the operations of the company had turnaround and from the sick company status the Company has made tremendous progress due to her efforts. She is one among the promoters of Kaktiya Cement and Sugar Industries Limited
2	Past remuneration	Salary ₹4,00,000/- per month plus such percentage of commission & perquisites as approved by the members in the 29th Annual General Meeting.
3	Recognition or awards :	During her tenure as Managing Director of Keerthi Industries Ltd, the Company was awarded the best turnaround/revival of sick industry small/ medium scale for the year 2002-03 by FAPCCI from the hands of the then Hon'ble Chief Minister of Andhra Pradesh in reorganization of successful efforts in reviving sick unit.
4	Job profile and her suitability	Subject to the supervision and control of the Board of Directors, she functions as the Executive Chairperson of the Company. She has been participating in strategizing the company's growth trajectory besides overseeing of Board process and striking balance among the stakeholders. Smt. J Triveni is instrumental in the development of the Company. As a second generation entrepreneur and having long standing experience in the industry, she has hands-on experience to discharge her functions effectively.
5	Remuneration proposed	In the event of inadequacy of profits in any financial year, she will be paid ₹4,00,000/- per month as Salary inclusive of all the allowances commission & perquisites with effect from 13th August 2012 and up to 10th May 2015
6	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case expatriates the relevant details would be w.r.t. the country of his origin)	The remuneration of the key managers in the industry might have been fixed depends on divergent factors which are unknown to us; hence, could not be comparable. The proposed remuneration is broadly in tune with the current remuneration package of managerial persons of companies belongs to similar industries. Further it is commensurate with the qualification and experience and in accordance with the high competitive business scenario.



7	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Smt. J Triveni is a Promoter Director holding 2195379 shares consisting of 27.38% of the paid-up capital of the Company. Apart from receiving remuneration as stated above and dividend as a member of the Company, she does not receive any emoluments from the Company. However Shri J S Rao (Managing Director) and Ms. Sharada Govardhini (COO) are the relatives of the Chairperson.
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2. Information about the Managing Director:

1	Background details	Shri J.S. Rao, 60, Post Graduate in Engineering, is the Managing Director of Keerthi Industries Limited. Formerly he was Managing Director of Hyderabad Bottling Co. Limited for over 15 years. Under his able leadership and supervision, the company has undertaken many expansion activities and became the reputed corporate group.
2	Past remuneration	Salary ₹4,00,000/- per month plus such percentage of commission & perquisites as approved by the members in the 29th Annual General Meeting.
3	Recognition or awards :	He is associated with various reputed institutions and had elected as president of federation of Andhra Pradesh chambers of commerce and industry (FAPCCI). Several recognitions and accolades were under his credit for his achievements and outstanding performance.
4	Job profile and her suitability	Subject to the supervision and control of the Board of Directors, he oversees the operations of the Company and actualizes the operational plans into tangible results. Mr. JS Rao played a key role in expanding Keerthi Industries Ltd up to 1800 TPD after taking over from the old management. He has vast experience of about 30 years in cement and electronic industry and successfully handled the marketing, finance, purchase and human resource divisions.
5	Remuneration proposed	In the event of inadequacy of profits in any financial year, he will be paid ₹4,00,000/- per month as Salary inclusive of all the allowances commission & perquisites with effective from 13th August 2012 and up to 10th May 2015.
6	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case expatriates the relevant details would be w.r.t. the country of his origin)	The remuneration of the key managers in the industry might have been fixed depends on divergent factors which are unknown to us; hence, could not be comparable. The proposed remuneration is broadly in tune with the current remuneration package of managerial persons of companies belongs to similar industries. Further it is commensurate with the qualification and experience and in accordance with the high competitive business scenario.
7	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Smt. J S Rao is a Promoter Director holding 3696825 shares consisting of 46.11% of the paid-up capital of the Company. Apart from receiving remuneration as stated above and dividend as a member of the Company, he does not receive any emoluments from the Company. However, Shri J Triveni(Executive Chairperson) and Ms. Sharada Govardhini (COO) are the relatives of the Managing Director.

III. OTHER INFORMATION:

1. Reasons for inadequacy of profits :

The cement industry which registered spectacular growth in double digits over the last few years entered a phase of deceleration with the demand slackening during the year 2012-13. The aberration in the growth according to experts is due to the general slowdown in the infrastructure and real estate sectors due to the rising cost of finance. The Reserve Bank of India had hiked the key rates - Repo and Reverse Repo almost 8 times in the recent years resulting in lending rates across all loans becoming costlier leading to a fall in demand. While on the one hand, the growth in demand dropped steeply, on the other hand, in anticipation of all round growth, the industry had ploughed in



substantial money to create additional capacities in the last 3 years. Sudden burst in capacity expansion coupled with low demand growth led to fierce competition for market share which resulted in prices dropping to unremunerative levels. The power restrictions imposed by APCPDCL has affected the operations of the company. Moreover, the non availability of sand due to restrictions on sand mining in the river beds for more than 4 months was also affected the construction industry and consequently, the capacity utilization of the company also fell to 55%. The Company's net income from the operations for the financial year 2012- 2013 was lower at ₹10769.28 Lakhs against ₹17593.25 Lakhs in the previous year registering a drop of 38.78%.

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

- ❖ The company has already enhanced the capacity to 5,94,000 tones per annum and is well equipped to participate in the future growth.
- ❖ In order to circumvent the shortage / uncertainty of power supply in Andhra Pradesh, the company has entered an agreement with power traders as a substitute to APCPDCL for purchase of power at lower cost.
- ❖ Work is also apace on assured supply of coal to the company at competitive rates.
- ❖ Approvals are in pipeline for firing the substitute raw materials like pharma wastes/ sludge in the klin as a fossil fuel.
- ❖ Efforts are in pipeline to penetrate into unreached market through improved dealer network and overreach the bulky used industrial customers.

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

With steps taken by the Company on operations front in improving the operating parameters by increasing the efficiency through up gradation wherever feasible and ensuring supply of power by purchasing from power trading exchange at reasonable prices, fuel supply at relatively cheaper prices through the strategy of importing coal in bulk quantity and also through securing additional coal linkages from the domestic coal companies and utilization of cheaper combusting materials as a fusil fuels, it is expected that the cost of production will comedown resulting in increase in the profitability of the Company.

