



**Keerthi**

***Industries Limited***

(Formerly known as Suvarna Cements Limited)

**32<sup>nd</sup>**

***Annual Report 2014 - 2015***





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## CORPORATE INFORMATION

### Board of Directors

- |                                |                       |
|--------------------------------|-----------------------|
| 1. Smt. J.Triveni              | Executive Chairperson |
| 2. Sri. J. S. Rao              | Managing Director     |
| 3. Sri. K.Harishchandra Prasad | Director              |
| 4. Sri. J.Sivaram Prasad       | Director              |
| 5. Sri. E.Siva Sankaram        | Director              |
| 6. Sri. Boddu Venkata Subbaiah | Director              |

### Chief Financial Officer (CFO)

Sri. Y. Venkateshwara Rao  
(Appointed w.e.f. 31<sup>st</sup> March 2015)

### Company Secretary

Mr. Rajesh Kumar Yadav  
(Appointed w.e.f. 29.05.2015)

Sri. R Srinivasa Rao  
(Resigned w.e.f. 02<sup>nd</sup> April, 2015)

Company Secretary

### Committees of the Board

#### I. Audit Committee

- |                                 |          |
|---------------------------------|----------|
| 1. Sri. E. Siva Sankaram        | Chairman |
| 2. Sri. K. Harishchandra Prasad | Member   |
| 3. Sri. Boddu Venkata Subbaiah  | Member   |
| 4. Sri. J. S. Rao               | Member   |

#### II. Remuneration & Nomination Committee

- |                                 |          |
|---------------------------------|----------|
| 1. Sri. K. Harishchandra Prasad | Chairman |
| 2. Sri. E. Siva Sankaram        | Member   |
| 3. Sri. Boddu Venkata Subbaiah  | Member   |
| 4. Sri. J. Sivaram Prasad       | Member   |

#### III. Stakeholders Relationship Committee (Formerly Share Transfer & Investors' Grievance Committee)

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

#### IV. Corporate Social Responsibility Committee (CSR)

- |                                |          |
|--------------------------------|----------|
| 1. Sri. Boddu Venkata Subbaiah | Chairman |
| 2. Sri. J. S. Rao              | Member   |
| 3. Sri. J. Sivaram Prasad      | Member   |



## V. Risk Management Committee:

- |                                 |          |
|---------------------------------|----------|
| 1. Sri. J. S. Rao               | Chairman |
| 2. Sri. Boddu Venkata Subbaiah  | Member   |
| 3. Sri. K. Harishchandra Prasad | Member   |

## VI. Internal Complaint Committee

- |                          |          |
|--------------------------|----------|
| 1. Smt. J.Triveni        | Chairman |
| 2. Sri. J. S. Rao        | Member   |
| 3. Sri. E. Siva Sankaram | 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

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

## Registrar & Share Transfer Agents (RTA)

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

## ISIN

INE145L01012



## NOTICE

NOTICE is hereby given that the 32<sup>nd</sup> Annual General Meeting of Shareholders of the Company will be held on Monday the 28<sup>th</sup> September, 2015 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 31<sup>st</sup> March, 2015, 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 Sivaram Prasad, Director (DIN: 00221271) who retires by rotation, and being eligible, offers himself for re-appointment.
3. To consider the ratification of appointment of M/s. K.S. Rao & Co, Chartered Accountants, (Firm Regd. No.003109S) as Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of the 34<sup>th</sup> Annual General Meeting of the Company (Subject to the ratification of his appointment in every AGM held after this AGM) at such remuneration and terms as may be mutually agreed to between the Board of Directors and the Auditors.

“RESOLVED THAT the appointment of M/s. K. S. Rao & Co., Chartered Accountants (Registration No. 003109S), as auditors of the Company as approved by the members at the Thirty First Annual General Meeting to hold office until the conclusion of the Thirty Fourth Annual General Meeting, be and is

hereby ratified (Subject to the ratification of his appointment in every AGM held after this AGM) on such terms and conditions including remuneration as may be determined by the Board of Directors of the Company, in addition to reimbursement of traveling and other out-of-pocket expenses actually incurred by them in connection with the audit.”

### SPECIAL BUSINESS:

#### 4. Ratification of Remuneration of Cost Auditor:

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to Section 148 (3) of the Companies Act, 2013 read with Rule 14(a) of Companies (Audit and Auditors Rules), 2014, and as recommended by the Audit Committee and approved by the Board of Directors at their meeting dated 08<sup>th</sup> August, 2015, the remuneration payable during the year 2015-16 to M/s. Narasimha Murthy & Co, Cost Accountants, to conduct the audit of the cost records of the Company for the financial year 2015-16, amounting to ₹ 70,000/- (Rupees Seventy Thousand only) plus service tax as applicable and re-imbursalment of out of pocket expenses incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed.”

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

#### 5. Adoption of new Articles of Association:



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

**“RESOLVED THAT** pursuant to the provisions of Section 14 of the Companies Act, 2013 and other applicable provisions or Rules if any, the new set of Articles of Association as placed before the meeting and initialed by the Chairman for the purpose of identification be and is hereby approved and adopted as new Articles of Association (as prescribed under the Table-F of the Companies Act, 2013) of the Company in the place of and exclusion of the existing Articles of Association.”

**“FURTHER RESOLVED THAT** Sri. J.S. Rao, Managing Director and the Company Secretary of the Company be and are hereby jointly and/or severally authorized to file necessary E-form with the Registrar of Companies, Hyderabad and to do all acts, deeds, matters and things as deem necessary for the purpose of giving effect to the aforesaid resolution.”

By Order of the Board of Directors

Sd/-

Place: Hyderabad

Date: 08-08-2015

**(J. S.Rao)**

Managing Director

DIN:00029090

### NOTES:

1. The Statement pursuant to section 102 (1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON A POLL

INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

3. The Instrument appointing the Proxy, duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A Proxy form for the AGM is enclosed.
4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hour of the Company, provided that not less than 3 days notice in writing is given to the Company.
5. Members / proxies should bring the duly filed Attendance Slip enclosed herewith to attend the meeting.
6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday 23<sup>rd</sup> September, 2015 to Monday 28<sup>th</sup> September 2015, both days inclusive, in terms of Section 91 of the Companies Act, 2013 in connection with the AGM.
8. The Company is concerned about the environment and utilizes the natural resources in a substantial way. We request



you to update your email address with your Depository Participant to enable us to send you the quarterly reports and other Communications via email.

9. Copies of Annual Report 2014-2015 are being sent by electronic mode only to those members whose email addresses are registered with the Company/Depository participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2014-2015 are being sent by the permitted mode.
10. The Notice of 32<sup>nd</sup> AGM and instructions for e-voting, along with the Attendance Slip and Proxy Forms, is being sent by electronic mode to all members whose email addresses are registered with the Company/ Depository Participant(s), unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.

Members may also note that the Notice of 32<sup>nd</sup> AGM and the Annual Report 2014-2015 will be available on the Company's website [www.keerthiindustries.com](http://www.keerthiindustries.com). The Physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hour on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at: [kilinvestorservices@gmail.com](mailto:kilinvestorservices@gmail.com).

11. Shareholders are requested to kindly bring their copies of Annual Report to the Meeting.

12. Additional information pursuant to Clause 49 of the listing agreement in respect of the Directors seeking appointment/re-appointment at the AGM is furnished as (**Annexure A**) which forms part of the Notice. The Directors have furnished the requisite consent/declarations for their appointment/re-appointment.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of PAN by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit their PAN to the Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company or RTA.
14. A Member desirous of receiving any information on the accounts or operations of the company is requested to forward his/her queries to the company at least 7 working days prior to the meeting, so that the required information can be made available at the meeting.
15. Members, who hold shares in dematerialized form, are requested to bring their Client ID and DP IDs for easier identification of attendance at the meeting.
16. The company has opened a DEMAT suspense Account with Anand Rathi Share and Stock Brokers 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.

- 17. The Notice is being sent to all members through permitted modes, whose names appear in the Register of Members, as on 7<sup>th</sup> August, 2015.
- 18. For any assistance or information about shares, etc. members may contact the Company's Registrar and Share Transfer Agent, as follows:

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

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:**

**ITEM NO. 4**

**Ratification of Cost Auditors Remuneration**

The Board, on the recommendations of the Audit Committee, has approved the appointment of M/s. Narasimha Murthy & Co, Cost Accountants, as Cost Auditors for conducting cost audit of the cost records of the Company for the financial year ending March 31, 2016, at a remuneration

of 70,000/- plus service tax as applicable and reimbursement of actual travel and out of pocket expenses.

In accordance with Section 148 (3) of the Companies Act, 2013 and Rule 14 (a) of the Companies (Audit and Auditors) Rules, 2014, the remuneration so payable to the Cost Auditors are required to be ratified by the shareholders of the Company.

Hence the resolution at item no. 4 of the accompanying Notice, which your Board recommends for your approval as an Ordinary Resolution.

None of the Directors and Key Managerial Personnel of the Company neither their relatives are concerned or interested, financially or otherwise, in the said resolution.

**ITEM NO. 5**

**Adoption of new Articles of Association**

Taking into consideration of the implementation of the Companies Act, 2013 ("New Act"), the Board in its meeting held on 08<sup>th</sup> August, 2015 decided to adopt new set of Articles of Association to bring the regulations in line with the new Act.

It is therefore proposed to adopt a new set of Articles of Association in line with Table F of the Companies Act, 2013.

The proposed Article of Association would be available for inspection at the Registered office of Company on all working days between 11:00 hrs. to 13.00 hrs. up to the date of declaration of the result of 32<sup>nd</sup> Annual General Meeting. The said Articles of Association are also available on the web site of the Company [www.keerthiindustries.com](http://www.keerthiindustries.com). Any shareholders wanting to have a hard copy of the new Articles of Association may write to the Company at its administrative office address.

**(Annexure A)**

ADDITIONAL INFORMATION PURSUANT TO CLAUSE 49 IV (G) (i) OF THE LISTING AGREEMENT:

<b>Name of the Director</b>	Sri. J Sivaram Prasad
<b>Date of Birth</b>	01-06-1960
<b>Qualification</b>	Chartered Accountant
<b>Name of other companies in which the appointee also hold Directorships</b>	<ol style="list-style-type: none"><li>1. GREENESOL POWER SYSTEMS PRIVATE LIMITED</li><li>2. PUISSANCE DE L'EAU POWER SYSTEMS PRIVATE LIMITED</li><li>3. QRE GREENESOL POWER TRANSFORMER COMPANY PRIVATE LIMITED</li><li>4. GREENESOL POWER SERVICES PRIVATE LIMITED</li><li>5. KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED</li><li>6. HMG POWER SYSTEMS PRIVATE LIMITED</li><li>7. GROWMORE BIO-TECH LIMITED</li><li>8. ECOGREEN POWER SYSTEMS PRIVATE LIMITED</li><li>9. SUPINCO AUTOMATION PRIVATE LIMITED</li><li>10. GREEN SECURE ENERGY PRIVATE LIMITED</li><li>11. GREENESOL HYDROCARBONS PRIVATE LIMITED</li><li>12. GREENWAYS TECHNOLOGIES (INDIA) PRIVATE LIMITED</li></ol>
<b>Name of other Companies in which the appointee hold Board Committee membership</b>	NIL
<b>Shareholding in Keerthi Industries Limited</b>	NIL
<b>Relationship with other Directors</b>	N.A.



**Instructions for e-voting**

Dear Member,

**Subject: Instructions for e-voting**

Pursuant to the provisions of section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rule, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 32<sup>nd</sup> AGM to be held on Monday, September 28, 2015 at 11.00 a.m. The Company has engaged the service of Central Depository Services (India) Limited to provide the e-voting facility. The e-voting facility is available on the link <https://www.evotingindia.com>

I. Evoting or electronic voting (wherever appears in this notice) shall mean “remote-evoting”. Remote-evoting means the facility of casting votes by a member using an electronic voting system from a place other than venue of General meeting. The members may also note that the company is not providing

any electronic voting system at the venue of AGM. The Voting at the venue of AGM shall be cast by polling papers which will be supplied to the shareholders at the Venue of AGM.

II. The e-voting facility will be available during the following voting period:

Commencing of e-voting	End of e-voting
25.09.2015 (9.00 a.m.)	27.09.2014 (5.00 p.m.)

During this period, members’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 22<sup>nd</sup> September, 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

Please read the instructions printed below before exercising your vote.

III. The process and manner for remote e-voting are as under:

**Steps for e-voting**

<b>SECTION - A - E-VOTING PROCESS - SHAREHOLDERS HOLDING SHARES IN DEMAT FORM:</b>	
Step 1	: Open your web browser during the voting period and log on to the e-Voting website: <a href="http://www.evotingindia.com">www.evotingindia.com</a> .
Step 2	: Now, click on "Shareholders" to cast your vote(s).
Step 3	: Now, fill up the following details in the appropriate boxes (also refer Section C (v), below).
<b>User - ID</b>	: a) For account holders in CDSL: Your 16 digits beneficiary ID. b) For account holders in NSDL: Your 8 Characters DP ID and followed by 8 digits Client ID.
Character Displayed	: Please enter the ‘Character Displayed’ in the Box provided for the same and click on login.



Shareholder voted earlier for any company	:	If you are holding shares in demat form and had logged on to <a href="http://www.evotingindia.com">www.evotingindia.com</a> and voted on an earlier voting of any company, then your existing password is to be used.
Shareholder voting for the first time	:	If you are a first time user follow the steps given below:
PAN	:	Enter your 10 digits alpha-numeric PAN issued by Income Tax Department. Shareholders who have not updated their PAN with the Depository Participant are requested to use the first two letters of their name in Capital Letter followed by 8 digit CDSL client id. For example: CDSL Account holder name is Rahul Mishra and Demat A/c No. is 12058700 00001234 then default value of PAN is 'RA00001234'. NSDL Account holder name is Rahul Mishra and DP ID. is IN300000 and client ID 12345678 then default value of PAN is 'RA123445678'..
DOB *	:	Enter the date of birth recorded in your demat account for the said demat account under which you are going to vote in DD/MM/YYYY format.
Dividend Bank Details	:	Enter the Dividend Bank Details as recorded in your demat account for the said demat account. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository please enter the client id.
Step 4	:	After entering these details appropriately, click on " <b>SUBMIT</b> " tab.
Step 5	:	Shareholders holding Shares in Demat form will now reach 'Password Creation' menu wherein, they are required mandatorily to 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 resolution 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. Please also refer to Section C (v).
Step 6	:	Click on the relevant EVSN for the "Keerthi Industries Limited" on which you choose to vote.
Step 7	:	On the voting page, you will see resolution description and against the same, the option "YES / NO" for voting. Select the relevant option as desired YES or NO and click on " <b>SUBMIT</b> ".
Step 8	:	Click on the Resolution File Link if you wish to view the Notice.
Step 9	:	After selecting the resolution, you have decided to vote on, click on " <b>SUBMIT</b> ". 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.
Step 10	:	Once you "CONFIRM", your vote on the resolution, you will not be allowed to modify your vote.



