



Keerthi
Industries Limited
(Formerly known as Suvarna Cements Limited)

31st
Annual Report 2013-2014



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
Telangana-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: 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

CIN No. : L26942TG1982PLC003492



Keerthi Industries Limited

NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of Shareholders of the Company will be held on Saturday the 9th August, 2014 at 11:00 AM at the Registered Office of the Company situated at Mellacheruvu (Village & Mandal), Nalgonda District-508246, Telangana to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss Account and cash flow statement 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 J Sivarama Prasad, Director (DIN: 00221271) who retires by rotation, and being eligible, offers himself for re-appointment.
3. To consider the appointment of M/s. K.S. Rao & Co, Chartered Accountants, (Firm Regd. No.003109S) as Auditors of the Company to hold the office from the conclusion of this Annual General Meeting, for three consecutive years until the conclusion of the 34th Annual General Meeting of the Company in the calendar year 2017 at such remuneration and terms as may be mutually agreed to between the Board of Directors and the Auditors.

SPECIAL BUSINESS:

4. **To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution.**

“RESOLVED THAT pursuant to the provisions of section 149,150,152 and any other applicable provisions of the Companies Act 2013 and the rules made there under including any statutory modifications or reenactments thereof for the time being in force) read with schedule IV to the companies Act 2013, Mr. BV Subbaiah(DIN. No.01147062)Director of the company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as an independent director of the Company to hold office for five consecutive years for a term upto 2019 from the date of this meeting.”

5. **To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution.**

“RESOLVED THAT pursuant to the provisions

of section 149,150,152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under including any statutory modifications or reenactments thereof for the time being in force) read with schedule IV to the companies Act 2013, Mr. K Harish chandra Prasad(DIN.No. 00012564) director of the company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as an independent director of the Company to hold office for five consecutive years for a term upto 2019 from the date of this meeting.”

6. **To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution.**

“RESOLVED THAT pursuant to the provisions of section 149,150,152 and any other applicable provisions of the Companies Act 2013 and the rules made there under including any statutory modifications or reenactments thereof for the time being in force) read with schedule IV to the companies Act 2013, Mr. E Sivasankaram (DIN. No. 01147134) director of the company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as an independent director of the Company to hold office for five consecutive years for a term upto 2019 from the date of this meeting.”

By Order of the Board of Directors

Place: Hyderabad
Date: 29-05-2014

(J. S.Rao)
Managing Director
DIN:00029090

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) A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not



- more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company may appoint a single person as proxy. However, such person shall not act as a proxy for any other person or shareholder
- (d) The Register of Members and Share Transfer Books of the Company will remain closed from 4th August, 2014 to 9th August, 2014 (both days inclusive).
- (e) 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.
- (f) 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
- (g) 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.
- (h) 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.
- (i) The e-voting period commences vide EVSN No. 140712007 on 4th August 2014 at 9.00 AM and ends on 6th August 2014 at 6.00 PM. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form as on cut off date of 12th July 2014 may cast their vote electronically. The CDSL will disable E voting facility after the expiry of e voting period. Once the vote on resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (j) The voting rights of the shareholders shall be in proportion to their shares of the paid-up share capital of the Company as on the cut off date
- (k) Mr Narender Gandhari, B.Com., FCS a practicing company secretary has been appointed as the scrutinizer to scrutinize the E-voting process in a fair and transparent manner.
- (l) The scrutinizer shall within a period not exceeding 3 working days from the conclusion of e-voting period unblock the votes in the presence of at least two witness not in the employment of the Company and make a scrutinizer report of the votes cast in favour or against, if any, to the chairman of the Company.
- (m) The company has opened a DEMAT suspense Account with Anandrathi share and stock Broking Limited and credited all the unclaimed shares of the shareholders despite the best efforts of the company and RTA. The details are as follows:
- (a) Number of shareholders outstanding at the beginning of the year: 1545
- (b) Outstanding shares in the DEMAT suspense account at the beginning of the year. **8928**
- (c) Number of shareholders who approached the company for transfer of shares from the suspense account during the year: **6**
- (d) Number of shareholders to whom shares were transferred from the suspense account during the year. **6**
- (e) Aggregate number of shareholders outstanding at the end of the year : **1539**
- (f) Outstanding shares in the suspense account lying at the end of the year. **8899**
- Voting rights of these shares were frozen till the rightful owner of such shares claims these shares.
- (n) The annual report of your Company for the Financial Year 2013-14 would also be made available in the Company's website: www.keerthiindustries.com.
- (o) Annexed hereto the explanatory Statement pursuant to provisions of section 102 of the Companies Act, 2013.



EXPLANATORY STATEMENT

Item No. 4

Mr. BV Subbaiah is a non executive independent Director of the Company. He was co-opted to the Board of Directors of the Company in the year 2005. Mr. BV Subbaiah is a member of Audit committee, remuneration committee and the investor grievances committee of the Board of Directors.

Mr. BV Subbaiah is a law graduate and practicing High court advocate in the state of Telangana.

Mr. BV Subbaiah is proposed to be appointed as an independent Director for five consecutive years from the date of this meeting. A notice has been received from a member proposing him as a candidature for the office of the Independent Director of the Company.

In the opinion of the Board, Mr. BV Subbaiah fulfils the conditions specified in section 149 (6) of the Companies Act 2013 and Rules made there under for his appointment as an independent Director of the Company and is independent of the management.

The draft letter for appointment of Mr. BV Subbaiah as independent Director setting out terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day.

The Board considers that his continued association would be immense benefit to the company and it is desirable to continue to avail his services as an independent Director. Accordingly the Board recommends the resolution in relation to his appointment as an independent Director, for the approval of the shareholders of the Company.

Except Mr. BV Subbaiah being an appointee, none of the Directors and Key managerial persons of the Company and their relatives is concerned or interested, financial or otherwise in the resolution set out at item no.4. The explanatory statement may also be regarded as a disclosure under clause 49 of the listing agreement with the stock exchanges.

Item No. 5

Mr. K Harishchandra Prasad is a non executive independent Director of the Company He was co-opted to the Board of Directors of the Company in the year 2006. Mr. Harishchandra Prasad is a member of Audit committee, Nomination and remuneration committee of the Board of Directors.

Mr. K Harishchandra Prasad did his B.Tech (Chemical Technology) from Madras University, Chennai, India and MS (Chemical Engineering) from Washington University, St.Louis, USA and also M.B.A. (Special Emphasis on Finance) from St.Louis University, St.Louis, USA. He is on the Board of several companies and the past President of FAPCCI, Hyderabad

Mr. Harishchandra Prasad is proposed to be appointed as an independent Director for five consecutive years from the date of this meeting. A notice has been received from a member proposing him as a candidature for the office of the Director of the Company.

In the opinion of the Board, Mr. Harishchandra Prasad fulfils the conditions specified in Section 149 (6) of the Companies Act 2013 and a Rule made there under for his appointment as an independent Director of the Company and is independent of the management.

The draft letter for appointment of Mr. Harishchandra Prasad as independent Director setting out terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day.

The Board considers that his continued association would be immense benefit to the company and it is desirable to continue to avail his services as an independent Director. Accordingly the Board recommends the resolution in relation to his appointment as an independent Director, for the approval of the shareholders of the Company.

Except Mr. Harishchandra Prasad being an appointee, none of the Directors and Key managerial persons of the Company and their relatives is concerned or interested, financial or otherwise in the resolution set out at item no.5. The explanatory statement may also be regarded as a disclosure under clause 49 of the listing agreement with the stock exchanges.

Item No.6

Mr. E Sivasankaram is a non executive independent Director of the Company He joined the Board of Directors of the Company in 2005. Mr. E Sivasankaram is a member of Audit committee, Nomination and remuneration committee of the Board of Directors.

Mr. E Sivasankaram is a practicing Chartered Accountant well versed with accounting and finance aspects.



Mr. E Sivasankaram is proposed to be appointed as an independent Director for five consecutive years from the date of this meeting. A notice has been received from a member proposing him as a candidature for the office of the Director of the Company.

In the opinion of the Board, Mr. E Sivasankaram fulfils the conditions specified in Section 149 (6) of the Companies Act 2013 and Rules made there under for his appointment as an independent Director of the Company and are independent of the management.

The draft letter for appointment of Mr. E Sivasankaram as independent Director setting out terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day.