By Order of the Board of Directors

Place: Hyderabad
Date: 29-05-2013

Sd/-
(J. S.Rao)
Managing Director



DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present your Company's 30th Annual Report for the Financial Year 2012-13 together with the Audited Balance Sheet as at 31st March, 2013 and the Profit & Loss Account for the year ended on that date.

FINANCIAL RESULTS:

(₹ in Lakhs)

	2012-13	2011-12
Net Operational Income	10769.28	17593.25
Other income	55.78	48.71
Profit before interest and depreciation	(146.56)	4240.97
Less: Interest	897.89	953.23
Less: Depreciation	1372.68	1356.95
Profit/(Loss) before taxation	(2417.13)	1930.79
Less : Provision for taxation including deferred tax liability	36.98	714.03
Less: short provision of earlier years	0.96	22.79
Net Profit/(Loss) after taxation	(2455.07)	1193.97
Less: Capital Redemption Reserve	150.00	—
Add: Surplus Brought Forward from previous years	3800.02	2606.05
Balance carried to Balance Sheet	1194.95	3800.02

OPERATIONS:

During the year 2012-13, Keerthi industries Ltd witnessed lackluster performance. While, our revenues decreased by 38.78% over the previous year, ₹1082.38 Lakhs of cash loss accrued on account of emaciated margins and lower demand and couple of other reasons in the cement division.

Cement Division: The production of Cement and Clinker were 3,29,357 MTS and 2,96,770 MTS respectively during the twelve months ended 31st March, 2013 as against 4,85,391 MTS and 4,28,303 MTS respectively during the previous year.

During the year under review the capacity of the Company was augmented at 55% of the installed capacity.

Wind Power: The Company has generated 32,76,684 units as against 34,88,954 units during the previous year .

Electronic Division: The Company produced 2233 sq.mts of Printed Circuit Boards as against 2087sq.mts during the previous year.

FUTURE PROSPECTS:

CEMENT DIVISION:

Country's cement production is likely to raise by 6.4 per cent this fiscal, 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 market demand for cement. The Sudden burst in capacity expansion in the industry situated in southern region coupled with low demand growth led to fierce competition for market share which resulted in prices dropping to unremunerative levels. 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. However, the slew of economic reforms announced by the Government and expectation of RBI lowering interest rates will boost sentiments and kick start the sagging construction industry. Despite of few adverse conditions, your Directors are hopeful that the performance of the company would achieve satisfactory level.

ELECTRONIC DIVISION:

The Division is taking the necessary steps to streamline the operations and expects to improve the performance by increasing the sales volumes. The division has shown considerable progress in terms of sales turn over. The increase in turn over is a result of improved business from health care and defense sectors. There is an appreciable growth in the off take to these segments in the year under review. The division is optimistic in developing new customer base in the automobile segment. Development of new PCBs for the existing and new missile programs is under way for defense sector. The division is working closely with the indigenization team of Bharat Dynamics Limited, Bhanur for the introduction of these PCBs.

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 319.92 Crores at Mosttor Village, Yadgir Dist in the state of Karnataka. Order for project 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 July 2014 whereby the unit should be commissioned and achieve the commercial production. The financial syndication for sugar division becomes a tedious task for the company in view of worst performance of cement division in general and in particular the lackluster performance of sugar industry. The company has been scouting for strategic partners for implementation of the said project.

DIRECTORS:

In accordance with the provisions of Companies Act, 1956 and the Company's Articles of Association, Sri K Harishchandra Prasad and Sri. BV Subbaiah Directors of the Company would retire by rotation and, being eligible, offer themselves for re-appointment.

DIVIDEND:

In view of severe cash losses, your Board could not recommend any dividend for the financial year 2012-2013.

REDEEMABLE PREFERENTIAL SHARES:

The first installment of ₹30/- each on the first tranche of 500000, 9% non convertible redeemable preferential shares of ₹100/- each has paid on due date.

DEMAT OF SHARES:

The Equity Shares of your Company have been admitted by CDSL/NSDL for dematerialisation. 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. The Board pleased to inform that in compliance with clause 5A of the listing agreement entered with Bombay stock exchange limited, 8832 unclaimed equity shares were dematerialized and the same are lying in the DEMAT suspense account. Shareholders are requested to claim their shares in DEMAT form by submitting their credentials with the Company/ RTA.

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, 2013, 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, 2013 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.2012-13. 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 emphasis matter on confirmation of balances from Sundry Debtors, Sundry Creditors and for Loans and Advances, the same were subsequently collected, adjusted and paid.

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.

CORPORATE SOCIAL RESPONSIBILITY:

Your company has been contributing generously for upliftment of poor and needy people within and immediate vicinity of the factory for their development in education, cultural, vocational and philanthropic activities. Moreover, your company has been providing on job training to students of VNR VJIET Engineering collage at free of cost.

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. Notwithstanding the excess capacity built-up, the cement industry is expected to add 30-40 million tonnes of capacity in 2013. The industry has a capacity of 324 million tonnes per annum (mtpa) and operates at 75-80 per cent utilization, due to weak cement demand from realty and infrastructure sectors. The retail price for cement, which was hovering around ₹280 in the month of February 2012, fell to ₹200-240 by the middle of this year. It subsequently decreased and today the price is stands in the range of ₹180-₹200.

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. The Operations of Cement companies' in Andhra Pradesh suffers due to lower realizations and lower demand in the state. The state has seen newer players and also the existing players expanding capacities due to huge availability of limestone, which is the primary material for cement.

The drying up of Government contracts through



irrigation, infrastructure and housing programmes, was a major reason for hitting the industry during the year.

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: 29-05-2013

Sd/-
(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)	33087279	420296	NIL	4,60,71,507	4,32,670	NIL
Amount (₹.)	175515594	3121067	NIL	17,51,19,646	23,88,296	NIL
Rate/unit (₹.)	5.30	7.42	NIL	3.80	5.52	NIL
b) Own Generation:						
Through Diesel Generator Units (Nos.)	149408	38060	NIL	7,130	23,120	NIL
Units per Ltr. of Diesel Oil	3.24	3.40	NIL	3.04	3.40	NIL
Cost/Unit (₹)	15.09	16.39	NIL	14.47	13.19	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						
Quantity (M.T.)	58383	NIL	NIL	78,156	NIL	NIL
Total Cost (₹)	278357393	NIL	NIL	37,08,48,870	NIL	NIL
Average Rate/M.T. (₹)	4768	NIL	NIL	4,745	NIL	NIL
3 Furnace oil	NIL	NIL		NIL	NIL	
4 Other/ internal generation	NIL	NIL		NIL	NIL	
B. Consumption per unit production:						
Electricity (Units)	100.50	217.54	NIL	101.67	220.15	NIL
Furnace Oil	NIL	NIL	NIL	NIL	NIL	NIL
Coal	0.20	NIL	NIL	0.18	NIL	NIL
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 | ₹229.62 lakhs |
| b) Foreign Exchange Earned | ₹ 2.85 lakhs |