Step 11 : You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

## SECTION - B - E-VOTING PROCESS - SHAREHOLDERS HOLDING SHARES IN PHYSICAL FORM:

Step 1 : Open your web browser during the voting period and log on to the e-Voting website: [www.evotingindia.com](http://www.evotingindia.com).

Step 2 : Now, click on "Shareholders" to cast your vote(s).

Step 3 : Now, fill up the following details in the appropriate boxes :

**User - ID** : Folio Number registered with the Company.

**Character Displayed** : Please enter the 'Character Displayed' in the Box provided for the same and click on login.

**Shareholder voted earlier for any company** : If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

**Shareholder voting for the first time** : If you are a first time user follow the steps given below:

**PAN** : Enter your 10 digits alpha-numeric PAN issued by Income Tax Department. Shareholders who have not updated their PAN with the Company are requested to use the first two letters of their name in Capital Letter followed by 8 digits folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the folio number. Eg. If your name is Ramesh Kumar with folio number 1234 then enter RA00001234 in the PAN field.

**DOB \*** : Enter the date of birth recorded in the company records for the said folio under which you are going to vote in DD/MM/YYYY format.

**Dividend Bank Details** : Enter the Dividend Bank Details as recorded in the company records for the said folio.  
Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the company, please enter the folio in the Dividend Bank details field.

Step 4 : After entering these details appropriately, click on "SUBMIT" tab.

Step 5 : You will then reach directly the Selection Screen.  
For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

Step 6 : Click on the relevant EVSN for the "Keerthi Industries Limited" on which you choose to vote.



Step 7	:	On the voting page, you will see resolution description and against the same, the option "YES / NO" for voting. Select the relevant option as desired YES or NO and click on " <b>SUBMIT</b> ".
Step 8	:	Click on the Resolution File Link if you wish to view the Notice.
Step 9	:	After selecting the resolution, you have decided to vote on, click on " <b>SUBMIT</b> ". 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.
Step 10	:	Once you "CONFIRM", your vote on the resolution, you will not be allowed to modify your vote.
Step 11	:	You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

## SECTION - C - FOR NON INDIVIDUAL SHAREHOLDERS:

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to <https://www.evotingindia.com> 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](mailto: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](mailto: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.

## OTHER E-VOTING INSTRUCTIONS:

- (i). If you are holding Shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and casted your vote earlier for EVSN of any company, then your existing login ID and password are to be used.
- (ii). You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding CDSL e-Voting system in future. The same may be used in case the Shareholder forgets the password and the same needs to be reset.
- (iii). The voting rights of Shareholders shall be in proportion in their Shares of the paid-up Equity Share Capital of the Company as on the cut-off date of 22<sup>nd</sup> September, 2015.
- (iv). Any person, who acquires shares of the Company and become member of the



Company after dispatch of the notice and holding shares as of the cut-off date i.e. 22<sup>nd</sup> September, 2015, may obtain the login ID and password by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or RTA.

- (v). A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting /voting at the AGM through polling paper.
- (vi). Sri. Ch. Veeranjanyulu, Practicing Company Secretary (Membership No.: 6121 & CP No. : 6392), partner of M/s. VCSR & Associates (Address: 305 A & B, Pancom, Business Centre, Ameerpet, Hyderabad, Telangana- 500073), has been appointed as the Scrutinizer to scrutinize the e-Voting process in the fair and transparent manner.

Copy of the notice has been placed on the website of the Company viz. [www.keerthiindustries.com](http://www.keerthiindustries.com) and the website of CDSL.

If Demat Account holder has forgotten his password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

The Scrutinizer shall after the conclusion of voting at the general meeting, will first count

the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 3 (three) days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

The Results declared alongwith the report of the Scrutinizer will be placed on the website of the Company [www.keerthiindustries.com](http://www.keerthiindustries.com) and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

In case you have any queries or issues regarding e-Voting, you may refer the Frequently Asked Questions ("FAQ") and e-Voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an e-mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

By Order of the Board of Directors

Sd/-

Place: Hyderabad

(J. S.Rao)

Date: 08-08-2015

Managing Director

DIN:00029090

**DIRECTORS' REPORT TO THE MEMBERS**

Dear Members,

Your Directors have pleasure in presenting their 32<sup>nd</sup> Annual Report for the Financial Year 2014-15 together with the Audited Balance Sheet as at 31<sup>st</sup> March, 2015 and the Profit & Loss Account for the year ended on that date.

**FINANCIAL RESULTS:**

(₹ In Lakhs)

	2014-15	2013-14
Net Operational Income	15291.54	12506.71
Other income	118.63	109.77
Profit before interest and depreciation	2682.85	422.13
Less: Interest	947.01	897.47
Less: Depreciation	825.82	1352.73
Profit/(Loss) before taxation	1044.32	(2063.05)
Less : Provision for taxation including deferred tax liability	(1093.88)	(45.06)
Less: short provision of earlier years	251.65	(213.54)
Net Profit/(Loss) after taxation	1886.55	(1804.45)
Less: Adjustment relating to Depreciation on fixed assets	107.75	0.00
Add: Surplus Brought Forward from previous years	(609.50)	1194.95
Balance carried to Balance Sheet	1169.30	(609.50)

**Operations:**

The Financial year 2014-15, is proved a profitable year for the Company. In spite the Company has suffered loss in the previous years, it manages to come strongly this year due to its ability to innovate

its customer specific solutions, and the rigor in following strong internal processes. Company still manages to continue its strong growth momentum across major markets.

Revenue growth in the year remained high. The Operating profit get increased and thereby increasing the net profit.

The Overall revenue for the year 2014-2015 at ₹ 15410.17 Lakhs is higher by 22.14% (₹ 12616.48 lakhs in 2013-2014), operating profit at 1044.32 lakhs is higher by 150.62% (₹ -2063.05 Lakhs in 2013-2014) and the net profit for the year at ₹ 1886.55 Lakhs is higher by 204.55% (₹ -1804.45 Lakhs in 2013-2014)

**Cement Division:** Production of Cement and Clinker were 3,88,946 MTS and 3,72,780 MTS respectively during the twelve months ended 31<sup>st</sup> March, 2015 as against 3,95,268 MTS and 3,54,323 MTS respectively during the previous year.

During the year under review 65% of the installed capacity of the Company was utilized.

**Wind Power:** The Company has generated 29,48,120 units as against 35, 36,160 units during the previous year.

**Electronic Division:** The Company has produced 1838 sq.mts of Printed Circuit Boards as against 2028 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





₹ 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.

As compared to the previous year when there was 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 situation is very good this year. 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 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:**

In view of the adverse market for sugar industry and since there is no progress in the division in particular, effective steps could not take be taken for furtherance of the business.

### **DIRECTORS:**

- a) In accordance with the provisions of Companies Act, 2013, Sri. J Sivarama Prasad Non Executive Director of the Company would retire by rotation and, being eligible, offer himself for re-appointment.
- b) In view of new legislative changes, the shareholders have reappointed Sri E Siva sankaram, Sri BV Subbaiah and Sri K Harishchandra Prasad non executive directors as Independent directors of the Company in the previous 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.
- c) Smt. J. Triveni has been appointed as Executive Chairperson and Whole-time Director for a period of 3 years and Sri. J. S. Rao has been appointed as Managing



Director for a period of 3 years vide postal ballot resolution dated 23<sup>rd</sup> April, 2015. They shall be liable to retire by rotation.

- d) As required under Section 134 (3) (d) of the Companies Act, 2013, All independent directors have given declarations that they meet the criteria of independence as laid down under section 149 (6) of the Companies Act, 2013 and clause 49 of the Listing Agreement.
- e) Other Disclosure

### Board Evaluation

Pursuant to Section 134 (3) (p) of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Appointment & Remuneration Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

### Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

### Meetings

During the year Five Board Meetings and four Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

### DETAILS OF KEY MANAGERIAL PERSONAL (KMP)

During the period under review, Sri. Y. Venkateswara Rao DGM (Accounts) has been appointed as Chief Financial Officer of the Company w.e.f. 31<sup>st</sup> March, 2015. Sri. R. Srinivasa Rao, Company Secretary has, owing to seeking of extended opportunities in his career, tendered his resignation w.e.f. 2<sup>nd</sup> April, 2015. Mr. Rajesh Kumar Yadav has been appointed as Company Secretary & Compliance Officer w.e.f. 29<sup>th</sup> May, 2015.

### DIVIDEND:

In view of inadequate profits, your Board could not recommend any dividend for the financial year 2014-2015.

### SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS OF THE COMPANY:

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status and the Company's future operations.

### POSTAL BALLOT

During the period under review, the Company has successfully completed the process of obtaining approval of its Members on 23<sup>rd</sup> April, 2015 on the following resolution through Postal Ballots:

- (i). **Extension of date of redemption of 770100 - 9% cumulative redeemable preferential shares of ₹ 100/- each by 5 (five) more years**

In respect of first tranche of 500000 redeemable preferential shares, the existing 12<sup>th</sup> and 13<sup>th</sup> year of redemption has been deferred to till 17<sup>th</sup> and 18<sup>th</sup> Years from the date of allotment



and in respect of 2,70,100 redeemable shares, the existing 11<sup>th</sup>, 12<sup>th</sup> and 13<sup>th</sup> year of redemption has been deferred to till 16<sup>th</sup>, 17<sup>th</sup> and 18<sup>th</sup> Years from the date of allotment through postal ballot resolution agreed by the preferential shareholder i.e Hyderabad Bottling company Ltd on 23<sup>rd</sup> April, 2015. The Company through postal ballot resolution has extended the period to 5 more years.

**(ii). Approval of Borrowing limits of the Company**

The Company has, in suppression of the earlier resolution, approved the borrowing limits upto 400 Crore by special resolution passed under Section 180(1)(c) of the Companies Act, 2013.

**(iii). Creation of Charges on the assets of the Company**

The Company has, in suppression of the earlier resolution, assented to create charge, mortgage or hypothecation on such movable and immovable properties for securing borrowing for the purpose of business of the Company, by special resolution passed under Section 180(1)(c) of the Companies Act, 2013.

**(iv). Ratification of remuneration of Cost Auditor**

In accordance with Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the shareholders had ratified the remuneration so payable to the Cost Auditors.

**(v). Re-appointment and fixation of remuneration of Smt. J. Triveni as Executive Chairperson and Whole time Director.**

The shareholders has approved the re-appointment of Smt. J. Triveni as Executive Chairperson and Whole time Director for a period of 3 years w.e.f. 10<sup>th</sup> May, 2015 on

the terms and condition as laid down in the Notice of Postal Ballot.

**(vi). Re-appointment and fixation of remuneration of Sri. J. S. Rao as Managing Director.**

The shareholders have approved the re-appointment of Sri. J. S. Rao as Managing Director for a period of 3 years w.e.f. 10<sup>th</sup> May, 2015 on the terms and condition as laid down in the Notice of Postal Ballot.

**DEMAT OF SHARES:**

The Equity Shares of your Company have been admitted by CDSL/NSDL for dematerialization. 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:**

In pursuance of Section 134(5) of the Companies Act, 2013, your directors confirm:

- (a) That the directors in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures.
- (b) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the



company at the end of the financial year and of the profit and loss of the Company for that period.

- (c) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and deleting fraud and other irregularities.
- (d) That the directors had prepared the annual accounts on the going concern basis.
- (e) That the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **PUBLIC DEPOSITS:**

Your Company has not accepted any deposits within the meaning of Section 73 or 74 of the Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

The company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013.

### **RELATED PARTY TRANSACTIONS:**

All related party transactions that were entered into during the financial year were in the ordinary course of the business. The material significant related party transactions made by the company with Promoters, Key Managerial Personnel or other persons has

been discussed in this report elsewhere.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is finalized and professional mandate is yet to be issued. To maintain its objectivity and independence, the Internal Auditor reports to the Chairman of the Audit Committee of the Board & to the Chairperson & Managing Director.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

### **PREVENTION OF INSIDER TRADING:**

The Company has adopted a Code of Conduct for Prevention of unfair Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is



responsible for implementation of the Code.

All Board Directors and the designated employees have confirmed compliance with the Code.

### **COST AUDITORS:**

Cost Audit records have been maintained by the company for the F.Y.2014-15. 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.2014-15.

### **REPLY TO AUDITOR'S COMMENT:**

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, has been appointed for three consecutive years (Subject to the ratification by the shareholders at each AGM held after the previous AGM) by the shareholders at the previous AGM. The Board of Directors recommends the ratification of appointment of M/s. K.S. Rao & Co., Chartered Accountants, at the ensuing Annual General Meeting.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES:**

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 collages 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 as envisaged under section 135 of the Companies Act, 2013 are not applicable to the Company. As a listed company, necessary measures have been taken to comply with the listing agreements of Stock Exchanges.

The Annual Report on CSR activities is annexed herewith as: ([Annexure C](#))

### **SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s VCSR & Associates, Company Secretaries in Whole-time Practice, to carry out Secretarial Audit for the financial year 2015. The Secretarial Audit report is annexed herewith as "[\(Annexure D\)](#)" & "[\(Annexure D1\)](#)"

### **EXTRACT OF ANNUAL RETURN:**

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "[\(Annexure E\)](#)".

### **HEALTH AND SAFETY/ INDUSTRIAL RELATIONS:**

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.