The Board considers that his continued association would be immense benefit to the company and it is desirable to continue to avail his services as an independent Director. Accordingly the Board recommends the resolution in relation to his appointment as an independent Director, for the approval of the shareholders of the Company.

Except Mr. E Sivasankaram being an appointee, none of the Directors and Key managerial persons of the Company and their relatives is concerned or interested, financial or otherwise in the resolution set out at item no.6. The explanatory statement may also be regarded as a disclosure under clause 49 of the listing agreement with the stock exchanges.

By Order of the Board of Directors

Place: Hyderabad
Date: 29-05-2014

(J. S.Rao)
Managing Director
DIN:00029090

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

In case of members receiving e-mail:

- i. Log on to the e-voting website www.evotingindia.com
- ii. Click on "Shareholders" tab.
- iii. Now, select the "Company Name" from the drop down menu and click on "SUBMIT"
- iv. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v. Next enter the Image Verification as displayed and Click on Login.
- vi. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vii. If you are a first time user follow the steps given below:

| | |
|------------------------|--|
| | For Members holding shares in Demat Form and Physical Form |
| PAN* | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| DOB# | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. |
| Dividend Bank Details# | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field. |



- viii. After entering these details appropriately, click on "SUBMIT" tab.
 - ix. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 - xi. Click on the EVSN for the relevant < KEERTHI INDUSTRIES LTD.> on which you choose to vote.
 - xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
 - xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
 - xvi. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
 - xvii. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - ❖ Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - ❖ They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - ❖ After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - ❖ The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - ❖ They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- In case of members receiving the physical copy:**
- A. Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
 - B. The voting period begins on <4th August 2014 at 9.00AM> and ends on <06th August 2014 6.00 PM Date and Time>. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of <Record Date>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - C. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.



DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present your Company's 31st Annual Report for the Financial Year 2013-14 together with the Audited Balance Sheet as at 31st March, 2014 and the Profit & Loss Account for the year ended on that date.

FINANCIAL RESULTS: (Rs. In Lakhs)

| | 2013-14 | 2012-13 |
|--|------------------|-----------|
| Net Operational Income | 12506.71 | 10769.28 |
| Other income | 109.77 | 55.78 |
| Profit before interest and depreciation | 400.69 | (146.56) |
| Less: Interest | 897.47 | 897.89 |
| Less: Depreciation | 1352.73 | 1372.68 |
| Profit/(Loss) before taxation | (1849.51) | (2417.13) |
| Less : Provision for taxation including deferred tax liability | (45.06) | (36.98) |
| Less: short provision of earlier years | 0.00 | 0.96 |
| Net Profit/(Loss) after taxation | (1804.45) | (2455.07) |
| Less: Capital Redemption Reserve | 0.00 | 150.00 |
| Add: Surplus Brought Forward from previous years | 1194.95 | 3800.02 |
| Balance carried to Balance Sheet | (609.50) | 1194.95 |

OPERATIONS:

During the year 2013-14, your Company witnessed reduced performance. While, our revenues increased by 16.13% over the previous year, Rs.710.31 Lakhs of cash loss was incurred due to drop in margins and lower demand for the cement in the cement division.

Cement Division: Production of Cement and Clinker were 3,95,268 MTS and 3,54,323 MTS respectively during the twelve months ended 31st March, 2014 as against 3,29,357 MTS and 2,96,770 MTS respectively during the previous year. In view of strained cash flows, the finance facilities (working capital and term loans) of the company availed from the Canara Bank, Andhra Bank and Indian Bank has been restructured to align the future cash flows. The same was discussed elaborately elsewhere in the Annual report.

During the year under review 67% of the installed

capacity of the Company was utilised.

Wind Power: The Company has generated 35,36,160 units as against 32,76,684 units during the previous year.

Electronic Division: The Company has produced 2028 sq.mts of Printed Circuit Boards as against 2233 sq.mts during the previous year.

FUTURE PROSPECTS:

CEMENT DIVISION:

India's potential in infrastructure is vast and cement plays a vital role in the growth and development of the nation. India is the second largest producer of cement in the world. The cement industry has been expanding on the back of increasing infrastructure activities and demand from housing sector over the past many years. An investment allowance for infrastructure projects of Rs 100 crore (US\$ 16.05 million) and above has also been announced by the Government. In addition, cement production in India is expected to touch 407 million tonnes (MT) by 2020.

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 in input prices and frequent power holidays are the major constraints to sustain in the market. However, with the bifurcation of Andhra Pradesh into state of Telangana and residuary state of Andhra Pradesh, the construction of new capital and other development measures of the both the states as specified in the Andhra Pradesh Reorganization Act 2013 shall spurt enormous demand for the cement and other infrastructure related products. As such, the coming year's performance is estimated to be good. Despite of few adverse conditions, your Directors are hopeful that the performance of the company would achieve satisfactory level.

ELECTRONIC DIVISION:

The improvement shown in the sales turn over of electronics division is satisfactory. Development of prototypes for new customers in the high-end automobile segment was done during the year. The division expects to improve its customer base in the automobile segment in the years to come. Supply of PCBs for Konkurs missile program is completed



for the existing requirements and development of flexi cables for Invar missile program is underway. The division is exploring further opportunities in the defense sector to improve business in the near future.

The division was identified as one of the potential vendors for developing Gas Electron Multiplier (GEM) foils by European Organization for Nuclear Research (CERN) for their Compact Muon Solenoid (CMS) division. Senior Executives of your company visited CERN, Switzerland during the year on CERN's invitation, for discussions. GEM foils are expected to be developed by electronics division in a time frame of two years. Apart from their present use in scientific experiments at CERN, GEMs are likely to find applications in medical imaging and other areas.

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 27-07-2014 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 weak performance of cement division in general and the lackluster performance of sugar industry. In view of the adverse market for sugar industry and on going cash crunch in the company, could not take "effective steps" as defined in sugar control order to implement the sugar project.

DIRECTORS:

In accordance with the provisions of Companies Act, 1956 Sri. J Sivarama Prasad Non Executive Director of the Company would retire by rotation and, being eligible, offer himself for re-appointment. In view of new legislative changes, we have received

proposals from the shareholders for reappointment of Sri E Siva sankaram, Sri BV Subbaiah and Sri K Harishchandra Prasad non executive directors as Independent directors of the Company in the ensuing Annual General meeting in accordance with Section 149 of the Companies Act, 2013 and clause 49 of the listing agreement for a period of five years. The profiles of the reappointed directors are mentioned elsewhere in the report.

DIVIDEND:

In view of severe cash losses, your Board could not recommend any dividend for the financial year 2013-2014.

REDEEMABLE PREFERENTIAL SHARES:

The second installment of Rs.35/- each on first tranche of 500000, 9% non convertible redeemable preferential shares of Rs.100/-each could not be paid on due date, due to no accumulated profits and adverse market for issue of new preferential shares. Your directors are taking steps for extension of period of redemption of 9 % redeemable preferential shares by 3 more years for which preferential shareholder has kindly agreed. The company will initiate postal ballot process to secure the necessary consent from the equity shareholders for extending the period of redemption of 9 % redeemable preferential shares by 3 more years.

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, the 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 claims to 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, 2014, 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 loss 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, 2014 on a going concern basis.

PUBLIC DEPOSITS:

Your Company has no public deposits in accordance with Section 73 or 74 of the Companies Act, 2013

COST AUDITORS:

Cost Audit records have been maintained by the company for the F.Y.2013-14. Pursuant to the directives of the Central Government and provisions of Section 148 of the Companies Act, 2013, qualified Cost Auditors have been appointed to conduct the cost audit for the F.Y.2013-14.

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 Engineering colleges at free of cost. As the company has been incurring losses for the last two years, the rules in connection with spending of money on specified projects under corporate social responsibility rules are not applicable to the Company.

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. 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 Rs 250 in the month of Feb 2013, fell to Rs 190-210 by the middle of this year. It subsequently decreased and today the price is stands in the range of Rs 170-Rs 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. We

presume that the Bifurcation of erstwhile state of Andhra Pradesh into Telangna and residuary state of Andhra Pradesh will impetus the growth of cement consumption 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.

Electronic Division:

Industry Structure and Developments:

Your Company is one of the few companies specialized in manufacturing flexible printed circuit boards in India. The Electronic Industry is looking up and doing well, giving a scope for PCB industry to expand. There appears to be some improvement in the usage of flex circuits in India as new designers have started involving them for prototype manufacturing. Bulk requirements, however will be a reality, only after successfully completing the trials. Volumes of flexible PCBs being sold by your company as import substitute will increase , with exports and with the growth of the electronic industry.