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

Place: Hyderabad
Date: 29-05-2013

Sd/-
(J. Triveni)
Executive Chairperson



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 29th May, 2013

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

b) 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 - 2012-13:

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 31.03.2013	No. of Meetings attended	Whether attended the last AGM	No. of Directorships in other Boards as on 31.03.2013*	No. of other Board Committee(s) as on 31.03.2013	
						Membership	Chairman
1.	Mrs. J. Triveni	Executive Chairperson	5	YES	5	0	0
2.	Mr. J.S.Rao	Managing Director	5	YES	8	1	0
3.	Mr. K.Harish Chandra Prasad	Director	5	No	11	7	1
4.	Mr.J.S.R. Prasad	Director	3	No	10	0	0
5.	Mr. E.Siva Sankaram	Director	4	YES	0	0	0
6.	Mr. B. V. Subbaiah	Director	4	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. K Harishchandra Prasad and Sri. BV Subbaiah, 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	2009-10	Registered office at Mellacheruvu (Village & Mandal). Nalgonda District-508246 Andhra Pradesh.	30.09.2010 at 11.00AM
2	2010-11	Registered office at Mellacheruvu (Village & Mandal). Nalgonda District-508246 Andhra Pradesh.	30.09.2011 at 10.00 A.M
3	2011-12	Registered office at Mellacheruvu (Village & Mandal). Nalgonda District-508246 Andhra Pradesh	29.09.2012 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	4
2	Sri. K.Harishchandra Prasad	5
3	Sri. B.V.Subbaiah	4

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 two 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 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

Subject to approval of shareholders in the ensuing Annual General Meeting, the details of remuneration being paid to the Executive Chairperson and the Managing Directors during the year 2012-13 are as follows:

	Executive Chairperson	Managing Director
Salary in ₹ (Minimum remuneration)	39,22,850	39,22,850

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 Mrs. J.Triveni as Executive Chairpersons for 5 Years commencing from 11-05-2010 to 10- 05-2015.

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 papers.

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 : 30th Annual General Meeting
Date : 29th July, 2013
Time : 11:00 A.M
Venue : Mellacheruvu (Village & Mandal),
Nalgonda, Dist, 508246, 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, 2013 : August, 2013
- Sep 30, 2013 : October, 2013*
- Dec 31, 2013 : February, 2014*
- Mar 31, 2014 : May, 2014*
- AGM for 2013-14 : July, 2014*
(* Expected)

- c) Date of Book closure : 24th July to 28th July, 2013
(Both days inclusive)
- d) Dividend payment date : Not applicable
- e) Registered Office & Factory : Mellacheruvu (Village & Mandal), Nalgonda
(Cement Division) Dist, 508246, Andhra Pradesh.
Phone: 08683-226028, Fax: 08683-226039
- f) Administrative Office & Factory (Electronic Division) : Plot No. 40, IDA, Balanagar,
Hyderabad-500037.
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 2012-13 are as follows:

Month Wise	Monthly High Price	Monthly Low Price
	₹	₹
April, 2012	30.90	26.70
May, 2012	29.85	25.70
June, 2012	26.00	22.65
July, 2012	30.00	21.90
August, 2012	26.30	21.20
September, 2012	28.95	24.35
October, 2012	28.30	23.95
November, 2012	31.20	26.15
December, 2012	28.90	20.45
January, 2013	27.30	20.95
February, 2013	22.30	18.00
March, 2013	17.35	14.05

- 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-500034.
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.



Keerthi Industries Limited

l) Shareholding Pattern as on 31st March, 2013:

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	1,29,936	1.62
Others:	118,542	1.48
Private Body Corporate Bodies	15,72,062	19.61
Indian Public	86,400	1.08
NRIs / OCBs and others		
Total	80,16,738	100.00

m) Distribution of shareholding as on 31st March 2013:

Shareholdings of nominal value of ₹	Shareholders:		Shares Value	
	No.	%	₹	%
Upto 5,000	15878	97.33	11504210	14.35
5,001 - 10,000	302	1.85	2362020	2.95
10,001 - 20,000	91	0.56	1317170	1.64
20,001 - 30,000	10	0.06	235260	0.29
30,001 - 40,000	9	0.06	321860	0.40
40,001 - 50,000	3	0.02	134790	0.17
50,001 - 1,00,000	8	0.05	556470	0.70
1,00,001 & above	11	0.07	63735600	79.50
Total	16312	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 2013, out of the total shares 65,07,003 were dematerialized with the following depositories:

- i) National Securities Depositories Limited - 50,48,663
- ii) Central Depository Services (India) Limited - 14,58,340

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 Softech systems Limited.

o) Factory location:

Cement Division:

Mellacheruvu, (Village & Mandal),
Nalgonda District-508246, Andhra Pradesh.

Electronic Division:

Plot No 40, IDA
Balanagar, Hyderabad-500037.



Keerthi Industries Limited

Address of Compliance officer for correspondence:

Mr. 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

p) Shareholders can also correspond at the Administrative Office of the Company

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

Name of Director	Mr. K.Harishchandra Prasad	Mr. B.V.Subbaiah
Expertise in Specific Functional Areas	Finance, Accounts and General Management	Legal
Date of Birth	15.09.1952	11-04-1930
Qualification	MBA/MS	B L
List of other Companies in which Directorship is held as on 31st March, 2013	1) B.N.Rathi Securities Ltd 2) Healthy Investments Ltd 3) Lakshmi Finance & Industrial Corp. Ltd 4) Suryajyoti Spinning Mills Ltd. 5) Unijolly Investments Co.Ltd 6) Andhra Printers Ltd 7) Kln Holdings Pvt.Ltd. 8) L-Pack Polymers Ltd. 9) Green Park Hotels & Resorts Ltd 10) Techtran Polylenes Ltd 11) Techtran Ophthalmics Pvt Ltd	Kakatiya Cement sugar Industries Limited
Chairman / Member of the Committees of the Board of other Companies in which he is a Director as on 31st March, 2013	7	3
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 31.03.2013.