During the year under review, your Company enjoyed cordial relationship with workers and employees at all levels.

### ADDITIONAL INFORMATION:

Information pursuant to Section 134 (3) (l) & (m) of the Companies Act, 2013 is annexed herewith as (**Annexure B**), which is detailed in Form A and Form B.

### RISK MANAGEMENT:

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Clause 49 of the listing agreement, the company has constituted a risk management committee on its Board Meeting held on 29th May, 2015. The details of the committee and its terms of reference are set out in the corporate governance report forming part of the Boards report.

At present the company has not identified any element of risk which may threaten the existence of the company.

### CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS

### REPORTS

The Corporate Governance and Management Discussion & Analysis Report, which form an integral part of this Report, are set out as separate Annexures, together with the Certificate from the auditors of the Company regarding compliance with the requirements of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

### 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 & Andhra Pradesh. Your directors also wish to place on record their appreciation of the services rendered and co-operation extended by the Workmen, Staff, Dealers, Customers and other concerned.

By Order of the Board of Directors

Sd/-

Place: Hyderabad

(J. Triveni)

Date: 29-05-2015

Executive Chairperson



**(Annexure B)**

Information pursuant to Section 134 (3) (l) of the Companies Act, 2013

**FORM - A**

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

Particulars	Current Year			Previous year		
<b>1</b>						
<b>A. Power and Fuel Consumption:</b>	<b>Cement</b>	<b>Electronic Division</b>	<b>Wind Power</b>	Cement	Electronic Division	Wind Power
a) Purchased Units (Nos)	37027720	529794	NIL	36991739	454980	NIL
Amount (₹ .)	228935116	4275501	NIL	223151318	4788396	NIL
Rate/unit (₹ .)	6.18	8.07	NIL	6.03	10.52	NIL
b) Own Generation:						
i) Through Diesel Generator Units (Nos.)	24894	13091	NIL	22928	8491	NIL
Units per Ltr. of Diesel Oil	2.77	2.85	NIL	4.59	3.04	NIL
Cost/Unit (₹ )	22.19	21.48	NIL	12.21	18.54	NIL
ii) Through Steam Turbine Generator:	NIL	NIL	NIL	NIL	NIL	NIL
Units (Nos.)	NIL	NIL	NIL	NIL	NIL	NIL
Units per Ltr. Of Fuel Oil Gas	NIL	NIL	NIL	NIL	NIL	NIL
Cost/Unit (₹ )	NIL	NIL	NIL	NIL	NIL	NIL
<b>2 Coal</b>						
Quantity (M.T.)	68617	NIL	NIL	67327	NIL	NIL
Total Cost (₹ )	374993909	NIL	NIL	346637245	NIL	NIL
Average Rate/M.T. (₹ )	5465	NIL	NIL	5148	NIL	NIL
<b>3</b> NIL	NIL	NIL	NIL	NIL	NIL	NIL
			NIL			NIL
<b>4</b> NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>B. Consumption per unit production:</b>						
Electricity (Units)	95.20	299.59	NIL	93.59	228.46	NIL
Furnace Oil	NIL	NIL	NIL	NIL	NIL	NIL
Coal	0.18	NIL	NIL	0.19	NIL	NIL
Others (Specify)	NIL	NIL	NIL	NIL	NIL	NIL



**FORM - B**

Information pursuant to Section 134 (3) (m) of the Companies Act, 2013

Form for disclosure of particulars with respect to Technology Absorption:

<b>Research and Development (R&amp;D):</b>		
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 a) Capital b) Recurring c) Total d) Total R&D expenditure as a percentage of total turnover	NIL

<b>Technology absorption, adoption and innovation</b>		
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 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	NIL

<b>Foreign Exchange Earnings &amp; Outgo:</b>		
i)	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 b) Foreign Exchange Earned	₹ 214.72 Lakhs ₹ 22.64 Lakhs

By Order of the Board of Directors

Sd/-

**(J. Triveni)**

Executive Chairperson

Place: Hyderabad

Date: 29.05.2015





## **REPORT ON CORPORATE GOVERNANCE (Forming part of Directors Report)**

### **I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

At Keerthi Industries Corporate Governance has been an integral part of the way we are doing our business. We believe that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics.

The Company places great emphasis on values such as empowerment and integrity of its employees, safety of the employees & communities surrounding our plants, transparency in decision making process, fair & ethical dealings with all, pollution free clean environment and last but not the least, accountability to all the stakeholders. The Company's corporate governance philosophy has been further strengthened through the Keerthi Industries Business practices also the Code of Corporate Disclosure Practices.

### **II. GOVERNANCE STRUCTURE:**

- a).* The Board of Directors consists of 6 Members of whom 3 are Non-Executive Independent Directors and 1 Non-Executive Director and 2 is Promoter Executive Director. The Composition of the Board is in conformity with the listing requirements.
- b).* The details of the Directors being appointed/ re-appointed on retirement by rotation at the ensuing Annual General Meeting, as required pursuant to Clause 49 of the Listing Agreement, are mentioned in the Notice to the Annual General Meeting, forming part of the Report.
- c).* None of the Directors is a Director in more than 10 Public Limited Companies or acts as an Independent Director in more than 7 Listed Companies. Further, none of the Director acts as a member of more than 10 committees or acts as a chairman of more than 5 committees across all Public Limited Companies in which he is a Director.
- d).* The details of the Directorships, Chairmanships and the Committee memberships in other Companies (excluding Private Limited Companies, Foreign Companies and Section 8 Companies) held by the Directors as on 31<sup>st</sup> March, 2015, are given below.
- e).* Pecuniary relationship or transaction of the Non - executive Directors vis-à-vis the company. None of the Non-executive Directors has any pecuniary relationship or transactions with the company.
- f).* The Board of Directors met 5 (Five) times during the year on 29.05.2014, 09.08.2014, 09.11.2014, 14.02.2015, 31.03.2015, and the maximum gap between any two meetings was less than four months, as stipulated under Clause 49.
- g).* The details of Composition of Board of Directors, directors' attendance at Board Meetings, AGM and details of other directorships, committee chairmanships/ memberships held by the Directors during the year are as follows:



S NO.	Name of the Directors	Category Particulars	Attendance			No. of other Directorship and Committee membership / chairmanship		
			No. of Board Meetings held during the tenure		Last AGM	*Other Directorship	Committee Membership	Committee Chairmanship
			Held	Attended				
1.	Mrs. J. Triveni	Executive Chairperson	5	5	YES	6	-	-
2.	Mr. J.S.Rao	Managing Director	5	5	YES	8	1	-
3.	Mr. K. Harish Chandra Prasad	Independent Director	5	4	YES	12	7	1
4.	Mr. J. Sivaram Prasad	Non-Executive Director	5	4	YES	12	-	-
5.	Mr. E.Siva Sankaram	Independent Director	5	5	YES	1	-	-
6.	Mr. B. V. Subbaiah	Independent Director	5	5	YES	1	3	-

\*Includes both private and public limited Companies.

### Board's Procedure:

Agenda papers along with explanatory statements were circulated to the directors in advance for each of these meetings. All relevant information as per Clause 49 of the Listing Agreement was placed before the Board from time to time.

### III. COMMITTEES :

Currently, there are six (6) Committees namely: Audit Committee, Remuneration and Nomination Committee, Stakeholders Relationship Committee, CSR Committee, Risk Management Committee and Internal Complaint Committee. The Board decides the terms of reference for these Committees. The committee minutes of the meetings of the Committees are placed before the Board for information. The details about composition, terms of reference, number of meetings and related attendance, etc., of these Committees are provided hereunder.

#### a). AUDIT COMMITTEE:

- i. The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements entered into with the Stock Exchanges read with Section 177 of the Companies Act, 2013.
- ii. Apart from all the matters provided in clause 49 of the listing agreement and section 177 of the Companies Act 2013, the Audit committee reviews reports of the internal auditor, meets statutory auditors as and when required and discusses their findings, suggestions, observations and other related matters. It also re- views major accounting policies followed by the company.
- iii. The previous Annual General Meeting of the Company was held on 09<sup>th</sup> August 2014 and Sri. E. Sivasankaram, Chairman of the Audit Committee, attended previous AGM.
- iv. The composition of the Audit Committee and the attendance of each member of the Audit Committee are given below:



The Company has complied with all the requirements of Clause 49(III)(A) of the Listing Agreement relating to the composition of the Audit Committee. During the financial year 2014-2015, (4) four meetings of the Audit Committee were held on the 29.05.2014, 09.08.2014, 09.11.2014, and 14.02.2015.

The details of the composition of the Committee and attendance of these members at the meetings are given below:

Name	Designation	Category	Meetings Attended
Sri.E.Siva Sankaram	Chairman	NED (I)	4
Sri.K.Harishchandra Prasad	Member	NED (I)	4
Sri. B.V.Subbaiah	Member	NED (I)	4
Sri. J. S. Rao	Member	ED (P)	4

NED (I) - Non Executive Independent Director

ED (P) - Executive Promoter Director

The necessary quorum was present at all the meetings

#### b). REMUNERATION AND NOMINATION COMMITTEE:

The Remuneration & Nomination committee for appointment & remuneration of directors and other KMPs was constituted in accordance with the requirement of Section 178 of the Companies Act, 2013.

The details of composition of the Committee are given below:

Name	Designation	Category
Sri. K. Harishchandra Prasad	Chairman	NED (I)
Sri. E. Siva Sankaram	Member	NED (I)
Sri. B. V. Subbaiah	Member	NED (I)
Sri. J. Sivaram Prasad	Member	NED

The committee met 2 times during the financial year ended March 31, 2015. The attendance record of the members at the meeting were as follows:

Name	Designation	No Meetings of Attended
Sri. K. Harishchandra Prasad	Chairman	2
Sri. E. Siva Sankaram	Member	2
Sri. B. V. Subbaiah	Member	2
Sri. J. Sivaram Prasad	Member	2



The details of remuneration paid to the Executive Directors for the financial year 2014-15 are given below:

Name of Director	Designation	Salary (in Lakhs) p.a	Commission (in Lakhs)	Perquisites (in Lakhs)	Retirement Benefits (in Lakhs)
Smt. J. Triveni	Executive Chairperson	48.00	Nil	Nil	Nil
Sri. J. S. Rao	Managing Director	48.00	Nil	Nil	Nil

The Company has paid sitting fees of ₹1,26,000/- for attending Board Meetings to Non-Executive Directors during the financial year 2014-15

## POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

The Remuneration and Nomination Committee has adopted a Charter which, inter-alia, deals with the manner of selection of Board of Directors and Managing Director and their remuneration. This Policy is accordingly derived from the said Charter.

### CRITERIA OF SELECTION OF NON EXECUTIVE DIRECTORS

The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.

In case of appointment of Independent Directors, the Remuneration and Nomination Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

The Remuneration and Nomination Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

The Remuneration and Nomination Committee shall consider the following attributes / criteria, while recommending to the Board the candidature for appointment as Director.

- i. Qualification, expertise and experience of the Directors in their respective fields;
- ii. Personal, Professional or business standing;
- iii. Diversity of the Board.

In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

### REMUNERATION POLICY

The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board meetings. A Non Executive Director shall be



entitled to receive sitting fees for each meeting of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies

Managing Director (MD) and Whole-time Director (WTD) -Criteria for selection/appointment

For the purpose of selection of the MD & WTD, the Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

## **REMUNERATION FOR THE MANAGING DIRECTOR (MD) AND WHOLE-TIME DIRECTOR (WTD)**

At the time of appointment or re-appointment, the MD & WTD, shall be paid such remuneration as may be mutually agreed between the Company (which includes the Remuneration & Nomination committee and the Board of Directors) and the MD & WTD within the overall limits prescribed under the Companies Act, 2013.

The remuneration shall be subject to the approval of the Members of the Company in General Meeting.

The remuneration of the MD & WTD comprises of fixed component. The fixed component comprises salary, allowances, perquisites, amenities, commission (as a fixed percentage of Profit) and retiral benefits.

The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

## **REMUNERATION FOR THE SENIOR MANAGEMENT EMPLOYEES (I.E. KMPs)**

In determining the remuneration of the Senior Management Employees (i.e. KMPs) the Committee shall consider the financial position of the company and ensure the relationship of remuneration and performance benchmark is clear.

### **c). STAKEHOLDERS RELATIONSHIP COMMITTEE (Formerly SHAREHOLDERS AND INVESTOR GRIEVANCE COMMITTEE):**

#### **i. Composition, meetings and the attendance during the year:**

The Details of composition of the Committee and attendance of the members at the meetings are given below:

<b>Name</b>	<b>Designation</b>	<b>Category</b>	<b>No. of Meetings</b>
Sri. B. V. Subbaiah	Chairman	NED (I)	2
Sri. J. S. Rao	Member	ED (P)	2
Smt. J. Triveni	Member	ED (P)	2



**ii. Powers:**

The committee has been delegated with the following powers:

- To redress shareholders and investor complaints relating to transfer of shares, dematerialization of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.
- To approve, transfer, transmission, and issue of duplicate/ fresh share certificate(s).
- Consolidate and sub-division of share certificate etc.
- To redress, approve and dispose off any, other complaints, transactions and requests etc. received from any shareholder of the company and investor in general.

The Shareholders are requested to note that as per the requirements of the Companies Act, 2013, Board has changed the name of the committee from "Shareholders and Investor Grievance Committee" to Stakeholders Relationship Committee" w.e.f. 09.08.2014. Further, the Board has delegated the power to process the transfer and transmission of shares to the Registrar and share Transfer Agents, who process share transfers within a week of lodgment in the case of shares held in physical form.

Sri. R. Srinivasa Rao has resigned as Company Secretary of the Company w.e.f 02<sup>nd</sup> April 2015.

The Board has appointed Mr. Rajesh Kumar Yadav, as Company Secretary and Compliance Officer w.e.f 29<sup>th</sup> May 2015.

The Company has designated an exclusive e-mail ID **kilinvestorservices@gmail.com** for redressal of shareholders' complaints/grievances.

**iii. Complaints received and redressed by the Company during the financial year:**

Sl. no	Particulars	Remarks
1	At the beginning of the year	NIL
2	Received during the year	1
3	At the end of the year	NIL

**d). CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:**

As required under section 135 of the Companies Act, 2013 the company has formed on May 29, 2014, a CSR committee consisting of the following members.