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. Undervaluation of our Indian rupee makes imported raw material prices dearer. Exploring business opportunities from automobile segment may bring some more business revenue but the margins would be reduced significantly due to the requirement of competitive pricing. Opportunities for making forays into business of complex design products like multilayer PCBs are available for the division. Supplies to EOUs have been the major component of sales of the division. There is always pressure on pricing of the product due to competition from other countries.

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 Telangana. 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: 29-05-2014

(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 | | |
|--|---------------------------------------|------------------|----------------------------|-------------------|---------------|---------------------|------------|
| A. Power and Fuel Consumption: | | Cement | Electronic Division | Wind Power | Cement | Electronic Division | Wind Power |
| 1 | | | | | | | |
| a) | Purchased Units (Nos) | 36991739 | 454980 | NIL | 4,60,71,507 | 4,32,670 | NIL |
| | Amount (Rs..) | 223151318 | 4788396 | NIL | 17,51,19,646 | 23,88,296 | NIL |
| | Rate/unit (Rs..) | 6.03 | 10.52 | NIL | 3.80 | 5.52 | NIL |
| b) | Own Generation: | | | | | | |
| | Through Diesel Generator Units (Nos.) | 22928 | 8491 | NIL | 7,130 | 23,120 | NIL |
| | Units per Ltr. of Diesel Oil | 4.59 | 3.04 | NIL | 3.04 | 3.40 | NIL |
| | Cost/Unit ('Rs.) | 12.21 | 18.54 | 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 (Rs.) | NIL | NIL | NIL | NIL | NIL | NIL |
| 2 | Coal | | | | | | |
| | Quantity (M.T.) | 67327 | NIL | NIL | 78,156 | NIL | NIL |
| | Total Cost (Rs.) | 346637245 | NIL | NIL | 37,08,48,870 | NIL | NIL |
| | Average Rate/M.T. (Rs.) | 5148 | NIL | NIL | 4,745 | NIL | NIL |
| 3 | NIL | NIL | NIL | | NIL | NIL | |
| 4 | NIL | NIL | NIL | | NIL | NIL | |
| B. Consumption per unit production: | | | | | | | |
| | Electricity (Units) | | 228.46 | NIL | 101.67 | 220.15 | NIL |
| | Furnace Oil | NIL | NIL | NIL | NIL | NIL | NIL |
| | Coal | 0.19 | 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 | Rs.10.01 lakhs |
| | b) Foreign Exchange Earned | Rs.149.39 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: 29-05-2014

(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 , 2014

| 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 - 2013-14:

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 31.03.2014 | No. of Meetings attended | Whether attended the last AGM | No. of Directorships in other Boards as on 31.03.2014* | No. of other Board Committee(s) as on 31.03.2014 | |
|--------|-----------------------------|------------------------------|--------------------------|-------------------------------|--|--|----------|
| | | | | | | 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 | 3 | No | 12 | 7 | 1 |
| 4 | Mr.J.S.R. Prasad | Director | 4 | No | 12 | 0 | 0 |
| 5 | Mr. E.Siva Sankaram | Director | 5 | YES | 0 | 0 | 0 |
| 6 | Mr. B. V. Subbaiah | Director | 4 | YES | 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, 2013, Mr. J Sivarama Prasad, Director retire by rotation and is 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 | 2010-11 | Registered office at Mellacheruvu (Village & Mandal). Nalgonda District-508246 Andhra Pradesh. | 30.09.2011 at 10.00 A.M |
| 2 | 2011-12 | Registered office at Mellacheruvu (Village & Mandal). Nalgonda District-508246 Andhra Pradesh | 29.09.2012 at 11.00 A.M |
| 3 | 2012-13 | Registered office at Mellacheruvu (Village & Mandal). Nalgonda District-508246 Andhra Pradesh | 29.07.2013 at 11.00 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, Five (5) meetings of the committee took place and attendance thereat was as under:

| Sl.No. | Name of the Director | No. of the Meetings Attended |
|--------|-----------------------------|------------------------------|
| 1 | Sri.E.Siva Sankaram | 5 |
| 2 | Sri. K.Harishchandra Prasad | 3 |
| 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 and Whole-time Directors during the year 2013-14 are as follows:

| | Executive Chairperson | Managing Director |
|--|-----------------------|-------------------|
| Salary in Rs. (Minimum remuneration of Rs.400,000 per month inclusive of all benefits and perquisites) | 4800000 | 4800000 |

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. **NIL**

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.

The financial results or official news displaying in the Website at frequent intervals.

Company has not made any presentations to any Institutional Investors/analysts during the year.

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 : 31st Annual General Meeting
Date : 09th August, 2014
Time : 11:00 A.M
Venue : Mellacheruvu (Village & Mandal),
Nalgonda Dist, 508246, Telangana.



Keerthi Industries Limited

b) Financial Calendar : 1st April to 31st March
(tentative and subject to change)
for financial reporting for the
period ending

- Jun 30, 2014 : August, 2014
- Sep 30, 2014 : October, 2014*
- Dec 31, 2014 : February, 2015*
- Mar 31, 2015 : May, 2015*
- AGM for 2014-15 : Aug, 2015*
(* Expected)

c) Date of Book closure : Monday 04th August to Saturday, 09th August, 2014
(Both days inclusive)

d) Dividend payment date : Not applicable

e) Registered Office & Factory : Mellacheruvu (Village & Mandal), Nalgonda
(Cement Division) Dist, 508246, Telangana.
Phone: 08683-226028
Fax: 08683-226039

f) Administrative Office : Plot No. 40, IDA, Balanagar,
& Factory (Electronic Division) 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 2013-14 are as follows:

| Month Wise | Monthly High Price ₹ | Monthly Low Price ₹ |
|-----------------|-------------------------|------------------------|
| April, 2013 | 14.19 | 11.90 |
| May, 2013 | 12.00 | 10.90 |
| June, 2013 | 10.36 | 8.51 |
| July, 2013 | 8.11 | 6.37 |
| August, 2013 | 6.10 | 5.00 |
| September, 2013 | 5.00 | 4.55 |
| October, 2013 | 4.33 | 3.95 |
| November, 2013 | 4.60 | 3.49 |
| December, 2013 | 5.00 | 4.43 |
| January, 2014 | 6.35 | 4.85 |
| February, 2014 | 8.29 | 6.48 |
| March, 2014 | 8.40 | 7.10 |

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.

l) Shareholding Pattern as on 31st March, 2014:

| Category | No. of Shares | Percentage |
|--|------------------|---------------|
| Promoter's Holding: | | |
| Indian Promoters | 60,09,152 | 74.96 |
| Foreign Promoters | Nil | Nil |
| Persons acting in Concert | Nil | Nil |
| Institutional Investors: | | |
| Mutual Funds and UTI | 250 | 0.01 |
| Banks, Financial Institutions, Insurance companies | 1,29,819 | 1.62 |
| Others: | | |
| Private Body Corporate Bodies | 118,195 | 1.47 |
| Indian Public | 16,73,348 | 20.87 |
| NRIs / OCBs and others | 85,974 | 1.07 |
| Total | 80,16,738 | 100.00 |

m. Distribution of shareholding as on 31st March 2014:

| Shareholdings of nominal value of Rs. | Shareholders: | | Shares Value | |
|---------------------------------------|---------------|--------|--------------|--------|
| | No. | % | Rs. | % |
| Upto 5,000 | 14247 | 97.06 | 11377370 | 14.19 |
| 5,001 - 10,000 | 300 | 2.04 | 2348780 | 2.93 |
| 10,001 - 20,000 | 87 | 0.59 | 1253760 | 1.56 |
| 20,001 - 30,000 | 14 | 0.10 | 331650 | 0.41 |
| 30,001 - 40,000 | 9 | 0.06 | 330190 | 0.41 |
| 40,001 - 50,000 | 3 | 0.02 | 134790 | 0.17 |
| 50,001 - 1,00,000 | 7 | 0.05 | 524720 | 0.65 |
| 1,00,001 & above | 12 | 0.08 | 63866120 | 79.68 |
| 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 2014, out of the total shares 66,09,151 were dematerialized with the following depositories:

- i) National Securities Depositories Limited - 50, 52,477
- ii) Central Depository Services (India) Limited - 15,56,674

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,
Telangana.