Place: Hyderabad
Date: 29-05-2013

Sd/-
(J.S.Rao)
Managing Director



To
The Board of Directors
Keerthi Industries Limited
Hyderabad.

Certification of Financial Results for the period ended 31st March, 2013

In relation to the Audited Financial Accounts of the Company as at March 31, 2013, 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.

Sd/-
(J. S.Rao)
Managing Director

Place: Hyderabad
Date: 29-05-2013



**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, 2013 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.

Place: Hyderabad
Date: 29-05-2013

Sd/-
For Rekha Gadwal
Company Secretaries



AUDITORS' REPORT

To

The Members of

KEERTHI INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying Financial Statements of KEERTHI INDUSTRIES LIMITED, HYDERABAD (A.P) ("The Company") which comprise the Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss and cash flow statement for the year then ended, and Summary of Significant Accounting Policies and other explanatory information.

Management's responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Emphasis of Matter:

We draw attention to Note No. 24.5 to the financial statements relating to confirmation of balances in respect of some of the trade receivables, loans & advances and trade payables. Our opinion is not qualified in respect of this matter.

Opinion :

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

- a) In the case of the Balance sheet, of the state of affairs of the Company as at March 31, 2013;
- b) In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on other Legal and Regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;



- c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account;
- d. in our opinion, the Balance sheet, Statement of Profit and Loss, and Cash flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
- e. on the basis of Written representations received from the Directors as on March 31, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Act;
- f. Since the Central Government has not issued any notification as to the rate at which cess is to be paid under section 441A of the Companies Act 1956 nor has it issued any rules under the said section prescribing the manner in which such cess is to be paid, no cess is due and payable by the company.

for K.S.RAO & CO.,
Chartered Accountants.
Firms' Regn.No.003109S

Sd/-
(P.GOVARDHANA REDDY)
Partner
Membership No.029193

Place: Hyderabad
Date: 29.05.2013

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

Statement on the Companies (Auditor's Report) Order, 2003

Re: KEERTHI INDUSTRIES LIMITED

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 program 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 two bodies Corporate and from a party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ` 1042.32 lakhs and the closing balance was ` 996.44 lakhs;
 - 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 within the meaning of the provisions of Section 58A, Section 58AA and the other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 and hence the same 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 costs 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 information furnished to us and in our opinion, 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, 2013 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 showing particulars of Disputed Dues

S. No.	Name of the Statute/ Authority	Nature of Dues	Amount ₹	Period to which the amount relates	Due date	Forum where dispute is pending
1	AP General Sales Tax Act	Tax on packing material	18,77,197	FY 1990-91 and FY 1991-92	Not mentioned in demand notice	Sales Tax Appellate Authority
2	Central Sales Tax Act	Central Sales Tax	74,29,390	FY 2003-04 and FY 2004-05	Not mentioned in demand notice	Appellate Dy. Commissioner
3	Central Sales Tax Act	Central Sales Tax	39,25,213@	FY 2000-2001, the Order was passed during FY 2007-08	Not mentioned in demand notice	AP Sales Tax Tribunal.
4	Commercial Taxes Dept., Karnataka	Central Sales Tax	6,20,112	FY 1993-94	Not mentioned in demand notice	Hon'ble High Court of Karnataka
5	Central Excise Act	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	CESTAT, Bangalore
6	Income-tax Act, 1961	Income Tax	2,62,59,373#	FY 2006-07. Revised Assessment order received on 05.01.2013.	Not mentioned in the demand notice	ITAT, Hyderabad

@ Against the demand of ₹39,25,213, the Company has paid ₹19,08,835.

Against the demand of ₹2,62,59,373, the Company has paid ₹ 1,82,99,755.



10. The Company does not have any accumulated losses as at the end of the financial year. The Company has incurred cash losses during the financial year covered by our audit and not incurred in the immediate 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 Order referred to above 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 Order referred to above 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 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 hence, the provisions of clause 4(xx) of the above referred Order are not applicable to the company.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

for K.S.RAO & CO.,
Chartered Accountants.
Firms' Regn.No.003109S

Sd/-
(P.GOVARDHANA REDDY)
Partner
Membership No.029193

Place: Hyderabad
Date: 29.05.2013



Keerthi Industries Limited

Balance Sheet as at 31 March 2013

(₹ In Lakhs)

Particulars	Note No.	As at 31 March 2013	As at 31 March 2012
Equity and Liabilities			
1 Shareholders' funds			
(a) Share capital	2	1690.11	1840.11
(b) Reserves and surplus	3	2319.50	4774.57
		4009.61	6614.68
2 Non-current liabilities			
(a) Long-term borrowings	4	4976.92	5806.67
(b) Deffered Tax Liability(net)	24.13	1138.36	1101.39
(c) Long-term provisions	5	215.19	170.64
		6330.47	7078.70
3 Current liabilities			
(a) Short-term borrowings	6	1558.68	998.41
(b) Trade payables	7	1192.58	347.88
(c) Other current liabilities	8	4003.91	3193.54
(d) Short-term provisions	9	51.93	43.03
		6807.10	4582.86
Total		17147.18	18276.24
Assets			
1 Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		12964.73	14058.70
(ii) Intangible assets		46.80	58.03
(iii) Capital work-in-progress		163.43	152.91
		13174.96	14269.64
(b) Non- Current Investments (at cost) - National Saving Certificates		0.06	0.06
(c) Long-term loans and advances	11	1376.73	1262.85
		14551.75	15532.55
2 Current assets			
(a) Inventories	12	1182.28	1288.66
(b) Trade receivables	13	601.93	269.98
(c) Cash and cash equivalents	14	256.70	314.43
(d) Short-term loans and advances	15	392.92	715.99
(e) Other current assets	16	161.60	154.63
		2595.43	2743.69
Total		17147.18	18276.24
Significant Accounting policies	1		
Other Disclosures	24		

As per our report of even date

for K.S.RAO & CO.