Name	Designation	Category
Sri. B. V. Subbaiah	Chairman	NED (I)
Sri. J. S. Rao	Member	ED (P)
Sri. J. Sivaram Prasad	Member	NED



The Annual Report on CSR activities carried out during the year 2014-15 is annexed as 'Annexure C'.

e). **RISK MANAGEMENT COMMITTEE**

The company has formed a risk evaluation/management committee consisting of the following members on 29.05.2015.

Name	Designation	Category
Sri. J. S. Rao	Chairman	ED (P)
Sri. B. V. Subbaiah	Member	NED (I)
Sri. K. Harishchandra Prasad	Member	NED (I)

**Term of reference:**

- (a). formulate and recommend to the Board, Risk Management Policies.
- (b). recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- (c). monitor the Risk Management Policies of the company from time to time.
- (d). defining framework for identification, assessment, monitoring, mitigation and reporting of risks.
- (e). such other terms as specified in the companies Act 2013 and Listing Agreement or modifications made thereof and as may be delegated by the Board.

f). **INTERNAL COMPLAINT COMMITTEE**

The company has on 29.05.2015, formed an Internal Complaint Committee as envisaged under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for receiving complaint of sexual harassment. The Committee consisting of the following members:

Name	Designation	Category
Smt. J. Triveni	Chairman	Chairperson
Sri. J. S. Rao	Member	Managing Director
Sri. E. Sivasankaram	Member	NED (I)

**INDEPENDENT DIRECTORS MEETING:**

During the year under review, the Independent Directors met on March 30, 2015, inter alia, to discuss:

1. Evaluation of the performance of Non Independent Directors and the Board of Directors as a Whole;



2. Appraisal of performance of the Executive Chairperson and the Managing Director
3. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
4. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the independent Directors were present at the meeting.

#### IV. GENERAL BODY MEETING:

##### A. Annual General Meetings:

Financial Year	Date	Time	Venue	Special Resolution
2013-14	August 9, 2014	11:00 AM	Registered office at Mellacheruvu (Village & Mandal), Nalgonda District 508246 Telangana	No
2012-13	July 29, 2013	11:00 AM	Registered office at Mellacheruvu (Village & Mandal), Nalgonda District-508246 Andhra Pradesh	Yes
2011-12	September 29, 2012	11:00 AM	Registered office at Mellacheruvu (Village & Mandal), Nalgonda District-508246 Andhra Pradesh	Yes

##### B. Extra Ordinary General Meeting:

No EGM was held during the year under review,

##### C. Postal Ballot:

One Postal Ballot proceeding was started during the year under review, and the result was announced on 23<sup>rd</sup> April 2015. The following resolutions were passed:

- i. To Extend the date of redemption of 770100 - 9% cumulative redeemable preferential shares of ₹ 100/- each by 5 (five) more years.
- ii. To approval of borrowing limits of the Company.
- iii. For Creation of Charges on the assets of the Company.
- iv. For Ratification of remuneration of Cost Auditor.
- v. To Appoint and fix the remuneration of Smt. J. Triveni as Whole time Director and Executive Chairperson.





vi. To Appoint and fix the remuneration of Sri. J S Rao as Managing Director.

### V. OTHER DISCLOSURES:

- i. There were no significant related party transactions that may have potential conflict with the interests of the Company at large.
- ii. In the preparation of financial statements, no treatment materially different from that prescribed in Accounting Standards had been followed.
- iii. There were no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets at any time during the last 3 years.
- iv. Vigil Mechanism: We have established Whistle Blower policy, a mechanism for employees to report concerns about unethical behavior, fraud or violation of code of conduct of the company. The mechanism provided direct access to the Managing Director/ Chairman of the Audit Committee for exceptional cases. All employees can also directly meet the Audit Committee members of the company.
- v. The Company has complied with the non -mandatory requirements to relating to remuneration committee and Whistle Blower policy.
- vi. Managing Director of the Company has furnished the requisite Certificates to the Board of Directors under Clause 49 of the Listing Agreement.
- vii. A qualified Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

### VI. MEANS OF COMMUNICATION:

The quarterly, half yearly and yearly financial results are sent to the stock Exchanges immediately after the Board approves the same and are also published in one English newspaper and in one vernacular newspaper.

### VII. GENERAL SHAREHOLDERS INFORMATION:

#### a) 32<sup>nd</sup> Annual General Meeting:

Date and Time	Monday, the 28 <sup>th</sup> September 2015 at 11:00 AM
Venue	Registered office at Mellacheruvu (Village & Mandal), Nalgonda District 508246 Telangana



b) Book Closure Date: 23.09.2015 to 28.09.2015 (Both days inclusive)

c) Financial Year and Calendar (Tentative) 2015-16:

The Company follows April to March as its Financial Year. The results of every quarter beginning from April are declared in the first month following each quarter as follows:

Financial Reporting for 2015-2016 (tentative)	On or before
Quarter Ending 30.06.2015	14.08.2015
Half year ending 30.09.2015	14.11.2015
Quarter Ending 31.12.2015	14.02.2016
Year ending 31.03.2016	31.05.2016

Listing on Stock Exchanges:

i. The Bombay Stock Limited

d) Listing Fees: Listing Fees for Financial Year 2015-16 has been paid.

e) Scrip Code: 518011

f) ISIN No: INE145L01012

g) Stock Price Data:

Month	High	Low	Month	High	Low
April 2014	9.19	6.85	October 2014	17.40	15.50
May 2014	12.07	9.00	November 2014	29.50	16.55
June 2014	13.87	9.25	December 2014	29.95	22.50
July 2014	15.69	12.59	January 2015	30.15	22.75
August 2014	18.65	15.00	February 2015	40.10	25.65
September 2014	16.95	13.70	March 2015	47.65	31.40

h) Registrar & Share Transfer Agents (for shares held in both physical and demat mode):

M/s. XL Softech systems Limited

3, Sagar Society,

Road No.2, Banjara Hills,

Hyderabad - 500 034

Tel: 040-23545913, 14

i) Share Transfer System:

As on 31st March 2015, 83.74% of the equity shares of the Company are in electronic form and 100% of 9% cumulative redeemable preference share held in physical form. Transfer



of these shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer documents can be lodged with the Company and Registrar and Share transfer Agent at the above mentioned addresses.

Transfer of shares in physical form is normally processed within thirty (30) days of receipt provided the transfer documents are in order.

j) Shareholding Pattern as on March, 2015:

S No	Category	No. of Shares Held	Percentage as a total no. of Shareholding
A	Shareholding of Promoter and Promoter group		
	Promoters & Persons acting in Concert	6009152	74.96
	<b>Sub- Total A</b>	<b>6009152</b>	<b>74.96</b>
B	Public Shareholding		
1.	Institutions	9991	0.12
2.	Non- Institution		
a)	Body Corporate	133655	167
b)	Indian Public and others	1778201	22.18
c)	Any others		
	i) NRI's	85419	1.07
	ii) Clearing Members	320	0.00
	<b>Sub- Total B</b>	<b>2007586</b>	<b>25.04</b>
	<b>Grand Total (A+B)</b>	<b>8016738</b>	<b>100.00</b>

k) Distribution of shareholding of the Company by number of shares held as on 31st March, 2015 is as follows:

Particulars	Shareholders		Shareholding	
	Number	%	Value	%
UPTO - 5000	14079	96.78	11506660	14.35
5001 - 10000	314	2.16	2468220	3.08
10001 - 20000	93	0.64	1344620	1.68
20001 - 30000	22	0.15	532800	0.66
30001 - 40000	10	0.07	363550	0.45
40001 - 50000	4	0.03	187330	0.23
50001 - 100000	13	0.09	1085870	1.35
100001 & ABOVE	12	0.08	62678330	78.18
<b>Total</b>	<b>14547</b>	<b>100</b>	<b>80167380</b>	<b>100</b>

l) Dematerialization of Shares:



## Keerthi Industries Limited

The Company's shares are dematerialized on National Securities Depositories limited (NSDL) and Central Depository Services (India) Limited. The Company's ISIN is INE145L01012. As on 31st March, 2015, 66,33,414 equity shares are dematerialized which is 83.74% of the paid up capital of the company and out of which 47, 16,79,247 shares are in CDSL and 49,55,167 shares are in NDSL and the balance are in physical form.

**m) Address for investors correspondence:**

The Shareholders may correspond with the Company for the redressal of their grievances, if any to the Administrative Office of the company.

Plot No.40, I.D.A, Balanagar,  
Hyderabad-500 03.  
Tel: 040-23076543  
E-mail ID: kilinvestorservices @gmail.com

**n) CEO/MD and CFO Certification:**

As required by the clause 49 (IX) of the Listing Agreement, the certificate from Managing Director is attached elsewhere in the annual report.

**o) Compliance Certificate of Practising Company Secretary:**

The VCSR & Associates, Practising Company Secretary has certified that the company has complied with the conditions of the Corporate Governance as stipulated in clause 49 of the listing agreement and the same forms part of the Annual Report. The Certificate from the VCSR & Associates will be sent to the stock exchange along with the Annual Report of the Company.

### VIII. SUBSIDIARY COMPANIES:

The Company do not have any subsidiary company.

For and on behalf of the Board

**For KEERTHI INDUSTRIES LIMITED**

Sd/-

**J. S. Triveni**  
Executive Chairman

Place: Hyderabad  
Date: 29.05.2015



## (Annexure C)

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

CSR policy is stated herein below:

#### CSR Policy

Our aim is to be one of the most respected companies in India delivering superior and everlasting value to all our customers, associates, shareholders, employees and Society at large.

To pursue these objectives we will continue to:

- 1 Work actively to contribute to the social and economic development of the communities in which we operate. In so doing build a better, sustainable way of life for the upliftment of poor and needy people within and immediate vicinity of the factory for their development in education, cultural, vocational and philanthropic activities.
- 2 Work actively in areas of providing opportunity and financial assistance for the promotion of education, provide medical aid to the needy and down trodden.
- 3 Collaborate with likeminded bodies like Voluntary organizations, charitable trusts, governments and academic institutes in pursuit of our goals.
- 4 Interact regularly with stakeholders, review and publicly report our CSR initiatives

Web Link: [www.keerthiindustries.com/images/CSRPolicy.pdf](http://www.keerthiindustries.com/images/CSRPolicy.pdf)

2. Composition of CSR committee

Name	Designation	Category
Sri. B. V. Subbaiah	Chairman	NED (I)
Sri. J. S. Rao	Member	ED (P)
Sri. J. Sivaram Prasad	Member	NED

The committee met 1 times during the financial year ended March 31, 2015. The attendance record of the members at the meeting were as follows

Name	Designation	Category	No. of Meetings
Sri. B. V. Subbaiah	Chairman	NED (I)	1
Sri. J. S. Rao	Member	ED (P)	1
Sri. J. Sivaram Prasad	Member	NED	1



**3. Average net profit of the company for last three financial years:**

(₹ In Lakhs)

Particulars	2012-2013	2013-2014	2014-2015
Average Net Profit (as per section 198)			(2372.98)

**4. Prescribed CSR Expenditure (2 % of the amount as in item 3 above): NIL**

**5. Details of CSR spent during the financial year.**

(a) Total amount to be spent for the financial year: Nil

(b) Amount unspent, if any : Not Applicable

**6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report : Not Applicable**

Sd/-

**B. V. Subbaiah**

**Chairman, CSR Committee**

Sd/-

**J. S. Rao**

**Managing Director**

Place: Hyderabad

Date: 29.05.2015



**Annexure D**

to the Report of the Board of Directors

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015**

To

The Members

Keerthi Industries Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions of the Acts, Rules and regulations as mentioned below and the adherence to good corporate practices by Keerthi Industries Limited (herein called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Keerthi Industries Limited ('the Company') for the financial year ended on March 31, 2015 according to the provisions of:

- I.* The Companies Act, 2013 (the Act) and the rules made thereunder as applicable;
- II.* The Securities Contract (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- III.* The Depositories Act, 1956 and the Regulations and the Bye-laws framed thereunder;
- IV.* Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
- V.* The following Regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT'):
- VI.* The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- VII.* The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015 (as amended upto 2015);



- VIII. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- IX. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- X. Employees Provident Fund and Miscellaneous Provisions Act, 1952
- XI. Employees State Insurance Act, 1948
- XII. Employers Liability Act, 1938
- XIII. Environment Protection Act, 1986 and other environmental laws
- XIV. Equal Remuneration Act, 1976
- XV. Factories Act, 1948
- XVI. Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rule, 2003
- XVII. Income Tax Act, 1961 and Indirect Tax Laws
- XVIII. Indian Contract Act, 1872
- XIX. Indian Stamp Act, 1999
- XX. Industrial Dispute Act, 1947
- XXI. Minimum Wages Act, 1948
- XXII. Payment of Bonus Act, 1965
- XXIII. Payment of Gratuity Act, 1972
- XXIV. Payment of Wages Act, 1936 and other applicable labour laws

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Ltd;

We report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above;

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Changes in the composition of the Board





of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Majority decision is carried through and as informed by the Company, there were no dissenting views of members of the Board at any Board / Committee meeting held during the financial year.

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

We further report that during the audit period there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**For VCSR & Associates  
Practicing Company Secretaries**

Sd/-

**Place: Hyderabad  
Date: 27.05.2015**

**Ch Veeranjanyulu  
Partner  
CP NO. 6392, ACS No. 6121**

Note: This report is to be read with our letter of even date which is annexed as '(Annexure D1)' and forms an integral part of this report.