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,

Telangana - 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 | Sri . J Sivarama Prasad | Sri E Sivasankaram | Sri K Harishchandra Prasad | Sri BV Subbaiah |
|--|--|----------------------|---|---|
| Expertise in Specific Functional Areas | Finance, Accounts and General Management | Finance and Accounts | Finance, Accounts and General Management | Legal |
| Date of Birth | 01-06-1960 | 06-02-1937 | 15.09.1952 | 11-04-1930 |
| Qualification | Chartered Accountant | Chartered Accountant | MBA/M S | Advocate |
| List of other Companies in which Directorship is held as on 31st March, 2014 | <ol style="list-style-type: none"> 1) Greenesol Power Systems Private Limited 2) Puissance De L'eau Power Systems Private Limited 3) Qre Greenesol Power Transformer Company Private Limited 4) Greenesol Power Services Private Limited 5) Kakatiya Cement Sugar And Industries Limited 6) Hmg Power Systems Private Limited 7) Growmore Bio-Tech Limited 8) Ecogreen Power Systems Private Limited 9) Supinco Automation Private Limited 10) Greensecure Energy Private Limited 11) Greenesol Hydro Corbons Private Limited 12) Greenways Technologies (India) Pvt.Ltd | Nil | <ol style="list-style-type: none"> 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 12) Kapil Motors Pvt. Ltd. | <ol style="list-style-type: none"> 1) Kakatiya Cement Sugar And Industries Ltd |
| Chairman / Member of the Committees of the Board of other Companies in which he is a Director as on 31st March, 2014 | NIL | | 7 | 3 |
| Number of Equity Shares held in the Company by the Director or for other persons on a beneficial basis | Nil | Nil | NIL | NIL |
| Relationship with other Directors | NA | NA | 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 31.03.2014.

Place: Hyderabad

Date: 29-05-2014

(J.S.Rao)

Managing Director



To
The Board of Directors
Keerthi Industries Limited
Hyderabad.

Certification of Financial Results for the period ended 31st March, 2014

In relation to the Audited Financial Accounts of the Company as at March 31, 2014, we hereby certify that:

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

(J. S.Rao)
Managing Director

Place: Hyderabad
Date: 29-05-2014



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, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

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

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

For Rekha Gadwal
Company Secretary

Place: Hyderabad
Date:29-05-2014



INDEPENDENT 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, 2014 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 but not for the purpose of expressing our opinion on the effectiveness of the entity's internal control. 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.

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, 2014;
- 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 statements, of the cash flow for the year ended on that date.

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.

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, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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

Place: Hyderabad
Date: 29.05.2014

(P.GOVARDHANA REDDY)
Partner
Membership No.029193



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 loans from two bodies Corporate and from two parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the closing balance was Rs. 1179.99 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. .
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, 2014 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 Rs. | 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 | 57,13,367 | 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 |
| 7 | Income-tax Act, 1961 | Income Tax | 1,83,80,281 | FY 2005-06. Revised Assessment order received on 04-03-2014 | Not mentioned in the demand notice | Commissioner (Appeals) III Hyderabad |

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

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

10. The Company has 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 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 excepting interest amount of Rs84.01 lakhs outstanding at the end of the year.
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

Place: Hyderabad
Date: 29.05.2014

(P.GOVARDHANA REDDY)
Partner
Membership No.029193



Keerthi Industries Limited

Balance Sheet as at 31 March 2014

(₹ In Lakhs)

| Particulars | Note No. | As at 31 March 2014 | As at 31 March 2013 |
|---|----------|---------------------|---------------------|
| Equity and Liabilities | | | |
| 1 Shareholders' funds | | | |
| (a) Share capital | 2 | 1690.11 | 1690.11 |
| (b) Reserves and surplus | 3 | 515.05 | 2319.50 |
| | | 2205.16 | 4009.61 |
| 2 Non-current liabilities | | | |
| (a) Long-term borrowings | 4 | 5858.21 | 4978.65 |
| (b) Deffered Tax Liability(net) | 25.11 | 1093.30 | 1138.36 |
| (c) Long-term provisions | 5 | 217.12 | 215.19 |
| | | 7168.63 | 6332.20 |
| 3 Current liabilities | | | |
| (a) Short-term borrowings | 6 | 1755.64 | 1573.16 |
| (b) Trade payables | 7 | 1131.51 | 1192.58 |
| (c) Other current liabilities | 8 | 2979.30 | 3987.70 |
| (d) Short-term provisions | 9 | 69.24 | 51.93 |
| | | 5935.69 | 6805.37 |
| Total | | 15309.48 | 17147.18 |
| Assets | | | |
| 1 Non-current assets | | | |
| (a) Fixed assets | 10 | | |
| (i) Tangible assets | | 11581.75 | 12964.73 |
| (ii) Intangible assets | | 35.57 | 46.80 |
| (iii) Capital work-in-progress | | - | 163.43 |
| | | 11617.32 | 13174.96 |
| (b) Non- Current Investments (at cost) - National Saving Certificates | | 0.06 | 0.06 |
| (c) Long-term loans and advances | 11 | 1368.81 | 1377.06 |
| | | 12986.19 | 14552.08 |
| 2 Current assets | | | |
| (a) Inventories | 12 | 970.56 | 1182.28 |
| (b) Trade receivables | 13 | 337.96 | 601.93 |
| (c) Cash and cash equivalents | 14 | 271.22 | 256.70 |
| (d) Short-term loans and advances | 15 | 644.07 | 403.62 |
| (e) Other current assets | 16 | 99.48 | 150.57 |
| | | 2323.29 | 2595.10 |
| Total | | 15309.48 | 17147.18 |
| Significant Accounting policies | 1 | | |
| Other Disclosures | 25 | | |

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: 29.05.2014

For and on behalf of Board of Directors

Sd/-

(J.S.Rao)

Managing Director

Sd/-

(J.Triveni)

Executive Chairperson

Sd/-

(R.S. Rao)

Company Secretary

**Statement of Profit and Loss for the year ended 31 March 2014**

(₹ In Lakhs)

| Particulars | Note No. | Current year | Previou year |
|--|----------|------------------|--------------|
| I. Revenue from operations | 17 | 12506.71 | 10769.28 |
| II. Other income | 18 | 109.77 | 61.49 |
| III. Total Revenue (I+II) | | 12616.48 | 10830.77 |
| IV. Expenses | | | |
| (i) Cost of materials consumed | 19 | 1615.19 | 1319.12 |
| (ii) Changes in inventories of finished goods and work-in-progress | 20 | 64.46 | (74.24) |
| (iii) Employee benefits expense | 21 | 1008.91 | 1053.65 |
| (iv) Finance costs | 22 | 897.47 | 897.89 |
| (v) Depreciation and amortization expense | 10 | 1352.73 | 1372.68 |
| (vi) Other expenses | 23 | 9505.80 | 8127.83 |
| Total expenses | | 14444.56 | 12696.93 |
| V. Profit/(Loss) before Exceptional Items (III-IV) | | (1828.08) | (1866.16) |
| VI. Exceptional Items | 24 | 234.97 | 550.97 |
| VII. Profit/(Loss) before tax (V- VI) | | (2063.05) | (2417.13) |
| VIII. Tax expense: | | | |
| 1 Current tax | | - | - |
| 2 Deferred tax | 25.11 | (45.06) | 36.98 |
| 3 Excess MAT Credit entilement in previous year | | - | 0.96 |
| 4 Income tax Refund Receivable | | (213.54) | - |
| IX. Profit/(Loss) after tax for the year (VII-VIII) | | (1804.45) | (2455.07) |
| X. Earnings per equity share (face value of ₹10/-) | | | |
| Basic & Diluted | 25.10 | (23.51) | (31.62) |
| Significant Accounting policies | 1 | | |
| Other Disclosures | 25 | | |