Chartered Accountants

Firm's Registration No. 003109S

Sd/-

(P. Govardhan Reddy)

Partner

Place: Hyderabad

Date: 29.05.2013

For and on behalf of Board of Directors

Sd/-

(J.Triveni)

Executive Chairperson

Sd/-

(J.S.Rao)

Managing Director

Sd/-

(R.S. Rao)

Company Secretary

**Statement of Profit and Loss for the year ended 31 March 2013**

(₹ In Lakhs)

Particulars	Note No.	Current year	Previou year
I. Revenue from operations	17	10769.28	17593.25
II. Other income	18	55.78	48.71
III. Total Revenue (I+II)		10825.06	17641.96
IV. Expenses			
(i) Cost of materials consumed	19	1319.12	1593.21
(ii) Changes in inventories of finished goods and work-in-progress	20	(79.82)	(52.70)
(iii) Employee benefits expense	21	1053.65	906.05
(iv) Finance costs	22	897.89	953.23
(v) Depreciation and amortization expense	10	1372.68	1356.95
(vi) Other expenses	23	8127.70	10954.43
Total expenses		12691.22	15711.17
V. Profit/(Loss) before Exceptional Items (III-IV)		(1866.16)	1930.79
VI. Exceptional Items	24.4	550.97	-
VII. Profit/(Loss) before tax (V- VI)		(2417.13)	1930.79
VIII. Tax expense:			
1 Current tax: Minimum Alternative Tax		-	386.30
Less: MAT Credit Entitlement		-	107.72
		-	278.58
Wealth tax		-	0.21
2 Deferred tax	24.13	36.98	435.24
3 Short provision of earlier year		-	22.79
4 Short provision of MAT of earlier year		0.96	-
IX. Profit/(Loss) after tax for the year (VII-VIII)		(2455.07)	1193.97
X. Earnings per equity share (face value of ₹10/-)			
Basic & Diluted	24.12	(31.62)	13.73
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

Sd/-

(P. Govardhan Reddy)

Partner

Place: Hyderabad

Date: 29.05.2013

Sd/-

(J.Triveni)

Executive Chairperson

Sd/-

(J.S.Rao)

Managing Director

Sd/-

(R.S. Rao)

Company Secretary

**Cash Flow Statement for the Twelve Months ended 31st March, 2013**

(₹ In Lakhs)

	Year ended 31 st March 2013	Year ended 31 st March 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	(2417.13)	1930.79
Adjustments for:		
Depreciation	1372.68	1356.95
Interest	897.89	953.23
Profit on sale of Asset	0.26	(0.17)
Interest Earned	(50.91)	(36.47)
Operating Profit before working capital changes	(197.21)	4204.33
Changes in working capital:		
Inventories	106.38	(290.60)
Trade and other receivables	(133.28)	(392.53)
Trade and other payables	2268.79	(1237.43)
Cash generated from operations	2044.68	2283.77
Interest paid	(897.89)	(953.23)
Direct Taxes paid	21.65	(276.55)
Net Cash Flow from Operating Activity (A)	1168.44	1053.99
B. CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	31.84	27.01
Purchase of Fixed Assets	(267.74)	(654.58)
Capital Work in progress	(10.51)	149.18
Net Cash used in Investing Activities (B)	(246.41)	(478.39)
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Un-Secured Loans	(39.20)	(58.53)
Proceeds from Secured Loans	(790.56)	(899.98)
Redeemable Preference Shares	(150.00)	-
Net Cash used in Financing Activities (C)	(979.76)	(958.51)
D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(57.73)	(382.91)
Cash and Cash Equivalents as at 31.03.2012	314.43	697.34
Cash and Cash Equivalents as at 31.03.2013	256.70	314.43

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

Sd/-

(P. Govardhan Reddy)

Partner

Place: Hyderabad

Date: 29.05.2013

Sd/-

(J.Triveni)

Executive Chairperson

Sd/-

(J.S.Rao)

Managing Director

Sd/-

(R.S. Rao)

Company Secretary



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 31 st March, 2013

2. Share Capital

₹ In Lakhs

Particulars	As At	
	31st March 2013	As at 31st March 2012
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
9% Cumulative Redeemable Preference shares:	888.44	1038.44
5,00,000 Shares of ₹70/- each		
5,38,440 Shares of ₹100/- each		
(Previous year 10,38,440 Shares of ₹100/- each)		
	1690.11	1840.11

c. List of shareholders holding more than 5% of total number of shares in the company

Name of the Share Holder	As at 31 March 2013		As at 31 March 2012	
	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	538440	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 2013		As at 31st March 2012	
	No. of shares	Amount ₹ in lakhs	No. of shares	Amount ₹ in lakhs
Shares outstanding at the beginning of the year	8016738	801.67	8016738	801.67
Add: Shares issued during the year	-	-	-	-
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 2013		As at 31st March 2012	
	No. of shares	Amount ₹ in lakhs	No. of shares	Amount ₹ in lakhs
Shares outstanding at the beginning of the year	1038440	1038.44	1038440	1038.44
Add: Shares issued during the year	-	-	-	-
Less: Shares Redeemed during the year	-	150.00	-	-
Shares outstanding at the end of the year	1038440	888.44	1038440	1038.44

Redemption terms of the above Preference Shares :

No of shares	Date of allotment	Terms
5,00,000 of ₹ 70/- each	24.10.2001	Redeemable at par at the end of 12th and 13th year from the date of allotment and the amount payable per share is ₹ 35 and ₹ 35 respectively.
2,70,100 of ₹100/- each	31.10.2002	Redeemable at par at the end of 11th, 12th and 13th year from the date of allotment and the amount payable per share is ₹ 30, ₹ 35 and ₹ 35 respectively.
2,68,340* of ₹100/- each	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 2013	As at 31st March 2012
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
Capital Redemption Reserve	150.00	-
	1124.55	974.55
Surplus in the Statement of Profit & Loss Balance as per last financial statement	3800.02	2606.05
Profit for the year	(2455.07)	1193.97
Capital Redemption Reserve	(150.00)	-
Closing Balance	1194.95	3800.02
Total	2319.50	4774.57



4. Long - Term Borrowings

₹ In Lakhs

Particulars	Non-current portion		Current Maturities	
	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012
Secured				
Term loans:				
- Canara Bank	1496.00	1843.65	470.00	400.01
- Andhra Bank	1496.00	1842.89	470.00	400.98
- Indian Bank	394.00	490.01	130.00	104.03
Unsecured				
Term loans (against hypothecation of vehicles):				
- ICICI Bank	-	-	-	3.15
- Kotak Mahendra Bank	-	-	-	16.53
- Kotak Mahendra Bank	-	-	41.82	-
- HDFC Bank	-	33.58	-	33.22
Sales Tax Deferment	1590.92	1596.54	5.63	5.63
Total	4976.92	5806.67	1117.45	963.55

- 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 2010. Other terms of repayment of term loans are given below:

Particulars	Rate of Interest	As at 31st March 2013		As at 31st March 2012	
		Number of installments due	Amount ₹ in lakhs	Number of installments due	Amount ₹ in lakhs
Term loans:					
Canara Bank	BPLR + 0.25%	20	1872.00	24	2248.00
Andhra Bank	BPLR + 0.25%	20	1872.00	24	2248.00
Indian Bank	BPLR + 0.25%	20	498.00	24	602.00
			4242.00		5098.00
ICICI Bank	9.09%	-	-	12	3.15
Kotak Mahendra Bank	11.76%	-	-	9	16.53
Kotak Mahendra Bank	10.25%	12	41.82	-	-
HDFC Bank	10.25%	-	-	23	66.79
			41.82	-	86.47
			4283.82	-	5184.47

- 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.