**Annexure D1**

To

The Members

Keerthi Industries Limited

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

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

**For VCSR & Associates  
Practicing Company Secretaries**

Sd/-

Place: Hyderabad

Date: 27.05.2015

**Ch Veeranjanyulu  
Partner**

**CP NO. 6392, ACS No. 6121**



**(Annexure E)**

to Boards Report

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31<sup>st</sup> March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

- i).* CIN:- L26942TG1982PLC003492
- ii).* Registration Date: 17<sup>th</sup> May, 1982
- iii).* Name of the Company: Keerthi Industries Limited
- iv).* Category / Sub-Category of the Company: Company Limited by Shares
- v).* Address of the Registered office and contact details:  
Mellacheruvu (Village & Mandal), Nalgonda District, Telangana-508246.  
Tel: 08683-226028.
- vi).* Whether listed company: YES
- vii).* Name, Address and Contact details of Registrar and Transfer Agent:  
  
M/s. XL Softech systems Limited  
3, Sagar Society,  
Road No.2, Banjara Hills,  
Hyderabad - 500 034  
Tel: 040-23545913, 14

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Cement	23941	93.98 %



**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Hyderabad Bottling Co. Ltd.	U25202TG1965PLC001078	Associate	NIL	-
2	Triveni Capital Leasing Investments Pvt. Ltd.	U67120TG1990PTC011111	Associate	NIL	-
3	IOU Projects (India) Private Limited	U45200TG2005PTC048493	Associate	NIL	-

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i). Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	60,04,814	4,338	60,09,152	74.96	60,04,814	4,338	60,09,152	74.96	Nil
b) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt. (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (A) (1):-</b>	<b>60,04,814</b>	<b>4,338</b>	<b>60,09,152</b>	<b>74.96</b>	<b>60,04,814</b>	<b>4,338</b>	<b>60,09,152</b>	<b>74.96</b>	<b>Nil</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (A) (2):-</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Total shareholding of Promoter (A) = (A) (1)+(A)(2)</b>	<b>60,04,814</b>	<b>4,338</b>	<b>60,09,152</b>	<b>74.96</b>	<b>60,04,814</b>	<b>4,338</b>	<b>60,09,152</b>	<b>74.96</b>	<b>Nil</b>
<b>B. Public Shareholding</b>									



a) Mutual Funds/ Banks/FI	Nil	250	250	0.00	Nil	250	250	0.00	0.00
b) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt.(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Financial Institutions / Banks	1,26,745	3,074	1,29,819	1.62	6,667	3,074	9,741	0.12	1.50
e) Venture Capital funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Fund	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (B)(1):-</b>	<b>1,26,745</b>	<b>3,324</b>	<b>1,30,069</b>	<b>1.62</b>	<b>6,667</b>	<b>3,324</b>	<b>9,991</b>	<b>0.12</b>	<b>1.50</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	51,297	66,898	1,18,195	1.47	66,757	66,898	1,33,655	1.67	0.20
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									
i). Individual shareholders holding nominal share capital upto ₹ 1 lakh	2,56,588	12,49,426	15,06,014	18.79	3,89,131	12,25,163	16,14,294	20.14	1.35
ii). Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,67,334	Nil	1,67,334	2.09	1,63,907	Nil	1,63,907	2.04	(0.05)
c) Others Clearing Members	94	Nil	94	0.00	320	Nil	320	0.00	Nil
d) NRI's	2,279	83,601	85,880	1.07	1,818	83,601	85,419	1.07	Nil
<b>Sub-total (B)(2):-</b>	<b>4,77,592</b>	<b>13,99,925</b>	<b>18,77,517</b>	<b>23.42</b>	<b>6,21,933</b>	<b>13,75,662</b>	<b>19,97,595</b>	<b>24.92</b>	<b>1.50</b>
<b>Total Public Shareholding (B)=(B) (1)+ (B)(2)</b>	<b>6,04,337</b>	<b>14,03,249</b>	<b>20,07,586</b>	<b>25.04</b>	<b>6,28,600</b>	<b>13,78,986</b>	<b>20,07,586</b>	<b>25.04</b>	<b>Nil</b>
C. Shares held by Custodian for GD₹ & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Grand Total (A+B+C)</b>	<b>66,09,151</b>	<b>4,77,403</b>	<b>80,16,738</b>	<b>100</b>	<b>66,33,414</b>	<b>13,50,324</b>	<b>80,16,738</b>	<b>100</b>	<b>Nil</b>



**ii). Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			Shares of % change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledge/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	J. Seshagiri Rao	36,96,825	46.11	40	36,96,825	46.11	40	NIL
2	J. Triveni	21,95,379	27.38	NIL	21,95,379	27.38	NIL	NIL
3	J.S. Krishna Murthy (HUF)	834	0.01	NIL	834	0.01	NIL	NIL
4	J. Venkata Krishna	87,347	1.09	NIL	87,347	1.09	NIL	NIL
5	J. Sarada Govardhini	21,727	0.27	NIL	21,727	0.27	NIL	NIL
6	J. Veeranna Choudary	3,540	0.04	NIL	3,540	0.04	NIL	NIL
7	J. Bullemmai	3,500	0.04	NIL	3,500	0.04	NIL	NIL
	<b>Total</b>	<b>60,09,152</b>	<b>74.94</b>	<b>40.00</b>	<b>60,09,152</b>	<b>74.94</b>	<b>40.00</b>	<b>NIL</b>

**iii). Change in Promoters' Shareholding (please specify, if there is no change)- NOT APPLICABLE**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	N.A.	N.A.	N.A.	N.A.
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweatequity etc):	N.A.	N.A.	N.A.	N.A.
	At the End of the year	N.A.	N.A.	N.A.	N.A.



**iv). Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GD₹ and AD₹ :**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the End of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	ICICI Bank Ltd	1,20,078	1.50	—	0.00
2.	Udaya Bhaskara Rao Akkineni	1,00,000	1.25	1,00,000	1.25
3.	Paresh Amrutlal Trivedi	41,674	0.52	1,500	0.02
4.	Stressed Assets Stabilization Fund	27,778	0.35	27,778	0.35
5.	Arvindkumar J Sancheti	25,660	0.32	00	0.00
6.	AVS Equiserve Limited	20,144	0.25	00	0.00
7.	Manju Tawani	9,950	0.12	8,950	0.11
8.	Suresh Kumar Tawani	8,250	0.10	8,900	0.11
9.	Andhra Pradesh Industrial Development Corporation Limited	6,667	0.08	6,667	0.08
10.	Manish Innani	6,156	0.07	6,156	0.07

**v). Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	J. S. Rao - Managing Director				
	At the beginning of the year	36,96,825	46.11	36,96,825	46.11
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	36,96,825	46.11	36,96,825	46.11



2	J Triveni - Executive Chairperson & Whole-time Director				
	At the beginning of the year	21,95,379	27.39	21,95,379	27.39
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	21,95,379	27.39	21,95,379	27.39
3	Sivaram Prasad Jetty - Director				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	-	-	-	-
4	Venkata Subbaiah Boddu - Director				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	-	-	-	-
5	Emani Siva Sankaram - Director				
	At the beginning of the year	-	-	-	-





	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	-	-	-	-
6	Harishchandra Prasad Kanuri - Director				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	-	-	-	-
7	Y Venkateswara Rao - CFO				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	-	-	-	-
8	R Srinivasa Rao - Company Secretary				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	-	-	-	-



**V. INDEBTEDNESS (₹ In Lakhs)**

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

₹ (In lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	5274.49	2772.64	5.73	8052.86
ii) Interest due but not paid	84.00	Nil	Nil	84.00
iii) Interest accrued but not due	25.30	Nil	Nil	25.30
<b>Total (i+ii+iii)</b>	<b>5383.79</b>	<b>2772.64</b>	<b>5.73</b>	<b>8062.16</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	Nil	104.63	Nil	104.63
Reduction	917.79	159.61	Nil	1077.40
<b>Net Change Indebtedness At the end of the financial year</b>	<b>917.79</b>	<b>54.98</b>	<b>Nil</b>	<b>972.77</b>
i) Principal Amount	4466.00	2717.66	5.73	7189.39
ii) Interest due but not paid	0.39	Nil	Nil	0.39
iii) Interest accrued but not due	11.66	122.75	Nil	134.41
<b>Total (i+ii+iii)</b>	<b>4478.05</b>	<b>2840.41</b>	<b>5.73</b>	<b>7324.19</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

*A. Remuneration to Managing Director (MD), Whole-time Directors (WTD) and/or Manager: (₹ In*

*Lakhs)*

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		<b>J. S. Rao (MD)</b>	<b>J. Triveni (Chairperson &amp; WTD)</b>	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	48.00	48.00	96.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission - as % of profit - others, specify...	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total (A)	48.00	48.00	96.00
	Ceiling as per the Act			₹ 207.52 Lacs



*B. Remuneration to other directors:*

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		K Harish-chandra Prasad	B V Subbaiah	E Siva Sankaram	J Sivaram Prasad	
1	Independent Directors Fee for attending board / committee meetings	50,000	62,500	62,500	—	1,75,000
	Commission	Nil	Nil	Nil	—	Nil
	Others, please specify	Nil	Nil	Nil	—	Nil
	Total (1)	50,000	62,500	62,500	—	1,75,000
2	Other Non-Executive Directors					
	Fee for attending board/committee meetings	—	—	—	40,000	40,000
	Commission	—	—	—	Nil	Nil
	Others, please specify	—	—	—	Nil	Nil
	Total (2)	—	—	—	40,000	40,000
	Total (B)=(1+2)	50,000	62,500	62,500	40,000	2,15,000
	Total Managerial Remuneration					2,15,000 00
	Overall Ceiling as per the Act					₹ 207.52 Lacs



**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/ WTD (₹ In Lakhs)**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		CFO* (*Appointed w.e.f. 31.03.2015)	Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	8.28	8.28
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission - as % of profit - others, specify...	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total	Nil	8.28	8.28

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

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

**NIL**



## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### 1. OVERVIEW OF INDUSTRY

#### Cement Division:

#### Industry Structure and Developments:

India's cement industry is a vital part of its economy, providing employment to more than a million people, directly or indirectly. Ever since it was deregulated in 1982, the Indian cement industry has attracted huge investments, from both Indian and foreign investors, making it the second largest in the world. The industry is currently in a turnaround phase, trying to achieve global standards in production, safety, and energy-efficiency. India has a lot of potential for development in the infrastructure and sector and the cement sector is expected to largely benefit from it. Some of the recent major government initiatives such as development of 100 smart cities are expected to provide a major boost to the sector. Expecting such developments in the country and aided by suitable government foreign policies, several foreign players such as Lafarge, Holcim and Vicat have invested in the country in the recent past. A significant factor which aids the growth of this sector is the ready availability of the raw materials for making cement, such as limestone and coal.

The cement market in India is expected to grow at a compound annual growth rate (CAGR) of 8.96 percent during the period 2014-15 and expected to grow further. In India, the housing sector is the biggest demand driver of cement, accounting for about 67 per cent of the total consumption. The other major consumers of cement include infrastructure at 13 per cent, commercial construction at 11 per cent and industrial construction at nine per cent. The industry has a capacity of 405 million tonnes per annum (mtpa). The retail price for cement, which was hovering around ₹ 240 to 260 per bag ex factory in the month of Feb 2015 expected to rise by the end of this year.

#### 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 suffer 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 Telangana 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.

## **2. OUR BUSINESS**

The breadth and depth of 'Keerthi' expertise has been built over last 4 years through a unique combination of long standing customer relationships, investments in people and through continuous investments in new technologies.

The Company has been steadily expanding its customer base, infrastructure, service lines and industries. The growth momentum of the Company continues to deliver strong financial results, attract top domestic talent and win new customers and strengthen existing customer relationships.

## **3. RISKS, CONCERNS & THREATS:**

The company is exposed to a variety of risks across its entire range of business operations. Any slowdown in these sectors can largely impact the demand for the company's products. In India, optimism is growing about the prospect of an economic recovery following a slowdown triggered by the global financial crisis.

## **4. 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 or 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.

**5. SEGMENT WISE OR PRODUCT WISE PERFORMANCE:**

It is discussed in the Directors Report under the head operations in the Director's Report.

**6. OUTLOOK:**

This has been discussed elsewhere in Director's Report.

**7. 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.

**8. SENIOR MANAGEMENT DISCLOSURES**

The Company's senior management makes disclosures to the Board relating to all material financial and commercial transactions as when they occur.

**9. CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and international markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factor.





**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**, for the year ended on 31<sup>st</sup> March, 2015 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;

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 VCSR & Associates  
Company Secretaries**

Sd/-  
**(Ch. Veeranjanyulu)**  
Partner  
CP No. 6392

Place: Hyderabad  
Date: 27-05-2015



**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH COMPANY'S CODE OF CONDUCT**

To,

The Members of Keerthi Industries Limited

I, J. S. Rao, the Managing Director of the Company hereby certify that the Board of Directors of Keerthi Industries Limited has adopted a code of conduct ("the code") for the Board Members and Senior Management of the Company. The code is available on the website of the Company at [www.keerthiindustries.com](http://www.keerthiindustries.com)

Pursuant to Clause 49(I)(D)(ii) of the Listing Agreement, I hereby declare that all Board members and Senior Management personnel have affirmed compliance with the Code for the financial year ended March 31, 2015.

**For and on behalf of the Board  
Keerthi Industries Limited**

**Place: Hyderabad  
Date: 27.05.2015**

**Sd/-  
J. S. Rao  
Managing Director**



**CERTIFICATE PURSUANT TO CLAUSE 49 (IX) OF THE LISTING AGREEMENT**

Dear Shareholder,

I, Sri. J. S. Rao, Managing Director and Sri. Y. Venkateswara Rao, CFO of M/s Keerthi Industries Limited hereby certifies that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
  - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b. These statements present a true and fair view of the state of affairs of the Company and of the results of the operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of Company's code of conduct.
3. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weakness.
4. There are no
  - a. significant changes in internal controls over financial reporting during the year;
  - b. significant changes in the accounting policies during the year;
  - c. instances of significant fraud of which we have become aware of and which involve the management or other employees who have significant role in the Company's internal control system over financial reporting.
5. We have fully complied with the Accounting Manual of the Company and reviewed very carefully the checklists prepared by the Company

For and on behalf of the Board

**Keerthi Industries Limited**

Sd/-

Place: Hyderabad  
Date: 27.05.2015

**J. S. Rao**  
**Managing Director**

Sd/-

**Y. Venkateshwara Rao**  
**CFO**



## **INDEPENDENT AUDITORS' REPORT**

**To the Members of KEERTHI INDUSTRIES LIMITED**

**Report on the Standalone Financial Statements**

1. We have audited the accompanying Financial Statements of **KEERTHI INDUSTRIES LIMITED, HYDERABAD, TELANGANA** ("The Company") which comprise the Balance Sheet as at 31st March, 2015 and the Statement of Profit and Loss and the Cash flow statement for the year ended, and Summary of Significant Accounting Policies and other explanatory information.