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: 29.05.2014

For and on behalf of Board of Directors

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

Sd/-
(J.Triveni)
Executive Chairperson

Sd/-
(R.S. Rao)
Company Secretary



Keerthi Industries Limited

Cash Flow Statement for the Twelve Months ended 31st March, 2014 (Indirect Method) (₹ In Lakhs)

| | Year ended 31st March 2014 | Year ended 31st March 2013 |
|--|-------------------------------|-------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit Before Tax | (2063.05) | (2417.13) |
| Adjustments for: | | |
| Depreciation | 1352.73 | 1372.68 |
| Interest | 897.47 | 897.89 |
| Loss on sale of Asset | 3.62 | 0.26 |
| Interest Earned | (58.41) | (50.91) |
| Operating Profit before working capital changes | 132.36 | (197.21) |
| Changes in working capital: | | |
| Inventories | 211.72 | 106.38 |
| Trade and other receivables | 305.90 | (133.28) |
| Trade and other payables | (867.78) | 2268.79 |
| Cash generated from operations | (217.80) | 2044.68 |
| Interest paid | (897.47) | (897.89) |
| Direct Taxes paid | (13.96) | 21.65 |
| Net Cash Flow from Operating Activity (A) | (1129.23) | 1168.44 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Interest received | 62.89 | 31.84 |
| Purchase of Fixed Assets | (35.12) | (267.74) |
| Sale of Asset | 72.98 | - |
| Capital Work in progress | 163.43 | (10.51) |
| Net Cash used in Investing Activities (B) | 264.18 | (246.41) |
| C. CASH FLOW FROM FINANCIAL ACTIVITIES | | |
| Un-Secured Loans | (2.22) | (39.20) |
| Proceeds from Secured Loans | 881.79 | (790.56) |
| Redeemable Preference Shares | - | (150.00) |
| Net Cash used in Financing Activities (C) | 879.57 | (979.76) |
| D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | 14.52 | (57.73) |
| Cash and Cash Equivalents as at 31.03.2013 | 256.70 | 314.43 |
| Cash and Cash Equivalents as at 31.03.2014 | 271.22 | 256.70 |

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: 29.05.2014

For and on behalf of Board of Directors

Sd/-

(J.S.Rao)

Managing Director

Sd/-

(J.Triveni)

Executive Chairperson

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 31st March, 2014

2. Share Capital

₹ In Lakhs

| Particulars | As At | As at |
|--|--------------------|--------------------|
| | 31st March 2014 | 31st March 2013 |
| 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 | 888.44 |
| 5,00,000 Shares of ₹ 70/- each | | |
| 5,38,440 Shares of ₹ 100/- each | | |
| | 1690.11 | 1690.11 |

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

| Name of the Share Holder | As at 31st March 2014 | | As at 31st March 2013 | |
|---|--------------------------|---------------|--------------------------|-----------|
| | Number of Shares held | % holding | Number of Shares held | % holding |
| Equity Shares of ₹10/- each: | | | | |
| Sri. J S Rao | 3,696,825 | 46.11 | 3,796,825 | 47.36 |
| Smt.J Triveni | 2,195,379 | 27.38 | 2,195,379 | 27.38 |
| 9% Redeemable Preference shares of ₹100/- Each: | | | | |
| M/s. Hyderabad Bottling Company Ltd | 1,038,440 | 100.00 | 1,038,440 | 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 2014 | | As at 31st March 2013 | |
|---|-----------------------|----------------------|-----------------------|----------------------|
| | No. of shares | Amount ₹ in lakhs | No. of shares | Amount ₹ in lakhs |
| Shares outstanding at the beginning of the year | 8,016,738 | 801.67 | 8,016,738 | 801.67 |
| Add: Shares issued during the year | - | - | - | - |
| Shares outstanding at the end of the year | 8,016,738 | 801.67 | 8,016,738 | 801.67 |



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

| Particulars | As at 31st March 2014 | | As at 31st March 2013 | |
|---|--------------------------|----------------------|--------------------------|----------------------|
| | No. of shares | Amount ₹ in lakhs | No. of shares | Amount ₹ in lakhs |
| Shares outstanding at the beginning of the year | 1,038,440 | 888.44 | 1,038,440 | 1,038.44 |
| Add: Shares issued during the year | - | - | - | - |
| Less: Shares Redeemed during the year | - | - | - | 150.00 |
| Shares outstanding at the end of the year | 1,038,440 | 888.44 | 1,038,440 | 888.44 |

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 2014 | As at 31st March 2013 |
|---|--------------------------|--------------------------|
| 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 | 150.00 |
| | 1124.55 | 1124.55 |
| Surplus in the Statement of Profit & Loss Balance as per last financial statement | 1194.95 | 3800.02 |
| Profit(+)/Loss(-) for the year | (1804.45) | (2455.07) |
| Less: Capital Redemption Reserve | - | (150.00) |
| Closing Balance | (609.50) | 1194.95 |
| Total | 515.05 | 2319.50 |



4. Long - Term Borrowings

₹ In Lakhs

| Particulars | Non-current portion | | Current Maturities | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | As at 31st March 2014 | As at 31st March 2013 | As at 31st March 2014 | As at 31st March 2013 |
| Secured | | | | |
| Term loans: | | | | |
| - Canara Bank | 1744.00 | 1496.00 | 125.00 | 470.00 |
| - Andhra Bank | 1747.20 | 1496.00 | 124.80 | 470.00 |
| - Indian Bank | 464.80 | 394.00 | 33.20 | 130.00 |
| - Canara Bank (WCTL) | 131.70 | - | 26.34 | - |
| - Canara Bank (FITL) | 81.12 | - | 54.78 | - |
| - Andhra Bank (FITL) | 82.27 | - | 55.56 | - |
| - Indian Bank (FITL) | 16.70 | - | 14.88 | - |
| Unsecured | | | | |
| Term loans (against hypothecation of vehicles): | | | | |
| - Kotak Mahendra Bank | - | - | - | 41.82 |
| Sales Tax Deferment | 1590.42 | 1592.65 | 2.22 | 3.90 |
| Total | 5858.21 | 4978.65 | 436.78 | 1115.72 |

- 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 which are restructured are repayable in 30 equal quarterly instalments effective December 2014, Working Capital term loan from Canara Bank are repayable in 36 Monthly installments and effective October 2014, Funded interest term loans from Banks are repayable in 30 Monthly installments and effective April 2014. Other terms of repayment of term loans are given below:

| Particulars | Rate of Interest | As at 31st March 2014 | | As at 31st March 2013 | |
|---------------------|------------------|-------------------------------|----------------------|-------------------------------|----------------------|
| | | Number of installments due | Amount ₹ in lakhs | Number of installments due | Amount ₹ in lakhs |
| Term loans: | | | | | |
| Canara Bank | 14.75% | 30 | 1869.00 | 21 | 1966.00 |
| Andhra Bank | 14.75% | 30 | 1872.00 | 21 | 1966.00 |
| Indian Bank | 14.75% | 30 | 498.00 | 21 | 524.00 |
| Canara Bank (WCTL) | 14.75% | 36 | 158.04 | - | - |
| Canara Bank (FITL) | 14.75% | 30 | 136.68 | - | - |
| Andhra Bank (FITL) | 14.75% | 30 | 137.83 | - | - |
| Indian Bank (FITL) | 14.75% | 30 | 31.58 | - | - |
| | | | 4703.13 | | 4456.00 |
| Kotak Mahendra Bank | 10.25% | - | - | 12 | 41.82 |
| | | | - | | 41.82 |
| | | | 4703.13 | | 4497.82 |



- 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, had been converted into Deferment and the Company got entitlement to defer tax collections up to ₹ 1590.43 lakhs over a period of ten years effective 01.04.2005 and repayable after fourteen years from the end of the relevant financial year. Due dates for repayment are given below.

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

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

| Due Date | Amount (₹ In Lakhs) |
|----------|---------------------|
| 2014-15 | 2.22 |

5. Long-term provisions

₹ In Lakhs

| Particulars | As at 31st March 2014 | As at 31st March 2013 |
|---------------------------------|--------------------------|--------------------------|
| Provision for employee benefits | | |
| Gratuity | 189.32 | 189.20 |
| Compensated absences | 27.80 | 25.99 |
| Total | 217.12 | 215.19 |

6. Short-term borrowings

₹ In Lakhs

| Particulars | As at 31st March 2014 | As at 31st March 2013 |
|---------------------------------|--------------------------|--------------------------|
| A. Secured | | |
| Canara Bank - Cash Credit | 485.54 | 492.57 |
| State Bank of India - Overdraft | 84.38 | 69.67 |
| Total (a) | 569.92 | 562.24 |
| B. Unsecured | | |
| From Related parties: | | |
| i) Inter Corporate Deposit | 1046.56 | 867.73 |
| ii) Loan from Directors | 133.43 | 128.71 |
| From Others | | |
| Trade and Rent Deposits | 5.73 | 14.48 |
| Total (b) | 1185.72 | 1010.92 |
| Total (a+b) | 1755.64 | 1573.16 |

- 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



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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: Loan from Directors and Inter corporate deposits carry an interest of 10% per annum and is repayable on demand.