Keerthi Industries Limited

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 2013	As at 31st March 2012
Provision for employee benefits		
Gratuity	189.20	154.23
Compensated absences	25.99	16.41
Total	215.19	170.64

6. Short-term borrowings

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
A. Secured		
Canara Bank - Cash Credit	492.57	106.55
State Bank of India - Overdraft	69.67	92.95
Total (a)	562.24	199.50
B. Unsecured		
From Related parties:		
i) Inter Corporate Deposit	867.73	656.04
ii) Loan from a Director	128.71	142.87
Total (b)	996.44	798.91
Total (a+b)	1558.68	998.41

- 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 directors is carry an interest of 10% per annum and is repayable on demand. (2) Inter corporate deposits is carry an interest of 10% per annum and is repayable on demand.



7. Trade payables

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Other than Micro, Small and Medium Enterprises	1192.58	347.88
Total	1192.58	347.88

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 2013	As at 31st March 2012
i. Current maturities of long-term debt (Refer Note - 4)	1117.45	963.55
ii. Current maturities of long-term Provisions	2.20	1.12
iii. Trade Deposits	14.48	14.48
iv. Unclaimed Debentures	345.44	-
v. Other Payables:		
a. Statutory remittances	25.58	22.81
b. Advances from customers	1184.63	632.69
c. Outstanding expenses	628.54	586.72
d. Creditors for capital goods	509.47	564.82
e. Interest accrued and due	111.16	65.44
f. Salaries & wages payable	64.70	48.10
g. Other creditors	0.26	293.81
Total	4003.91	3193.54

9. Short-term provisions

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Provision for employee benefits	51.73	42.83
Provision for tax		
Wealth Tax	0.20	0.20
Total	51.93	43.03



₹ In Lakhs

10. FIXED ASSETS:

Sl. No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 31.03.2012	Additions	Deductions	As at 31.03.2013	Up to 31.03.2012	For the year	Deductions 31.03.2013	Up to 31.03.2013	As at 31.03.2012	As at 31.03.2013
(I) Tangible Assets:											
1	Land:										
	Freehold: Cement Division	579.64	27.42	0	607.06	0	0	0	0	607.06	579.64
	Sugar Division	406.82	0	0	406.82	0	0	0	0	406.82	406.82
	Lease hold Land (Wind Power)	18	0	0	18.00	3.00	0.60	0	3.60	14.40	15.00
2	Buildings:										
	Factory	3288.63	28.92	0	3317.55	439.61	109.94	0	549.55	2768.00	2849.02
	Factory (Wind Power)	57.55	0	0	57.55	8.66	1.92	0	10.58	46.97	48.89
	Non-Factory	318.61	2.12	0	320.73	25.71	7.31	0	33.02	287.71	292.90
3	Plant & Machinery	11910.03	196.20	0	12106.23	4733.58	1000.82	0	5734.40	6371.83	7176.45
	Plant & Machinery (Wind Power)	860.45	0	0	860.45	247.32	88.29	0	335.61	524.84	613.13
4	Electrical Installations	2264.55	10.51	0	2275.06	379.09	107.87	0	486.96	1788.10	1885.46
5	Furniture & Fixtures	50.66	0.21	0	50.87	49.15	0.48	0	49.63	1.24	1.51
6	Office Equipment	49.72	0.53	0	50.25	28.43	3.07	0	31.50	18.75	21.29
7	Vehicles	190.83	0	7.09	183.74	70.35	31.13	6.83	94.65	89.09	120.48
8	Other Assets	17.95	0	0	17.95	17.95	0.00	0	17.95	0.00	0.00
9	Data Processing Equipment	74.77	1.83	0	76.60	35.55	7.95	0	43.50	33.10	39.22
10	Effluent Treatment Plant	19.49	0	0	19.49	15.74	0.93	0	16.67	2.82	3.75
11	Generators	17.59	0	0	17.59	13.86	0.83	0	14.69	2.90	3.73
12	Lab Equipment	6.57	0	0	6.57	5.16	0.31	0	5.47	1.10	1.41
	Total	20131.86	267.74	7.09	20392.51	6073.16	1361.45	6.83	7427.78	12964.73	14058.70
(II) Intangible Assets:											
	Computer Software	71.19	0	0	71.19	13.16	11.23	0	24.39	46.80	58.03
	Total (I + II)	20203.05	267.74	7.09	20463.7	6086.32	1372.68	6.83	7452.17	13011.53	14116.73
	Add: Capital work in progress	152.91	248.26	237.74	163.43	0	0	0	0	163.43	152.91
	Less: Internal transfers	0	237.74	237.74	0	0	0	0	0	0	0
	Total	20355.96	278.26	7.09	20627.13	6086.32	1372.68	6.83	7452.17	13174.96	14269.64
	Previous Year	19864.52	505.76	14.32	20355.96	4743.52	1356.95	14.15	6086.32	14269.64	15121.00



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

Particulars	As at 31st March 2013	As at 31st March 2012
Advances for Capital items	717.83	796.96
Consumption Deposit with CPDCL	383.07	256.09
Voltage Surcharge paid under protest	72.06	72.06
Income Tax Paid Under Protest	183.00	116.97
Sales Tax paid under protest	19.09	19.09
Excise Duty under protest	1.68	1.68
Total	1376.73	1262.85

12. Inventories ₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Raw materials	206.34	175.26
Stores and spares	633.11	569.67
Coal	98.49	374.16
Packing Material	7.09	6.72
Work-in-progress	108.33	44.24
Finished goods	113.94	98.21
Srap (discarded assets)-At realisable value	14.98	20.40
Total	1182.28	1288.66

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

Particulars	As at 31st March 2013	As at 31st March 2012
Debts outstanding for a period exceeding six months	185.24	35.88
Other debts	416.69	234.10
Total	601.93	269.98