### **Management's responsibility for the Financial Statements**

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and Matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the



appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, *of the state of affairs of the company as at 31 March 2015 and its profit and its cash flow for the year ended on that date*

### **Emphasis of matter**

8. *We draw attention to Note No. 25.6 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**

9. As required by the Companies(Auditor's Report) Order 2015 ("the Order") issued by the Central Government of India in terms of sub-section(11) of section 143 of the Companies Act 2013, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order .
10. As required by Section 143 (3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the afore said standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) on the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015



from being appointed as a director in terms of Section 164 (2) of the Act; and

- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company does not have any pending litigations which would impact its financial position
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

Place: Hyderabad  
Date: 29.05.2015



**ANNEXURE REFERRED TO IN PARAGRAPH 9 OF OUR REPORT OF EVEN DATE**

**Statement on the Companies (Auditor's Report) Order, 2015 Re: KEERTHI INDUSTRIES LIMITED**

- i) (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 its assets. No material discrepancies were noticed on such verification.
- ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable;
- (b) 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 verification between the physical stocks and the book records have been properly dealt with in the books of account.
- iii) (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained u/s.189 of the Act.
- (b) In view of our comment in clause iii (a) above and clause iii (b) of paragraph 3 of the aforesaid Order are not applicable to the Company.
- iv) 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 purchases of inventory, fixed assets and with regard to the 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 systems.
- v) The Company has not accepted deposits from the public. Hence the provisions of Sections 73 to 76 and other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 are not applicable to the Company.
- vi) 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 sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that prime facie, the prescribed accounts and records have been made and maintained.



vii) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Employees State Insurance, Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess.

(b) According to the information and explanations given to us, there are no dues of customs duty and wealth tax which have not been deposited on account of any disputes. The details of disputed Excise Duty, Income Tax, Service Tax and Sales Tax have not been deposited with the appropriate authorities are as follows.

S. No	Name of the Statute/ Authority	Nature of Dues	Amount ₹	Period to which the amount relates	Due date	Forum where dispute is pending
1	AP General Sales Tax Act	Tax on packing material	18,77,197	FY 1990- 91 and FY 1991- 92	Not mentioned in demand notice	Sales Tax Appellate Authority
2	Central Sales Tax Act	Central Sales Tax	57,13,367	FY 2004- 05	Not mentioned in demand notice	Sales Tax Appellate Authority
3	Central Sales Tax Act	Central Sales Tax	39,25,213@	FY 2000- 01, 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

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

viii) There are no accumulated losses as at yearend under report. The company has not incurred cash losses during the financial year covered by our audit and incurred cash losses in the immediately preceding financial year.

ix) 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.

x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.





- xi) During the year the company has not availed any term loans from banks or financial institutions. Accordingly, the provisions of clause 3(xi) of the above referred Order are not applicable to the company.
- xii) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

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

Place: Hyderabad  
Date: 29.05.2015



# Keerthi Industries Limited

## Balance Sheet as at 31 March 2015

₹ in Lakhs

Particulars	Note No.	As at 31 March 2015	As at 31 March 2014
<b>Equity and Liabilities</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	2	1,690.11	1,690.11
(b) Reserves and surplus	3	<u>2,293.85</u>	<u>515.05</u>
		3,983.96	2,205.16
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	4	5,104.88	5,858.21
(b) Deferred Tax Liability(net)	25.13	-	1,093.30
(c) Long-term provisions	5	<u>223.62</u>	<u>217.12</u>
		5,328.50	7,168.63
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	6	1,606.53	1,755.64
(b) Trade payables	7	1,509.19	1,131.51
(c) Other current liabilities	8	2,325.33	2,979.30
(d) Short-term provisions	9	<u>228.86</u>	<u>69.24</u>
		5,670.91	5,935.69
<b>Total</b>		<u>14,982.37</u>	<u>15,309.48</u>
<b>Assets</b>			
<b>(1) Non-current assets</b>			
(a) Fixed asseqwts	10		
(i) Tangible assets		10,675.01	11,581.75
(ii) Intangible assets		<u>17.76</u>	<u>35.57</u>
		10,692.77	11,617.32
(b) Non- Current Investments ( at cost) - National Saving Certificates		0.06	0.06
(c) Long-term loans and advances	11	1,204.43	1,368.81
(d) Deferred Tax Asset (net)	25.13	<u>0.58</u>	<u>-</u>
		11,897.84	12,986.19
<b>(2) Current assets</b>			
(a) Inventories	12	1,554.68	970.56
(b) Trade receivables	13	170.38	337.96
(c) Cash and cash equivalents	14	341.19	271.22
(d) Short-term loans and advances	15	878.10	644.07
(e) Other current assets	16	<u>140.18</u>	<u>99.48</u>
		3,084.53	2,323.29
<b>Total</b>		<u>14,982.37</u>	<u>15,309.48</u>
<b>Significant Accounting policies</b>	1		
<b>Other Disclosures</b>	25		

As per our report of even date  
for **K.S.RAO & CO.**  
Chartered Accountants  
Firms' Registration No.: 003109S

Sd/-  
**P.Govardhan Reddy**  
Partner

Place: Hyderabad  
Date: 29.05.2015

For and on behalf of Board of Directors

Sd/-  
**(J.Triveni)**  
Executive Chairperson

Sd/-  
**(Y.Venkateswararao)**  
Chief Finance Officer

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

Sd/-  
**(Rajesh Kumar Yadav)**  
Company Secretary

**Statement of Profit and Loss for the year ended 31 March 2015**

₹ in Lakhs

Particulars	Note No.	Current year	Previou year
<b>I. Revenue from operations</b>	17	15,291.54	12,506.71
<b>II. Other income</b>	18	118.63	109.77
<b>III.Total Revenue (I+II)</b>		<b>15,410.17</b>	<b>12,616.48</b>
<b>IV. Expenses</b>			
(i) Cost of materials consumed	19	1,549.64	1,615.19
(ii) Changes in inventories of finished goods and work-in-progress	20	(238.18)	64.46
(iii) Employee benefits expense	21	962.08	1,008.91
(iv) Finance costs	22	947.01	897.47
(v) Depreciation and amortization expense	10	825.82	1,352.73
(vi) Other expenses	23	10,453.78	9,505.80
<b>Total expenses</b>		<b>14,500.15</b>	<b>14,444.56</b>
<b>V.Profit / (Loss) before Exceptional Items (III-IV)</b>		910.02	(1,828.08)
<b>VI. Exceptional Items</b>	24	(134.30)	234.97
<b>VII.Profit / (Loss) before tax ( V- VI )</b>		1,044.32	(2,063.05)
<b>VIII.Tax expense:</b>			
(1) Current tax		177.37	-
(2) Deferred tax	25.13	(1,093.88)	(45.06)
(3) MAT Credit entitelement		(177.37)	-
(4) Income tax Refund Receivable		-	(213.54)
(5) Income tax of earlier year		251.65	-
<b>IX.Profit / (Loss) after tax for the year (VII-VIII)</b>		1,886.55	(1,804.45)
<b>X. Earnings per equity share (face value of ₹ 10/-)</b>			
Basic & Diluted	25.12	22.54	(23.51)
<b>Significant Accounting policies</b>	1		
<b>Other Disclosures</b>	25		

As per our report of even date  
for **K.S.RAO & CO.**  
Chartered Accountants  
Firms' Registration No.: 003109S

For and on behalf of Board of Directors

Sd/-  
**P.Govardhan Reddy**  
Partner

Sd/-  
**(J.Triveni)**  
Executive Chairperson

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

Place: Hyderabad  
Date: 29.05.2015

Sd/-  
**(Y.Venkateswararao)**  
Chief Finance Officer

Sd/-  
**(Rajesh Kumar Yadav)**  
Company Secretary



# Keerthi Industries Limited

## Cash Flow Statement for the Twelve Months ended 31st March,2015 (Indirect Method)

₹ in Lakhs

	Year ended 31 st March 2015	Year ended 31 st March 2014	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit Before Tax	1044.31	(2063.05)	
Adjustments for:			
Depreciation	825.82	1352.73	
Interest	947.01	897.47	
Loss on sale of Asset	0.02	3.62	
Interest Earned	(97.52)	(58.41)	
<b>Operating Profit before working capital changes</b>	<b>2719.64</b>	<b>132.36</b>	
<b>Changes in working capital:</b>			
Inventories	(584.12)	211.72	
Trade and other receivables	231.19	305.90	
Trade and other payables	(287.54)	(867.78)	
<b>Cash generated from operations</b>	<b>2079.17</b>	<b>(217.80)</b>	
Interest paid	(947.01)	(897.47)	
Direct Taxes paid	(234.71)	(13.96)	
<b>Net Cash Flow from Operating Activity (A)</b>	<b>897.45</b>	<b>(1129.23)</b>	
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Interest received	83.99	62.89	
Purchase of Fixed Assets	(9.30)	(35.12)	
Sale of Asset	0.27	72.98	
Capital Work in progress	0.00	163.43	
<b>Net Cash used in Investing Activities (B)</b>	<b>74.96</b>	<b>264.18</b>	
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
Un-Secured Loans	69.99	(2.22)	
Proceeds from Secured Loans	(972.43)	881.79	
<b>Net Cash used in Financing Activities (C)</b>	<b>(902.44)</b>	<b>879.57</b>	
<b>D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>			
	69.97	14.52	
Cash and Cash Equivalents as at 31.03.2014	271.22	256.70	
Cash and Cash Equivalents as at 31.03.2015	341.19	271.22	

As per our report of even date  
for **K.S.RAO & CO.**  
Chartered Accountants  
Firms' Registration No.: 003109S

For and on behalf of Board of Directors

Sd/-  
**P.Govardhan Reddy**  
Partner

Sd/-  
**(J.Triveni)**  
Executive Chairperson

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

Place: Hyderabad  
Date: 29.05.2015

Sd/-  
**(Y.Venkateswararao)**  
Chief Finance Officer

Sd/-  
**(Rajesh Kumar Yadav)**  
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, 2013 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 Schedule III to the Companies Act, 2013

### 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 II to the Companies Act, 2013

ii) Upfront lease amount in respect of leasehold land is amortised over the period of lease.

### 1.7. Inventories:

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

### 1.8. Revenue Recognition:

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

### 1.9. Retirement benefits:

a. Provident fund contributions are remitted to Provident Fund Commissioner and the Contributions are charged to revenue.

b. Provision for gratuity and leave encashment is made on the basis of an actuarial valuation which is done as per Projected Unit Credit Method at the end of each financial year.

### 1.10. Provisions/Contingencies:

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

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



## Notes forming part of the Financial Statements for the year ended 31 st March, 2015

### 2.Share Capital

₹ in Lakhs

Particulars	As at	As at
	31st March 2015	31st March 2014
<b>a. Authorised:</b>		
2,73,00,000 Equity Shares of ₹ 10/- each	2,730.00	2,730.00
10,70,000 - 9% Cumulative Redeemable Preference Shares of ₹ 100 each	1,070.00	1,070.00
Total	<u>3,800.00</u>	<u>3,800.00</u>
<b>b. Issued, subscribed and paid up:</b>		
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		
	<u>1,690.11</u>	<u>1,690.11</u>

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

Name of the Share Holder	As at 31 March 2015		As at 31 March 2014	
	Number of Shares held	% holding	Number of Shares held	% holding
Equity Shares of ₹ 10/- each:				
Sri. J S Rao	3,696,825	46.11	3,696,825	46.11
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 2015		As at 31st March 2014	
	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 2015		As at 31st March 2014	
	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	888.44
Add: Shares issued during the year	-	-	-	-
Less: Shares Redeemed during the year				-
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. However, Company has obtained the consent of the members to extend the validity period of repayment by five years, accordingly redeemable at par at the end of 17th and 18th year from the date of allotment.
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. However, Company has obtained the consent of the members to extend the validity period of repayment by five years, accordingly redeemable at par at the end of 17th and 18th year from the date of allotment.
2,68,340* of ₹ 100/- each	13.06.2001	Redeemable at par at the end of 16th, 17th, 18th and 19th year ₹ 50 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	As at
	31st March 2015	31st March 2014
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
	<b>1,124.55</b>	<b>1,124.55</b>
Surplus in the Statement of Profit & Loss		
Balance as per last financial statement	(609.50)	1,194.95
Less: Adjustment relating to Depreciation on Fixed Assets*	107.75	-
	<b>(717.25)</b>	<b>1194.95</b>
Profit(+)/Loss(-) for the year	<b>1,886.55</b>	<b>(1,804.45)</b>
Closing Balance	<b>1,169.30</b>	<b>(609.50)</b>
<b>Total</b>	<b>2,293.85</b>	<b>515.05</b>

\* Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in Schedule II. Accordingly the unamortised carrying value is being depreciated/ amortised over the revised/remaining useful lives. The written down value of Fixed Assets whose lives have expired as at 1st April 2014 have been adjusted net of tax, in the opening balance of Profit and Loss Account amounting to ₹ 107.75 lakhs.