7. Trade payables

₹ In Lakhs

| Particulars | As at 31st March 2014 | As at 31st March 2013 |
|--|--------------------------|--------------------------|
| Other than Micro, Small and Medium Enterprises | 1131.51 | 1192.58 |
| Total | 1131.51 | 1192.58 |

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 2014 | As at 31st March 2013 |
|--|--------------------------|--------------------------|
| i. Current maturities of long-term debt (Refer Note - 4) | 436.78 | 1,115.72 |
| ii. Current maturities of long-term Provisions | 2.28 | 2.20 |
| iii. Unclaimed Debentures | - | 345.44 |
| iv. Other Payables: | | |
| a. Statutory remittances | 761.53 | 24.78 |
| b. Advances from customers | 761.27 | 1,184.63 |
| c. Outstanding expenses | 336.22 | 628.54 |
| d. Creditors for capital goods | 482.70 | 509.47 |
| e. Interest accrued and due | 84.01 | 111.16 |
| f. Interest accrued but not due | 25.30 | - |
| g. Salaries & wages payable | 80.84 | 64.70 |
| h. Other creditors | 8.37 | 1.06 |
| Total | 2979.30 | 3987.70 |

9. Short-term provisions

₹ In Lakhs

| Particulars | As at 31st March 2014 | As at 31st March 2013 |
|---------------------------------|--------------------------|--------------------------|
| Provision for employee benefits | 69.04 | 51.73 |
| Provision for tax | | |
| Wealth Tax | 0.20 | 0.20 |
| Total | 69.24 | 51.93 |



₹ In Lakhs

| Sl. No. | Particulars | GROSS BLOCK | | DEPRECIATION | | NET BLOCK | | |
|-----------------------------|--------------------------------|-----------------|--------------|---------------|----------------|--------------|-----------------|------------|
| | | As at | Additions | Deductions | As at | Up to | AS at | As at |
| | | 31.03.2013 | 31.03.2014 | 31.03.2013 | For the year | 31.03.2014 | 31.03.2014 | 31.03.2013 |
| (I) Tangible Assets: | | | | | | | | |
| 1 | Land: | | | | | | | |
| | Freehold: Cement Division | 607.06 | 0.00 | 0.00 | 0.00 | 0.00 | 607.06 | |
| | Sugar Division | 406.82 | 0.00 | 0.00 | 0.00 | 0.00 | 406.82 | |
| | Lease hold Land (Wind Power) | 18.00 | 0.00 | 0.00 | 0.60 | 0.00 | 14.40 | |
| 2 | Buildings: | | | | | | | |
| | Factory | 3317.55 | 13.57 | 0.00 | 110.88 | 0.00 | 2768.00 | |
| | Factory (Wind Power) | 57.55 | 0.00 | 0.00 | 1.92 | 0.00 | 46.97 | |
| | Non-Factory | 320.73 | 17.23 | 0.00 | 5.45 | 0.00 | 287.71 | |
| 3 | Plant & Machinery | 12106.23 | 3.25 | 0.00 | 1010.20 | 0.00 | 6371.83 | |
| | Plant & Machinery (Wind Power) | 860.45 | 0.00 | 0.00 | 87.99 | 0.00 | 524.84 | |
| 4 | Electrical Installations | 2275.06 | 0.00 | 0.00 | 108.06 | 0.00 | 1788.10 | |
| 5 | Furniture & Fixtures | 50.87 | 0.67 | 0.00 | 0.23 | 0.00 | 1.24 | |
| 6 | Office Equipment | 50.24 | 0.20 | 0.00 | 2.71 | 0.00 | 18.74 | |
| 7 | Vehicles | 183.75 | 0.00 | 139.96 | 3.36 | 63.36 | 89.10 | |
| 8 | Other Assets | 17.95 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| 9 | Data Processing Equipment | 76.60 | 0.20 | 0.00 | 8.02 | 0.00 | 33.10 | |
| 10 | Effluent Treatment Plant | 19.49 | 0.00 | 0.00 | 0.93 | 0.00 | 2.82 | |
| 11 | Generators | 17.59 | 0.00 | 0.00 | 0.84 | 0.00 | 2.90 | |
| 12 | Lab Equipment | 6.57 | 0.00 | 0.00 | 0.31 | 0.00 | 1.10 | |
| | Total | 20392.51 | 35.12 | 139.96 | 1341.50 | 63.36 | 11581.75 | |
| | (II) Intangible Assets: | | | | | | | |
| | Comuter Software | 71.19 | 0.00 | 0.00 | 11.23 | 0.00 | 46.80 | |
| | Total (I + II) | 20463.70 | 35.12 | 139.96 | 1352.73 | 63.36 | 13011.53 | |
| | Add:Capital work in progress | 163.43 | 34.05 | 197.48 | 0.00 | 0.00 | 163.43 | |
| | Less:Internal transfers | 0.00 | 34.05 | 197.48 | 0.00 | 0.00 | 0.00 | |
| | Total | 20627.13 | 35.12 | 139.96 | 1352.73 | 63.36 | 13174.96 | |
| | Previous Year | 20355.96 | 278.26 | 7.09 | 1372.68 | 6.83 | 14269.64 | |



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

| Particulars | As at 31st March 2014 | As at 31st March 2013 |
|---|--------------------------|--------------------------|
| Advances for Capital items | 708.60 | 717.83 |
| Consumption Deposit with CPDCL | 384.05 | 383.07 |
| Voltage Surcharge paid under protest | 72.06 | 72.06 |
| Income Tax Paid Under Protest | 183.00 | 183.00 |
| Sales Tax paid under protest | 19.09 | 19.09 |
| Excise Duty and Service tax under protest | 2.01 | 2.01 |
| Total | 1368.81 | 1377.06 |

12. Inventories ₹ In Lakhs

| Particulars | As at 31st March 2014 | As at 31st March 2013 |
|---|--------------------------|--------------------------|
| Raw materials | 158.76 | 206.34 |
| Stores and spares | 608.87 | 633.11 |
| Coal | 19.36 | 98.49 |
| Packing Material | 10.78 | 7.09 |
| Work-in-progress | 60.93 | 108.33 |
| Finished goods | 96.65 | 113.94 |
| Srap (discarded assets) - At realisable value | 15.21 | 14.98 |
| Total | 970.56 | 1182.28 |

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

| Particulars | As at 31st March 2014 | As at 31st March 2013 |
|---|--------------------------|--------------------------|
| Debts outstanding for a period exceeding six months | 163.25 | 185.24 |
| Other debts | 174.71 | 416.69 |
| Total | 337.96 | 601.93 |

14. Cash and cash equivalents ₹ In Lakhs

| Particulars | As at 31st March 2014 | As at 31st March 2013 |
|---|--------------------------|--------------------------|
| Balances with banks: | | |
| - In current accounts | 5.02 | 10.44 |
| - In margin money deposits for a period less than 12 months | 132.19 | 28.50 |
| - In margin money deposits for a period more than 12 months | 3.65 | 109.48 |
| - In Fixed Deposits for a period less than 12 months | - | 103.69 |
| - In Fixed Deposits for a period more than 12 months | 124.00 | - |
| Cash on hand | 6.36 | 4.59 |
| Total | 271.22 | 256.70 |



Note: Balances with banks include i) ₹ 121.08 lakhs (previous year: ₹ 121.03 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 2014 | As at 31st March 2013 |
|---------------------------------------|--------------------------|--------------------------|
| Advances to staff | 2.52 | 3.92 |
| Sundry deposits | 74.01 | 82.36 |
| Vendor advances | 144.33 | 121.63 |
| Advance Income Tax (net of provision) | 42.72 | 28.76 |
| MAT Credit Entitlement | 155.93 | 155.92 |
| Income tax Refundable | 224.56 | 11.03 |
| Total | 644.07 | 403.62 |

16. Other current assets ₹ In Lakhs

| Particulars | As at 31st March 2014 | As at 31st March 2013 |
|------------------------------|--------------------------|--------------------------|
| Interest accrued | 43.58 | 48.07 |
| Prepayments | 37.05 | 36.99 |
| Rent Receivable | 0.29 | - |
| CENVAT & VAT Input Credit | 18.56 | 57.34 |
| Claims receivable - NALA Tax | - | 8.17 |
| Total | 99.48 | 150.57 |