14. Cash and cash equivalents ₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Balances with banks	252.11	312.28
Cash on hand	4.59	2.15
Total	256.70	314.43

Note: Balances with banks include i) ₹ 121.03 lakhs (previous year: ₹ 158.74 lakhs) kept as margin money deposits against the guarantee given by bankers. 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 2013	As at 31st March 2012
Unsecured, Considered Good		
Advances to staff	3.92	2.27
Sundry deposits	82.69	48.56
Vendor advances	121.63	456.91
Advance Income Tax (net of provision)	28.76	51.37
MAT Credit Entitlement	155.92	156.88
Total	392.92	715.99

16. Other current assets

₹ In Lakhs

Particulars	As at 31st March 2013	As at 31st March 2012
Interest accrued	48.07	29.00
Prepayments	36.99	24.33
CENVAT & VAT Input Credit	57.34	82.10
Claims receivable	8.17	8.17
I T Refundable on A/c of Amalgamation	11.03	11.03
Total	161.60	154.63

17. Revenue from operations

₹ In Lakhs

Particulars	Current Year	Previous Year
Sale of cement	11751.90	19498.86
Sale of printed circuit boards*	605.05	355.29
Sale of Wind Power	110.28	118.47
	12467.23	19972.62
Less: Excise duty	1697.95	2379.37
Total	10769.28	17593.25

* Net of rejections and returns

18. Other Income

₹ In Lakhs

Particulars	Current Year	Previous Year
Interest Income (TDS : ₹ 4.88 lakhs)	50.91	36.46
Miscellaneous income	4.86	11.92
Gain from foreign exchange fluctuations (Net)	0.01	0.33
Total	55.78	48.71



19. Raw materials consumed

₹ In Lakhs

Particulars	Current Year	Previous Year
Opening Stock	175.26	174.47
Add: Purchases during the year	1350.20	1594.00
	<u>1525.46</u>	<u>1768.47</u>
Less: Closing Stock	206.34	175.26
TOTAL	1319.12	1593.21

Details of raw materials consumed

Lime stone	382.14	538.16
Clay	0.00	11.71
Fly Ash	211.43	250.71
Gypsum	231.91	360.22
Laterite	81.65	81.98
Iron ore/Mill scale	10.10	5.03
Others	180.37	192.53
Electronic Division	221.52	152.87
Total	1319.12	1593.21

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

₹ In Lakhs

Particulars	Current Year	Previous Year
Opening Stock:		
Finished Goods	98.21	40.92
Work-in-process	44.24	48.83
	<u>142.45</u>	<u>89.75</u>
Less: Closing Stock:		
Finished Goods	113.94	98.21
Work-in-process	108.33	44.24
	<u>222.27</u>	<u>142.45</u>
(Increase)/ Decrease in stocks	(79.82)	(52.70)

21. Employee Benefits Expense

₹ In Lakhs

Particulars	Current Year	Previous Year
Salaries and Wages	897.72	743.50
Contribution to provident and other funds	59.45	53.90
Gratuity, bonus and incentives	60.93	68.70
Staff welfare expenses	35.55	39.95
Total	1053.65	906.05



22. Finance Costs

₹ In Lakhs

Particulars	Current Year	Previous Year
Interest expense:		
Working capital loans	63.06	26.56
Term loans	731.00	840.23
Unsecured loans	81.57	57.75
Others	22.26	28.69
Total	897.89	953.23

23. Other Expenses

₹ In Lakhs

Particulars	Current Year	Previous Year
Consumption of stores	540.25	453.95
Power and fuel	4598.73	5487.65
Packing and forwarding expenses	971.82	1780.14
Repairs to : buildings	12.28	13.57
: plant and machinery	73.03	144.97
: others	4.44	4.79
Taxes & Duties	1556.28	2570.42
Insurance	18.01	12.91
Rates and taxes	9.57	34.65
Bad debts	0.00	42.61
Auditors remuneration - Audit fee	1.50	1.50
- Tax Audit	0.50	0.50
- Certification	0.25	0.30
Other Expenses	341.04	406.67
Total	8127.70	10954.63



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

	<u>Current Year</u> ₹ in lakhs	<u>Previous Year</u> ₹ in lakhs
i) Bank Guarantee	182.84	219.04
ii) Income tax demand of Asst. Year 2007-08	262.59*	290.97
*(Reduction in the liability is due to the appeal order passed by Commissioner of Income tax (Appeals).)		
However the company has paid ₹ 183 lakhs(Previous year ₹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) 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.		
v) 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.		
vi) 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 and the matter is pending before CESAT, Bangalore.		
vii) Demand from Central Excise Authorities for ₹1.38 lakhs together with penalty of ₹1.38 lakhs against irregular credit of service tax availed and utilized. The same has been stayed by the Commissioner (Appeals -I) on payment of ₹ 0.33 lakhs.		
viii) a) Voltage surcharge: In the year 2003-04, Central Power Distribution Company of A.P. Ltd. 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.		
b) Fuel Surcharge Adjustment (FSA) :		
FSA for the period from April 2008 to June 2010 amounting to ₹ 248.75 lakhs which were stayed by the Hon'ble High Court of Andhra Pradesh was not accounted.		
viii) Claim against the Company:		
In the year 2007-08 a supplier filed a suit and obtained an ex-party 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 years. 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 NIL (Net of advances) (previous year ₹ 158 lakhs).		
ii) Arrears of fixed Cumulative Dividends-9% cumulative dividend for the current year is ₹ 79.96 lakhs (up to Previous year ₹ 818.39 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 lakhs paid to Karnataka Forest Dept. towards Wind mill land lease is amortised over the lease period of 30 years. Accordingly ₹ 0.60 lakhs for the current year is amortised (up to Previous year ₹ 3 lakhs).
- 24.4. Exceptional Item represent the provision made towards fuel surcharge adjustment (FSA) relating to the periods April 2010 to March 2012 in line with the FSA rates approved by Andhra Pradesh Electricity Regulatory Commission.
- 24.5. The Company could not obtain confirmation of balances in respect of trade receivables ₹ 266.23 lakhs, Loans and advances ₹ 506.77 lakhs and Trade payables amounting to ₹ 1171.60 lakhs which were subsequently collected, adjusted and paid.
- 24.6. Executive Chairperson and Managing Director were paid up to 12th August 2012, minimum remuneration of ₹ 2 lakhs per month each amounting to ₹ 17.62lakhs. With effect from 13th August 2012 to 31st March 2013, their remuneration is enhanced to ₹ 4 lakhs per month each by the Board of Directors of the Company amounting to ₹ 60.83 lakhs. The enhanced remuneration is subject to the approval of shareholders in the ensuing Annual General Meeting.
- 24.7. The National Savings Certificate VIII issue (shown under investments) has been pledged with Sales Tax Department towards Sales Tax Deposit.