**4. Long-term borrowings**

₹ in Lakhs

Particulars	Non-current portion		Current Maturities	
	As at	As at	As at	As at
	31st March 2015	31st March 2014	31st March 2015	31st March 2014
<b>Secured</b>				
Term loans:				
- Canara Bank	1,494.00	1,744.00	108.98	125.00
- Andhra Bank	1,497.60	1,747.20	246.66	124.80
- Indian Bank	398.40	464.80	66.40	33.20
- Canara Bank(WCTL)	78.90	131.70	52.68	26.34
- Canara Bank(FITL)	22.87	81.12	55.56	54.78
- Andhra Bank(FITL)	21.63	82.27	55.56	55.56
- Indian Bank(FITL)	1.05	16.70	14.88	14.88
<b>Unsecured</b>				
Sales Tax Deferrment	1,590.43	1,590.42	-	2.22
<b>Total</b>	<b>5,104.88</b>	<b>5,858.21</b>	<b>600.72</b>	<b>436.78</b>





- 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 2015		As at 31st March 2014	
		Number of installments due	Amount ₹ in lakhs	Number of installments due	Amount ₹ in lakhs
<b>Term loans:</b>					
Canara Bank:	14.75%	28	1,602.98	30	1,869.00
Andhra Bank	14.75%	28	1,744.26	30	1,872.00
Indian Bank	14.75%	28	464.80	30	498.00
Canara Bank(WCTL)	14.75%	30	131.58	36	158.04
Canara Bank(FITL)	14.75%	18	78.44	30	136.68
Andhra Bank(FITL)	14.75%	18	77.19	30	137.83
Indian Bank(FITL)	14.75%	18	15.93	30	31.58
			<u>4,115.18</u>		<u>4,703.13</u>

- 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

Note: Deputy Commissioner (CT), Nalgonda Division Vide letter dt. 24.04.15 has issued Notice for the payment of amount due on 01.04.2020, since the AP VAT Act was amended w.e.f. 01.05.2009 as amount availed for each year shall be paid after the end of availment after the the conversion from Tax Holiday Scheme to Tax Deferment. Accordingly the revised schedule of repayment is as follows:



Due Date	Amount (₹ in lakhs)
01.04.2015	308.18
01.04.2016	491.73
01.04.2017	591.70
01.04.2018	198.82

However the company has decided to contest the matter as per the advise of our legal consultant.

**5. Long-term provisions**

₹ in Lakhs

Particulars	As at 31st March 2015	As at 31st March 2014
Provision for employee benefits		
Gratuity	194.18	189.32
Compensated absences	29.44	27.80
<b>Total</b>	<b>223.62</b>	<b>217.12</b>

**6. Short-term borrowings**

₹ in Lakhs

Particulars	As at 31st March 2015	As at 31st March 2014
<b>A. Secured</b>		
Canara Bank - Cash Credit	346.82	485.54
State Bank of India - Overdraft	4.00	84.38
<b>Total (a)</b>	<b>350.82</b>	<b>569.92</b>
<b>B. Unsecured</b>		
From Related parties:		
i) Inter Corporate Deposits	1,174.30	1,046.56
ii) Loan from Directors	75.68	133.43
From Others		
Trade and Rent Deposits	5.73	5.73
<b>Total (b)</b>	<b>1,255.71</b>	<b>1,185.72</b>
<b>Total (a+b)</b>	<b>1,606.53</b>	<b>1,755.64</b>

- a. Secured: (i) Cash Credit from Canara Bank sanctioned limit of ₹ 4.80 crores, is secured by way of hypothecation of work-in-process, finished goods, raw materials, stores and spares, receivables both present and future and also by a second charge on the immovable properties and other fixed assets of the company. Further, working capital loans are guaranteed by two of the directors of company individually and by the corporate guarantee of M/s Hyderabad Bottling Company Limited and equitable mortgage against the residential property of a director of Company. (ii) Overdraft from State Bank of India was secured by Fixed Deposit Receipt of ₹ 1.24 Crore.
- 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 2015	As at 31st March 2014
Other than Micro, Small and Medium Enterprises	1,509.19	1,131.51
<b>Total</b>	<b>1,509.19</b>	<b>1,131.51</b>

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 2015	As at 31st March 2014
i. Current maturities of long-term debt (Refer Note - 4)	600.73	436.78
ii. Current maturities of long-term Provisions	2.33	2.28
<b>v. Other Payables:</b>		
a. Statutory remittances	463.15	761.53
b. Advances from customers	712.68	761.27
c. Outstanding expenses	249.27	336.22
d. Creditors for capital goods	241.64	482.70
e. Interest accrued and due	0.39	84.01
f. Interest accrued but not due	11.66	25.30
g. Salaries & wages payable	42.34	80.84
h. Other creditors	1.14	8.37
<b>Total</b>	<b>2,325.33</b>	<b>2,979.30</b>

**9. Short-term provisions**

₹ in Lakhs

Particulars	As at 31st March 2015	As at 31st March 2014
Provision for employee benefits	51.28	69.04
<b>Provision for tax</b>		
Wealth Tax	0.20	0.20
Income tax	177.38	-
<b>Total</b>	<b>228.86</b>	<b>69.24</b>



**10. FIXED ASSETS:**

₹ in Lakhs

Sl. No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As at 31.03.2014	Additions	Deductions	As at 31.03.2015	Up to 31.03.2014	Adjusted to retaining earning For the year	Deductions Up to 31.03.2015	As at 31.03.2015	As at 31.03.2014
<b>(I) Tangible Assets:</b>										
1 Land:										
	Freehold: Cement Division	607.06	0.00	0.00	607.06	0.00	0.00	0.00	607.06	607.06
	Sugar Division	406.82	0.00	0.00	406.82	0.00	0.00	0.00	406.82	406.82
	Lease hold Land (Wind Power)	18.00	0.00	0.00	18.00	4.20	0.00	0.00	13.20	13.80
2 Buildings:										
	Factory	3331.12	1.31	0.00	3332.43	660.43	85.78	0.00	2492.69	2670.69
	Factory (Wind Power)	57.55	0.00	0.00	57.55	12.50	0.00	1.79	43.26	45.05
	Non-Factory	337.96	0.00	0.00	337.96	38.47	13.22	0.00	262.61	299.49
	3 Plant & Machinery	12109.48	5.22	0.00	12114.70	6744.60	(155.73)	0.00	5104.25	5364.88
	Plant & Machinery (Wind Power)	860.45	0.00	0.00	860.45	423.60	0.00	0.00	449.02	436.85
	4 Electrical Installations	2275.06	0.00	0.00	2275.06	595.02	147.66	0.00	1306.34	1680.04
	5 Furniture & Fixtures	51.54	0.93	0.00	52.47	49.86	0.00	0.00	2.03	1.68
	6 Office Equipment	50.44	0.08	0.00	50.52	34.21	7.60	0.00	4.16	16.23
	7 Vehicles	43.79	0.00	5.47	38.32	34.65	0.00	5.20	5.42	9.14
	8 Other Assets	17.95	0.00	0.00	17.95	17.95	(0.90)	0.00	0.90	0.00
	9 Data Processing Equipment	76.80	1.76	0.00	78.56	51.52	7.56	0.00	12.67	25.28
	10 Effluent Treatment Plant	19.49	0.00	0.00	19.49	17.60	0.93	0.00	0.96	1.89
	11 Generators	17.59	0.00	0.00	17.59	15.53	1.18	0.00	0.88	2.06
	12 Lab Equipment	6.57	0.00	0.00	6.57	5.78	0.46	0.00	0.33	0.79
	<b>Total</b>	<b>20287.67</b>	<b>9.30</b>	<b>5.47</b>	<b>20291.50</b>	<b>8705.92</b>	<b>107.76</b>	<b>808.01</b>	<b>9616.49</b>	<b>11581.75</b>
<b>(II) Intangible Assets:</b>										
	Computer Software	71.19	0.00	0.00	71.19	35.62	0.00	0.00	17.76	35.57
	<b>Total (I + II)</b>	<b>20358.86</b>	<b>9.30</b>	<b>5.47</b>	<b>20362.69</b>	<b>8741.54</b>	<b>107.76</b>	<b>825.82</b>	<b>10692.77</b>	<b>11617.32</b>
	Previous Year	20627.13	35.12	139.96	20522.29	7452.17	0.00	1352.73	11780.75	13174.96

**11. Long-term loans and advances (Unsecured, considered good)**

₹ in Lakhs

Particulars	As at	As at
	31st March 2015	31st March 2014
Advances for Capital items	707.22	708.60
Consumption Deposit with CPDCL	384.05	384.05
Voltage Surcharge paid under protest	72.06	72.06
Income Tax Paid Under Protest	-	183.00
Sales Tax paid under protest	19.09	19.09
Excise Duty & Service tax under protest	22.01	2.01
<b>Total</b>	<b>1,204.43</b>	<b>1,368.81</b>

**12. Inventories**

₹ in Lakhs

Particulars	As at	As at
	31st March 2015	31st March 2014
Raw materials	217.90	158.76
Stores and spares	609.48	608.87
Coal	302.62	19.36
Packing Material	13.71	10.78
Work-in-progress	177.87	60.93
Finished goods	222.50	96.65
Scrap(discarded assets)-At realisable value	10.60	15.21
<b>Total</b>	<b>1,554.68</b>	<b>970.56</b>

**13. Trade Receivables (Unsecured considered good)**

₹ in Lakhs

Particulars	As at	As at
	31st March 2015	31st March 2014
Debts outstanding for a period exceeding six months	5.22	163.25
Other debts	165.16	174.71
<b>Total</b>	<b>170.38</b>	<b>337.96</b>

**14. Cash and cash equivalents**

₹ in Lakhs

Particulars	As at	As at
	31st March 2015	31st March 2014
Balances with banks		
In current accounts	47.55	5.02
In margin money deposits for a period less than 12 months	161.80	132.19
In margin money deposits for a period more than 12 months	3.65	3.65
In fixed deposits for a period more than 12 months	124.00	124.00
Cash on hand	4.19	6.36
<b>Total</b>	<b>341.19</b>	<b>271.22</b>



Note: Balances with banks include i) ₹ 141.08/- lakhs (previous year: ₹ 121.08/- lakhs) kept as margin money deposits against the guarantee given by bankers. ii) Fixed Deposit Receipts for ₹ 124.00/-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 al ien 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 2015	As at 31st March 2014
<b>Unsecured, Considered Good</b>		
Advances to staff	1.46	2.52
Sundry deposits	81.68	74.01
Vendor advances	211.32	144.33
Advance Income Tax (net of provision)	47.85	42.72
MAT Credit Entitlement	333.30	155.93
Income tax Refundable	202.49	224.56
<b>Total</b>	<b>878.10</b>	<b>644.07</b>

**16. Other current assets ₹ in Lakhs**

Particulars	As at 31st March 2015	As at 31st March 2014
Interest accrued	57.11	43.58
Prepayments	43.46	37.05
Rent Receivable	0.33	0.29
CENVAT & VAT Input Credit	39.28	18.56
<b>Total</b>	<b>140.18</b>	<b>99.48</b>

**17.Revenue from operations ₹ in Lakhs**

Particulars	Current Year	Previous Year
Sale of cement	16790.28	13740.45
Sale of printed circuit boards*	695.08	714.72
Sale of Wind Power	96.93	115.58
	<b>17582.29</b>	<b>14570.75</b>
Less: Excise duty	2290.75	2064.04
<b>Total</b>	<b>15291.54</b>	<b>12506.71</b>

\* Net of rejections and returns



18. Other Income		₹ in Lakhs	
Particulars	Current Year	Previous Year	
Interest Income	97.52	58.41	
Miscellaneous income	20.78	51.26	
Gain from foreign exchange fluctuations (Net)	0.33	0.10	
<b>Total</b>	<b>118.63</b>	<b>109.77</b>	

19. Raw materials consumed		₹ in Lakhs	
Particulars	Current Year	Previous Year	
Opening Stock	158.76	206.34	
Add: Purchases during the year	1,608.78	1,567.61	
	1,767.54	1,773.95	
Less: Closing Stock	217.90	158.76	
<b>TOTAL</b>	<b>1,549.64</b>	<b>1,615.19</b>	

Details of raw materials consumed		₹ in Lakhs	
Particulars	Current Year	Previous Year	
Lime stone	510.52	465.11	
Fly Ash	193.25	238.88	
Gypsum	283.59	321.61	
Laterite	90.26	71.48	
Clinker	-	66.00	
Others	214.61	195.30	
Electronic Division	257.41	256.81	
<b>Total</b>	<b>1,549.64</b>	<b>1,615.19</b>	

20. Changes in inventories of finished goods and work-in-progress		₹ in Lakhs	
Particulars	Current Year	Previous Year	
<b>Opening Stock:</b>			
Finished Goods	96.65	113.94	
Work-in-process	60.93	108.33	
Scrap	15.21	14.98	
	172.79	237.25	
<b>Less: Closing Stock:</b>			
Finished Goods	222.50	96.65	
Work-in-process	177.87	60.93	
Scrap	10.60	15.21	
<b>(Increase)/ Decrease in stocks</b>	<b>(238.18)</b>	<b>64.46</b>	



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### 21. Employee Benefits Expense ₹ in Lakhs

Particulars	Current Year	Previous Year
Salaries and Wages	842.42	887.72
Contribution to provident and other funds	52.45	52.84
Gratuity, bonus and incentives	32.91	29.25
Staff welfare expenses	34.30	39.10
<b>Total</b>	<b>962.08</b>	<b>1,008.91</b>

### 22. Finance Costs ₹ in Lakhs

Particulars	Current Year	Previous Year
Interest expense:		
Working capital loans	66.30	66.24
Term loans	698.87	676.42
Unsecured loans	122.75	108.71
Others	59.09	46.10
<b>Total</b>	<b>947.01</b>	<b>897.47</b>

### 23. Other Expenses ₹ in Lakhs

Particulars	Current Year	Previous Year
Consumption of stores	378.66	365.47
Power and fuel	6,086.79	5,749.73
Packing and forwarding expenses	1,381.29	1,191.04
Repairs to: buildings	-	1.66
: plant and machinery	59.98	54.64
: others	7.14	5.85
Taxes & Duties	2,184.65	1,796.37
Insurance	25.11	24.07
Bad debts	43.84	-
Auditors remuneration - Audit fee	1.50	1.50
- Tax Audit	0.50	0.50
- Certification	0.51	0.20
Miscellaneous Expenses	273.98	297.55
Sugar Division Expenses	9.83	17.22
<b>Total</b>	<b>10,453.78</b>	<b>9,505.80</b>

### 24. Exceptional Items ₹ in Lakhs

Particulars	Current Year	Previous Year
FSA Charges	-	38.61
Sugar Division Expenses of Earlier Years	-	181.30
Loss on Sale of Assets	0.02	3.62
Court Expenses	-	3.27
Nala Tax Written off	-	8.17
Sales tax and Power subsidy received	(134.32)	-
<b>Total</b>	<b>(134.30)</b>	<b>234.97</b>





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

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
i) Bank Guarantee	183.04	183.04
ii) Income tax demands of		
Asst.Year 2007-08*	NIL	262.59
Asst.Year 2006-07\$	NIL	183.80

(\*This demand arised mainly on account of treatment of brought forward unabsorbed depreciation.)