17. Revenue from operations ₹ In Lakhs

| Particulars | Current Year | Previous Year |
|---------------------------------|-----------------|------------------|
| Sale of cement | 13740.45 | 11751.90 |
| Sale of printed circuit boards* | 714.72 | 605.05 |
| Sale of Wind Power | 115.58 | 110.28 |
| | 14570.75 | 12467.23 |
| Less: Excise duty | 2064.04 | 1697.95 |
| Total | 12506.71 | 10769.28 |

* Net of rejections and returns

18. Other Income ₹ In Lakhs

| Particulars | Current Year | Previous Year |
|---|-----------------|------------------|
| Interest Income | 58.41 | 50.91 |
| Miscellaneous income | 51.26 | 10.57 |
| Gain from foreign exchange fluctuations (Net) | 0.10 | 0.01 |
| Total | 109.77 | 61.49 |



19. Raw materials consumed

₹ In Lakhs

| Particulars | Current Year | Previous Year |
|--------------------------------|----------------|----------------|
| Opening Stock | 206.34 | 175.26 |
| Add: Purchases during the year | 1567.61 | 1350.20 |
| | <u>1773.95</u> | <u>1525.46</u> |
| Less: Closing Stock | 158.76 | 206.34 |
| TOTAL | 1615.19 | 1319.12 |

Details of raw materials consumed

| | | |
|---------------------|----------------|----------------|
| Lime stone | 465.11 | 382.14 |
| Fly Ash | 238.88 | 211.43 |
| Gypsum | 321.61 | 231.91 |
| Laterite | 71.48 | 81.65 |
| Clinker | 66.00 | - |
| Iron ore/Mill scale | - | 10.10 |
| Others | 195.30 | 180.37 |
| Electronic Division | 256.81 | 221.52 |
| Total | 1615.19 | 1319.12 |

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

₹ In Lakhs

| Particulars | Current Year | Previous Year |
|--------------------------------|---------------|----------------|
| Opening Stock: | | |
| Finished Goods | 113.94 | 98.21 |
| Work-in-process | 108.33 | 44.24 |
| Scrap | 14.98 | 20.56 |
| | <u>237.25</u> | <u>163.01</u> |
| Less: Closing Stock: | | |
| Finished Goods | 96.65 | 113.94 |
| Work-in-process | 60.93 | 108.33 |
| Scrap | 15.21 | 14.98 |
| (Increase)/ Decrease in stocks | <u>64.46</u> | <u>(74.24)</u> |

21. Employee Benefits Expense

₹ In Lakhs

| Particulars | Current Year | Previous Year |
|---|----------------|----------------|
| Salaries and Wages | 887.72 | 897.72 |
| Contribution to provident and other funds | 52.85 | 59.45 |
| Gratuity, bonus and incentives | 29.25 | 60.93 |
| Staff welfare expenses | 39.09 | 35.55 |
| Total | 1008.91 | 1053.65 |



22. Finance Costs

₹ In Lakhs

| Particulars | Current Year | Previous Year |
|--------------------------|---------------|---------------|
| Interest expense: | | |
| Working capital loans | 66.24 | 63.06 |
| Term loans | 676.42 | 731.00 |
| Unsecured loans | 108.71 | 81.57 |
| Others | 46.10 | 22.26 |
| Total | 897.47 | 897.89 |

23. Other Expenses

₹ In Lakhs

| Particulars | Current Year | Previous Year |
|-----------------------------------|----------------|----------------|
| Consumption of stores | 365.47 | 540.25 |
| Power and fuel | 5749.73 | 4598.73 |
| Packing and forwarding expenses | 1191.04 | 971.82 |
| Repairs to : buildings | 1.66 | 12.28 |
| : plant and machinery | 54.64 | 73.03 |
| : others | 5.85 | 4.44 |
| Taxes & Duties | 1796.37 | 1565.86 |
| Insurance | 24.07 | 18.01 |
| Auditors remuneration - Audit fee | 1.50 | 1.50 |
| - Tax Audit | 0.50 | 0.50 |
| - Certification | 0.20 | 0.25 |
| Miscellaneous Expenses | 297.55 | 341.16 |
| Sugar Division Expenses | 17.22 | 0.00 |
| Total | 9505.80 | 8127.83 |

24. Exceptional Items

₹ In Lakhs

| Particulars | Current Year | Previous Year |
|--|---------------|---------------|
| FSA Charges | 38.61 | 550.97 |
| Sugar Division Expenses of Earlier Years | 181.30 | - |
| Loss on Sale of Assets | 3.62 | - |
| Court Expenses | 3.27 | - |
| NALA Tax written off | 8.17 | - |
| Total | 234.97 | 550.97 |



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

| | Current Year ₹ in lakhs | Previous Year ₹ in.lakhs |
|--|-----------------------------------|-----------------------------|
| i) Bank Guarantee | 183.04 | 182.84 |
| ii) Income tax demand for Asst.Year 2007-08* | 262.59 | 262.59 |

(This demand arised mainly on account of treatment of brought forward unabsorbed depreciation. In the opinion of the Company this demand may not be sustained in the appellate forums.)

| | | |
|---|---------------|-----|
| iii) Incometax demand for Asst.Year 2006-07 | 183.80 | Nil |
|---|---------------|-----|

(This demand arised not showing as income in the reduction in the liability at time of one time settlement of dues to the Financial Institution.)

*However the company has paid ₹ 183 lakhs (Previous year ₹ 183 lakhs) under protest and shown under long term loans and advances.

iv) 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.

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.

25.1 b) Other Contingent Liabilities:

i) 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.

ii) 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.

iii) 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.

iv) **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.

25.1 c) i) Estimated amount of contracts to be executed on capital on account of Project expansion of Cement Division NIL (Net of advances) (previous year NIL).

ii) Arrears of fixed Cumulative Dividends-9% cumulative dividend for the current year is ₹ 79.96 lakhs (up to Previous year ₹ 898.34 lakhs).

25.2. In the year 2007-08 Company paid ₹ 1.47 crores 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 ₹ 1.47 crores is shown as advance for mining lease rights and grouped under long term loans & advances.

- 25.3. The Company could not obtain confirmation of balances as at 31st March 2014 in respect of trade receivables ₹ 337.95 lakhs, Loans and advances ₹ 1788.32 lakhs and Trade payables amounting to ₹ 1131.50 lakhs. which were subsequently, collected adjusted and paid.
- 25.4. The National Savings Certificate VIII issue (shown under investments) has been pledged with Sales Tax Department towards Sales Tax Deposit.
- 25.5. Foreign Exchange Earnings and Expenditure:

| | Current Year ₹ in lakhs | Previous Year ₹ in lakhs |
|--|-----------------------------------|-----------------------------|
| a) Value of Imports calculated on CIF basis | | |
| i) Project equipment | - | 0.39 |
| ii) Raw Materials | 146.23 | 200.22 |
| iii) Spares | 3.16 | 3.35 |
| b) Expenditure in foreign currency on account of | | |
| Travelling | 1.65 | 22.62 |
| Consultancy | - | 3.04 |
| c) Earnings in foreign Exchange: | | |
| Export of goods calculated on F.O.B basis | 8.36 | 2.85 |

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

- 25.6. Defined Benefit Scheme in accordance with A S-15 "Employee Benefits" issued by ICAI. As per actuarial valuation as on 31.03.2014 and recognised in financial statements in respect of employee defined benefit scheme.