24.8. Foreign Exchange Earnings and Expenditure:

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
a) Value of Imports calculated on CIF basis		
i) Project equipment	0.39	19.52
ii) Raw Materials	200.22	72.84
iii) Spares	3.35	7.91
b) Expenditure in foreign currency on account of		
Travelling	22.62	30.22
Consultancy	3.04	-
c) Earnings in foreign Exchange:		
Export of goods calculated on F.O.B basis	2.85	16.85

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

- 24.9. Defined Benefit Scheme in accordance with A S-15 "Employee Benefits" issued by ICAI. As per actuarial valuation as on 31.03.2013 and recognised in financial statements in respect of employee defined benefit scheme.

	Gratuity ₹ lakhs	Leave Encashment ₹ lakhs
Current Service Cost	7.90	2.93
Interest Cost on benefit obligation	12.41	1.33
Expected return on plan assets	-	-
Net Actuarial(gain)/loss recognised in the year	20.20	7.14
Net Benefit expense	40.52	11.40
Actual return on plan assets	-	-
Details of provision for:		
Change in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	155.18	16.58
Interest cost	12.41	1.33
Current services cost	7.90	2.93
Benefits paid	(4.72)	(1.57)
Actuarial(gains)/losses on obligation	20.20	7.14
Closing defined benefit obligation	190.97	26.41


24.10. Segment Reporting:

(₹in lakhs)

		Cement Division	Wind Mill	Electronics Division	Total
Primary Disclosures:					
External Sales:	Current Year	11751.90	110.28	605.05	12467.23
	Previous Year	19498.86	118.47	355.29	19972.62
Inter-segment Sales					
Total Revenue :	Current Year	11751.90	110.28	605.05	12467.23
	Previous Year	19498.86	118.47	355.29	19972.62
Segment Result:	Current Year	(1703.51)	90.25	38.24	(1575.02)
	Previous Year	2818.28	99.40	(82.38)	2835.30
Less:Interest Expenses:	Current Year	891.17	-	6.72	897.89
	Previous Year	944.46	-	8.27	953.23
Add: Interest Received:	Current Year	47.21	-	8.57	55.78
	Previous Year	37.47	-	11.24	48.71
Less : Income Taxes:	Current Year	37.94	-	-	37.94
	Previous Year	736.81	-	-	736.81
Profit/ (Loss) : Current Year		(2585.41)	90.25	40.09	(2455.07)
Previous Year		1173.98	99.40	(79.41)	1193.97
Segment Assets:					
i) Total cost incurred during the year to acquire segment assets that are expected to be used during more than one year:	Current Year	264.14	-	3.60	267.74
	Previous Year	652.08	-	2.86	654.94
ii) Others:	Current Year	15644.92	577.54	656.98	16879.44
	Previous Year	16171.26	695.33	754.71	17621.30
Total Assets:	Current Year	15909.06	577.54	660.58	17147.18
	Previous Year	16823.34	695.33	757.57	18276.24
Segment Liabilities:	Current Year	16486.60	-	660.58	17147.18
	Previous Year	17518.67	-	757.57	18276.24
Total Liabilities:	Current Year	16486.60	-	660.58	17147.18
	Previous Year	17518.67	-	757.57	18276.24
Depreciation:	Current Year	1171.71	90.81	110.16	1372.68
	Previous Year	1156.05	90.55	110.35	1356.95
Non cash expenses Other than Depreciation:					
	Current Year	-	-	-	-
	Previous Year	-	-	-	-

24.11. 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. Mrs. J.Sharada Govardhini	
f. Mrs. J. Triveni,Executive Chair Person	Key Management Personnel
g. Mr. J.S.Rao, Managing Director	



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 31.03.13	Receivable (Payable) as on 31.03.12
a) Inter Corporate Deposits	211.68	437.33	(867.72)	(656.04)
b) Interest payment	68.54	17.27	--	--
c) Supply of cement	--	--	0.60	0.60

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

Remuneration	19.30	20.24	(5.74)	(1.06)
Purchase of Land	---	---	(234.87)	(244.13)

iii. Transactions with Key Management Personnel:

Unsecured Loan (Including interest)	(14.17)	--	(128.71)	(142.88)
Purchase of Land	--	--	(20.42)	(20.42)
Salary	78.45*	50.36		
Contribution to P.F.	4.72	2.91	(77.01)	(50.56)
Commission	--	42.28		

*Refer Note No. 24.6

24.12. Earnings per share: A.S-20

(₹ in lakhs)

Particulars	Current year	Previous year
Net Profit (loss) after tax	(2455.07)	1193.97
Add/(Less): Dividend on 9% Cumulative Redeemable Preference shares	79.96	(93.46)
Balance available for Equity Share holders (A)	(2535.03)	1100.51
No. of Shares (B)	8016738	8016738
Basic & Diluted earnings per share of ₹10 each (A)/ (B)	(31.62)	13.73

24.13. 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 ₹ 1138.36 lakhs as at 31.03.2013. The components of deferred tax assets and deferred tax liabilities are given hereunder.

Particulars	As at 31.03.2013	As at 31.03.2012
	(₹ in lakhs)	
A. Items of Deferred Tax Liability: Depreciation	3558.89	3455.90
B. Items of Deferred Tax Asset: Disallowance U/S 43 B of IT Act' 1961 and other disallowances	50.83	61.79
(A)-(B)	3508.06	3394.11
Deferred Tax Liability	1138.36	1101.39

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

Sd/-

(P. Govardhan Reddy)

Partner

Place: Hyderabad

Date: 29.05.2013

Sd/-

(J.Triveni)

Executive Chairperson

Sd/-

(J.S.Rao)

Managing Director

Sd/-

(R.S. Rao)

Company Secretary



Keerthi Industries Limited

KEERTHI INDUSTRIES LIMITED

30th 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 30th Annual General Meeting of the Company to be held on Monday, the 29th July, 2013

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 : _____

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.

Affix
Revenue
Stamp of
Re. 1.00

TEAR OFF HERE

KEERTHI INDUSTRIES LIMITED

30th 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 30th 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 July, 2013.

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.