(\$This demand pertains to the tax against the waiver of part of the principal amount by IDBI)

- iii) A.P. General Sales Tax liability of ₹ 18.77 lakhs ( up to Previous year ₹ 18.77 lakhs) on packing materials purchased during the accounting years 1990-91 and 1991-92 as the Company preferred appeals before Appellate Authorities and the same are pending
- iv) In the year 2007-08 A P Commercial Tax Department had revised the CST Assessment for the year 2000-2001 and demanded ₹ 39.25 lakhs .The company got stayed the demand through an order of Hon'ble High Court of A.P. and the department had collected ₹ 19.09 lakhs around 50% of the demand which is grouped under long term loans and advances. As the matter is pending in appeal before the A P Sales Tax Appellate Tribunal, no provision is made in the accounts for the disputed tax of ₹ 39.25 lakhs.
- v) Karnataka Sales Tax demand of ₹ 6.20 lakhs(up to Previous year ₹ 6.20 lakhs) for the accounting year 1993-94 as the company preferred an appeal in the Hon'ble High Court of Karnataka.
- vi) Demand from Central Excise Authorities for ₹ 95.01 lakhs together with penalty of ₹ 95.01 lakhs (Previous year ₹ 190.02 lakhs) against alleged ineligible Cenvat Credit on Capital items by Cement Division, as the Company's legal counsel opined that the demand is not sustainable and the company has gone an appeal before CESAT, Bangalore on depositing ₹ 20.00 lakhs (Previous year ₹ Nil) as predeposit to hear the case by CESTAT.
- vii) Demand from Central Excise Authorities for ₹ 1.38 lakhs together with penalty of ₹ 1.38 lakhs(Previous year ₹ 2.76 lakhs) against alleged ineligible service tax input credit availed and utilised. The same has been stayed by the Commissioner (Appeals -I ) on payment of ₹ 0.33 lakhs.
- viii) **a) Voltage surcharge:** In the year 2003-04, Central Power Distribution Company of A.P. Ltd. had levied Voltage Surcharge of ₹ 130.29 lakhs for getting the energy through general lines over and above the contracted load instead of dedicated lines. As getting the energy through specified line is not within the control of the company, the company challenged the levy before Hon'ble High Court of Andhra Pradesh and the High Court was pleased to grant staying the collection of the said levy. However the Company has paid ₹ 72.06 lakhs ( previous year ₹ 72.06 lakhs) under protest and shown under Long term loans and advances and the said amount was not provided for in the books. The appeal is pending.

## b) Fuel Surcharge Adjustment (FSA) :

FSA for the period from April 2008 to June 2010 amounting to ₹ 248.75 lakhs which were stayed by



the Hon'ble High Court of judicature at Hyderabad for the states of Telangana and Andhra Pradesh was not accounted.

b) i) Estimated amount of contracts to be executed on capital account NIL.

ii) Arrears of fixed Cumulative Dividends-9% cumulative dividend for the current year is ₹ 79.96 lakhs (for previous year ₹ 79.96 lakhs) (up to Previous year ₹ 978.30 lakhs).

## 25.2. Note on Incentives:

During the year under report Cement Division of the company has received an amount of ₹ 23.12 lakhs and ₹ 111.19 lakhs amounting to ₹ 134.32 lakhs as reimbursement of power cost and sales tax for the year 2011-12 as part of incentives extended by the government of Telangana. These reimbursements were released subject to certain conditions one among them being the unit should not go out of production within six years from the date of commencement of expanded capacity production. These incentives were shown as Exceptional item in Statement of Profit & loss account.

25.3. Pursant to the Companies Act 2013(the act) being effective from April 1, 2014 the Company has revised depreciation rates on fixed assets as per the usefull life specified in Part 'C' of Schedule II of the Act . As a result of this change the depreciation chared for the year ended 31st March 2015 is lower by ₹ 343.50 lakhs accordingly the profit as gone up by same amount.

25.4. 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 Telangana 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.

25.5. 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 ₹ 4.20 lakhs).

25.6. The Company could not obtain confirmation of balances as at 31<sup>st</sup> March 2015 in respect of trade receivables ₹ 170.35 lakhs, Loans and advances ₹ 2073.52 lakhs and Trade payables amounting to ₹ 1467.71 lakhs ,and the Company hopes that they would be collected, adjusted and paid.

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

## 25.8. Foreign Exchange Earnings and Expenditure:

	Current Year ₹ in lacs	Previous Year ₹ in lacs
a) Value of Imports calculated on CIF basis		
i)FixedAsset-PlantandMachinery	1.76	0
ii)Raw Materials	204.02	146.23
iii)Spares	8.94	3.16
b) Expenditure in foreign currency on account of		



Travelling	0	1.65
Consultancy	0	0
c) Earnings in foreign Exchange:		
Export of goods calculated on F.O.B basis	22.64	8.36

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

25.9. Defined Benefit Scheme in accordance with AS-15 "Employee Benefits. As per actuarial valuation as on 31.03.2015 and recognised in financial statements in respect of employee defined benefit scheme.

**Gratuity**

	As on 31.03.2015 ₹ lakhs	As on 31.03.2014 ₹ lakhs
Current Service Cost	7.71	7.65
Interest Cost on benefit obligation	15.29	15.28
Expected return on plan assets		
Net Actuarial(gain)/loss recognised in the year	(7.89)	(13.93)
Net Benefit expense	15.11	9.00
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	191.15	190.97
Interest cost	15.29	15.28
Current services cost	7.71	7.65
Benefits paid	(10.21)	(8.82)
Actuarial(gains)/losses on obligation	(7.89)	13.93
Closing defined benefit obligation	196.04	191.15

**Leave Encashment**

	As on 31.03.2015 ₹ lakhs	As on 31.03.2014 ₹ lakhs
Current Service Cost	0.50	0.55
Interest Cost on benefit obligation	2.26	2.11
Expected return on plan assets		
Net Actuarial(gain)/loss recognised in the year	0.94	1.22
Net Benefit expense	3.69	3.88
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	28.24	26.41



# Keerthi Industries Limited

Interest cost	2.26	2.11
Current services cost	0.50	0.55
Benefits paid	(2.03)	(2.05)
Actuarial(gains)/losses on obligation	0.94	1.22
Closing defined benefit obligation	29.91	28.24

## 25.10. Segment Reporting:

(₹ in lacs)

		Cement Division	Wind Mill	Electronics Division	Unallocated	Total
<b>Primary Disclosures:</b>						
External Sales:	Current Year	16790.28	96.93	695.08		17582.29
	Previous Year	13740.45	115.58	714.72		14570.75
Inter-segment Sales		0	0		0	0
Total Revenue :	Current Year	16790.28	96.93	695.08		17582.29
	Previous Year	13740.45	115.58	714.72		14570.75
Segment Result:	Current Year	3355.08	44.53	157.55	9.83	3566.99
	Previous Year	(1374.99)	88.50	11.14	198.52	(1076.83)
Less: Unallocated Expenses:						
	Current Year				9.83	9.83
	Previous Year				198.52	198.52
Less:Interest Expenses:						
	Current Year	937.01	0	10.00		947.01
	Previous Year	888.88	0	8.59		897.47
Add: Interest Received:						
	Current Year	103.27	0	15.36		118.63
	Previous Year	96.48		13.29		109.77
Add : Income Taxes:						
	Current Year	842.23	0			842.23
	Previous Year	258.60				258.60
Profit/ (Loss) :	Current Year	1679.11	44.53	162.91		1886.55
	Previous Year	(1908.79)	88.50	15.84		(1804.45)
<b>Segment Assets:</b>						
i) Total cost incurred during the year to acquire segment assets that are expected to be used during more than one year:						
	Current Year	5.28	0	4.02		9.30
	Previous Year	34.02	0	1.10		35.12
ii) Others:	Current Year	13797.82	471.15	704.1		14973.07
	Previous Year	14237.50	502.91	533.95		15274.36
Total Assets:	Current Year	13803.10	471.15	708.12		14982.37
	Previous Year	14271.52	502.91	535.05		15309.48
Segment Liabilities:						
	Current Year	14274.25	0	708.12		14982.37
	Previous Year	14774.33	0	535.05		15309.48



## Keerthi Industries Limited

Total Liabilities: Current Year	14274.25	0	708.12		14982.37
Previous Year	14774.43	0	535.05		15309.48
Depreciation: Current Year	793.25	27.81	4.76		825.82
Previous Year	1152.22	90.51	110.00		1352.73
Non cash expenses Other than Depreciation:					
Current Year	0	0	0		0
Previous Year	0	0	0		0

### 25.11. AS -18 Related party disclosures:

#### Name of Related Parties

- a. Hyderabad Bottling Co.Ltd
- b. Triveni Capital Leasing & Investments Pvt Limited
- c. I O U Projects Limited
- d. Kakatiya Cement,Sugar & Industries Limited
- e. Mr J.Venkata Krishna
- f. Mrs. J.Sharada Govardhini
- g. Mrs. J. Triveni  
Executive Chair Person
- h. Mr. J.S.Rao  
Managing Director

#### Nature of Relationship

Enterprises over which key management personnel have significant influence

Relatives of key managerial personnel.

Key Management Personnel



**i) Transaction with Enterprises over which key management personnel have significant influence:**

(₹ in lacs)

Nature of Transactions	Current Year	Previous Year	Receivable (Payable) as on 31.03.15	Receivable (Payable) as on 31.03.14
a) Inter Corporate Deposits	127.75	178.83	(1174.30)	(1046.55)
b) Interest payment	107.21	94.27		
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:**

a) Remuneration	20.55	20.55	(5.25)	(15.80)
b) Purchase of Land	---	---	-	(234.81)

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

a) Unsecured Loan (Including interest)	(10.80)	-	(75.67)	(86.47)
b) Purchase of Land	--	--	-	(20.42)
c) Salary	96.00	96.00	(5.93)	(13.63)
d) Contribution to P.F.	5.76	5.76		

**25.12. Earnings per share: A.S-20**

Particulars	Current year	Previous year
	(₹ in lakhs)	
Net Profit (loss) after tax (A)	1886.55	(1804.45)
Add/( Less): Dividend on 9% Cumulative Redeemable Preference shares	( 79.96)	79.96
Balance available for Equity Share holders	1806.59	(1884.41)
No. of Shares (B)	80,16,738	80,16,738
Basic & Diluted earnings per share of ₹ 10 each (A)/ (B)	22.54	(23.51)

**25.13. Deferred Tax:**

In accordance with accounting standard 22, "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the company worked out taxes on income resulting deferred tax asset of ₹ 0.58 lakhs as at 31.03.2015. The components of deferred tax assets and deferred tax liabilities are given hereunder.



## Keerthi Industries Limited

(₹ in lacs)

	As at 31.03.2015	As at 31.03.2014
A. Items of Deferred Tax Liability:		
Depreciation	3409.89	3387.08
B. Items of Deferred Tax Asset:		
(i) Disallowance U/S 43 B of IT Act' 1961 and other disallowances	23.75	17.89
(ii) Brought forward losses and Unabsorbed Depreciation	3383.30	
(iii) Unabsorbed long term capital loss	6.92	
	3413.97	
(B) - (A)	4.08	(3369.19)
Deferred Tax Assets	0.58	(1093.30)

As per our report of even date  
for **K.S.RAO & CO.**  
Chartered Accountants  
Firms' Registration No.: 003109S

Sd/-  
**P.Govardhan Reddy**  
Partner

Place: Hyderabad  
Date: 29.05.2015

For and on behalf of Board of Directors

Sd/-  
**(J.Triveni)**  
Executive Chairperson

Sd/-  
**(Y.Venkateswararao)**  
Chief Finance Officer

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

Sd/-  
**(Rajesh Kumar Yadav)**  
Company Secretary







**PROXY FORM**

[Pursuant to Section 105 (6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

**KEERTHI INDUSTRIES LIMITED**

(Formerly Suvarna Cements Limited)

CIN: L26942TG1982PLC003492

Reg. Off: Mellacheruvu (Village & Mandal), Nalgonda District, Telangana-508246, Tel: 08683-226028

Admin. Off: Plot No.40, I.D.A, Balanagar, Hyderabad-500037, Tel: 040-23076543

kilinvestorservices@gmail.com | www.keerthiindustries.com

Name of the Member(s)

Registered Address

  

Email

Folio No. / Client ID

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DP ID

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

I/We, being a Member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint

Name : \_\_\_\_\_ Email : \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
Signature: \_\_\_\_\_

Or failing him/her

Name : \_\_\_\_\_ Email : \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us, on my/our behalf at the 32<sup>nd</sup> Annual General Meeting of the Company to be held on Monday, the 28<sup>th</sup> day of September 2015 at 11.00 A.M at registered office at Mellacheruvu (Village & Mandal), Nalgonda District, Telangana-508246 and at any adjournment thereof in respect of such resolutions as are indicated below:



# Keerthi Industries Limited

Resolution Number	Resolution	Vote (Optional see Note 2) Please mention no. of shares)		
		For	Against	Abstain
<b>Ordinary Business</b>				
1	Adoption of Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and Auditors for the financial year ended March 31, 2015.			
2	Appoint a director in place of J Sivarama Prasad, who retires by rotation and being eligible, seeks re-appointment			
3	Ratification of appointment of M/s. K.S. Rao & Co, Chartered Accountants, as Statutory Auditors of the Company			
<b>Special Business</b>				
4	Ratification of remuneration of Cost Auditor:			
5	Adoption of New Articles of Association (AOA)			

Signed this \_\_\_\_\_ day of September 2015

\_\_\_\_\_  
Signature of Member

\_\_\_\_\_  
Signature of proxy holder(s)

Affix  
Re.1/-  
Revenue  
Stamp.

Note:

1. This form, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
2. It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.



PRINTED MATTER

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*If undelivered, Please return to :*

**KEERTHI INDUSTRIES LIMITED**

Administrative Office :  
Plot No.40, I.D.A, Balanagar,  
Hyderabad - 500 037.