Gratuity

| | As on 31.03.2014 ₹ lakhs | As on 31.03.2013 ₹ lakhs |
|--|--|--------------------------------|
| Current Service Cost | 7.65 | 7.90 |
| Interest Cost on benefit obligation | 15.28 | 12.41 |
| Expected return on plan assets | | |
| Net Actuarial(gain)/loss recognised in the year | (13.93) | 20.20 |
| Net Benefit expense | 9.00 | 40.52 |
| 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 | 190.97 | 155.18 |
| Interest cost | 15.28 | 12.41 |
| Current services cost | 7.65 | 7.90 |
| Benefits paid | (8.82) | (4.72) |
| Actuarial(gains)/losses on obligation | 13.93 | 20.20 |
| Closing defined benefit obligation | 191.15 | 190.97 |



Leave Encashment

| | As on 31.03.2014 ₹ lakhs | As on 31.03.2013 ₹ lakhs |
|--|---|--------------------------------|
| Current Service Cost | 0.55 | 2.93 |
| Interest Cost on benefit obligation | 2.11 | 1.33 |
| Expected return on plan assets | | |
| Net Actuarial(gain)/loss recognised in the year | 1.22 | 7.14 |
| Net Benefit expense | 3.88 | 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 | 26.41 | 16.58 |
| Interest cost | 2.11 | 1.33 |
| Current services cost | 0.55 | 2.93 |
| Benefits paid | (2.05) | (1.57) |
| Actuarial(gains)/losses on obligation | 1.22 | 7.14 |
| Closing defined benefit obligation | 28.24 | 26.41 |

25.7. Segment Reporting:

(₹in lakhs)

| | Cement Division | Wind Mill | Electronics Division | Unallocated | Total |
|-------------------------------|--------------------|-----------|-------------------------|-------------|-----------|
| Primary Disclosures: | | | | | |
| External Sales: Current Year | 13740.45 | 115.58 | 714.72 | 0 | 14570.75 |
| Previous Year | 11751.90 | 110.28 | 605.05 | 0 | 12467.23 |
| Inter-segment Sales | | | | | |
| Total Revenue : Current Year | 13740.45 | 115.58 | 714.72 | 0 | 14570.75 |
| Previous Year | 11751.90 | 110.28 | 605.05 | 0 | 12467.23 |
| Segment Result: Current Year | (1176.47) | 88.50 | 11.14 | 198.52 | (1076.83) |
| Previous Year | (1702.89) | 90.25 | 38.24 | 0 | (1574.40) |
| Less: Unallocated Expenses: | | | | | |
| Current Year | 0 | 0 | 0 | 198.52 | 198.52 |
| Previous Year | 0 | 0 | 0 | 0 | 0 |
| Less: Interest Expenses: | | | | | |
| Current Year | 888.88 | 0 | 8.59 | 0 | 897.47 |
| Previous Year | 891.16 | 0 | 6.72 | 0 | 897.88 |
| Add: Interest Received: | | | | | |
| Current Year | 96.48 | 0 | 13.29 | 0 | 109.77 |
| Previous Year | 46.57 | 0 | 8.58 | 0 | 55.15 |
| Add : Income Taxes: | | | | | |
| Current Year | 258.60 | 0 | 0 | 0 | 258.60 |
| Previous Year | 37.93 | 0 | 0 | 0 | 37.93 |
| Profit/ (Loss) : Current Year | (1908.79) | 88.50 | 15.84 | 0 | (1804.45) |
| Previous Year | (2585.41) | 90.25 | 40.09 | 0 | (2455.07) |
| Segment Assets: | | | | | |



Keerthi Industries Limited

| | | | | | | |
|--|----------|--------|--------|---|-----------|--|
| i) Total cost incurred during the year to acquire segment assets that are expected to be used during more than one year: | | | | | | |
| Current Year | 34.02 | 0 | 1.10 | 0 | 35.12 | |
| Previous Year | 264.14 | 0 | 3.60 | 0 | 267.74 | |
| ii) Others: | | | | | | |
| Current Year | 14237.50 | 502.91 | 533.95 | 0 | 15274.36 | |
| Previous Year | 15644.92 | 577.74 | 656.98 | 0 | 168779.44 | |
| Total Assets: | | | | | | |
| Current Year | 14271.52 | 502.91 | 535.05 | 0 | 15309.48 | |
| Previous Year | 15909.06 | 577.54 | 660.58 | 0 | 17147.18 | |
| Segment Liabilities: | | | | | | |
| Current Year | 14774.43 | 0 | 535.05 | 0 | 15309.48 | |
| Previous Year | 16486.60 | 0 | 660.58 | 0 | 17147.18 | |
| Total Liabilities: | | | | | | |
| Current Year | 14774.43 | 0 | 535.05 | 0 | 15309.48 | |
| Previous Year | 16486.60 | 0 | 660.58 | 0 | 17147.18 | |
| Depreciation: | | | | | | |
| Current Year | 1152.22 | 90.51 | 110.00 | 0 | 1352.73 | |
| Previous Year | 1171.71 | 90.81 | 110.16 | 0 | 1372.68 | |
| Non cash expenses Other than Depreciation: | | | | | | |
| Current Year | 0 | 0 | 0 | 0 | 0 | |
| Previous Year | 0 | 0 | 0 | 0 | 0 | |

25.8. AS -18 Related party disclosures:

| Name of Related Parties | Nature of Relationship |
|---|--|
| a. Hyderabad Bottling Co.Ltd. | Enterprises over which key management personnel have significant influence |
| b. Triveni Capital Leasing & Investments Pvt. Limited | |
| c. I O U Projects Limited | |
| d. Kakatiya Cement, Sugar & Industries Limited | |
| e. Mr J.Venkata Krishna | Relatives of key managerial personnel. |
| f. Mrs. J.Sharada Govardhini | |
| g. Mrs. J. Triveni, Executive Chair Person | Key Management Personnel |
| h. 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 31.03.14 | Receivable (Payable) as on 31.03.13 |
|-----------------------------|---------------|---------------|-------------------------------------|-------------------------------------|
| a) Inter Corporate Deposits | 178.83 | 211.68 | (1046.55) | (867.72) |
| b) Interest payment | 144.61 | 68.54 | -- | -- |
| c) Supply of cement | -- | -- | 0.60 | 0.60 |
| d) Purchase of Clinker | 79.29 | -- | (79.29) | -- |

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

| | | | | |
|------------------|--------------|-------|-----------------|----------|
| Remuneration | 20.55 | 19.30 | (15.80) | (5.74) |
| Purchase of Land | --- | --- | (234.81) | (234.81) |

**iii. Transactions with Key Management Personnel:**

| | | | | |
|-------------------------------------|----------------|-------|----------------|----------|
| Unsecured Loan (Including interest) | (14.44) | -- | (86.47) | (128.71) |
| Purchase of Land | -- | -- | (20.42) | (20.42) |
| Salary | 96.00 | 78.45 | (13.63) | (77.01) |
| Contribution to P.F. | 5.76 | 4.72 | | |

25.9. A.S-19:Lease:

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 ₹ 0.6 lakhs for the current year is amortised (up to Previous year ₹ 3.60 lakhs).

25.10.Earnings per share: A.S-20

(₹ in lakhs)

| Particulars | Current year | Previous year |
|---|------------------|---------------|
| Net Profit (loss) after tax | (1804.45) | (2455.07) |
| Add/(Less): Dividend on 9% Cumulative Redeemable Preference shares | 79.96 | 79.96 |
| Balance available for Equity Share holders (A) | (1884.41) | (2535.03) |
| No. of Shares (B) | 80,16,738 | 80,16,738 |
| Basic & Diluted earnings per share of ₹ 10 each (A)/ (B) | (23.51) | (31.62) |

25.11. 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 ₹ 1093.30 lakhs as at 31.03.2014. The components of deferred tax assets and deferred tax liabilities are given hereunder.

| Particulars | As at 31.03.2014 | As at 31.03.2013 |
|---|------------------|------------------|
| | (₹ in lakhs) | |
| A. Items of Deferred Tax Liability: Depreciation | 3387.08 | 3558.89 |
| B. Items of Deferred Tax Asset: Disallowance U/S 43 B of IT Act' 1961 and other disallowances | 17.89 | 50.83 |
| (A)-(B) | 3369.19 | 3508.06 |
| Deferred Tax Liability | 1093.30 | 1138.36 |

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: 29.05.2014

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

Sd/-
(J.Triveni)
Executive Chairperson

Sd/-
(R.S. Rao)
Company Secretary



Keerthi Industries Limited

KEERTHI INDUSTRIES LIMITED

31st ANNUAL GENERAL MEETING

Registered Office: Mellacheruvu (Village & Mandal), Nalgonda District,
Telangana-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 Saturday, the 09th August,

2014 at 11.00 A.M. at the Registered Office of the Company at Mellacheruvu (Village & Mandal), Nalgonda District,

Telangana - 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

31st ANNUAL GENERAL MEETING

Registered Office: Mellacheruvu (Village & Mandal), Nalgonda District,
Telangana-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 31st Annual General Meeting of the Company to be held at the Regd. Office & Factory: Mellacheruvu (Village & Mandal), Nalgonda District, Telangana - 508 246 at 11.00 A.M on 09th day of August, 2014.

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.