



**Keerthi**

***Industries Limited***

(Formerly known as Suvarna Cements Limited)

**33<sup>rd</sup>**

***Annual Report 2015 - 2016***



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## CORPORATE INFORMTION

### 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. Venkateswara Rao  
(Resigned w.e.f. 30.07.2016)

### Company Secretary

Mr. Rajesh Kumar Yadav

### 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

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
4. Sri. K. Harishchandra Prasad	Member

#### V. Risk Management Committee:

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

## Other Committees

### VI. Internal Complaint Committee

- |                              |                            |
|------------------------------|----------------------------|
| 1. Smt. J.Triveni            | Chairman                   |
| 2. Sri. J. S. Rao            | Member                     |
| 3. Sri. E. Siva Sankaram     | Member                     |
| 4. Smt. J. Sarada Govardhini | Member (w.e.f. 28-05-2016) |

### 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](mailto:kilinvestorservices@gmail.com)

### Bankers

Canara Bank  
Andhra Bank

### Auditors

M/S. K. S. RAO & CO.  
Chartered Accountants  
#403 & 404, Golden Green Appartments,  
Irrum Manzil Colony,  
Hyderabad - 5000082  
Ph: (040) 23370002/4  
Email: [ksraoandcompany@gmail.com](mailto:ksraoandcompany@gmail.com)

### Cost Auditors

M/S. NARASIMHA MURTHY & CO  
104, Pavani Estate, 3-6-365, Himayat Nagar,  
Hyderabad - 500 029.  
Email: [knm.nmc@gmail.com](mailto:knm.nmc@gmail.com)

### Secretarial Auditor

VCSR & ASSOCIATES  
8-3-945, 3rd Floor, 305 A&B  
Pancom Business Centre  
Ameerpet, Hyderabad-500073  
Tel.040-23749021  
E-mail: [chveeru@gmail.com](mailto:chveeru@gmail.com)

### 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 33<sup>rd</sup> Annual General Meeting of Shareholders of the Company will be held on Saturday the 27<sup>th</sup> August, 2016 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, 2016, 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. S. Rao, the Managing Director (DIN: 00029090) 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 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 (31<sup>st</sup>) Annual General Meeting to hold office until the conclusion of the Thirty Fourth (34<sup>th</sup>) Annual General Meeting, be and is hereby ratified 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 respective meetings, the remuneration payable during the year 2016-17 to M/s. Narasimha Murthy & Co, Cost Accountants, to conduct the audit of the cost records of the Company for the financial year 2016-17, amounting to Rs. 70,000/- (Rupees Seventy Thousand only) plus service tax as applicable and re-imburement 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. Revision in salary of Smt. J. Sarada Govardhini, Chief Operating Officer (COO), relative of directors, holding office or place of profit, for the period from 14.02.2017 to 13.02.2021:

To consider and, if thought fit, to pass with



or without modification(s), the following resolution as an **Ordinary Resolution**:-

“RESOLVED THAT pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 15 (3) (b) of the Companies (Meeting of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and in terms of applicable provisions of the SEBI (LODR) Regulation, 2015 and also pursuant to the consent of the Nomination & Remuneration Committee, Audit Committee and the Board of Directors vide resolutions passed in their respective meetings held on 12<sup>th</sup> February, 2016, the approval of the Company be and is hereby accorded to the Board to approve and fix remuneration payable to Smt. J. Sarada Govardhini as Chief Operating Officer (COO) of the Company, of remuneration of Rs. 2,80,000 p.m. but not exceeding Rs. 4,30,000 p.m. for the period from 14-02-2017 to 13-02-2021 as per details as set out under item no. 5 of the Explanatory Statement annexed to this Notice.”

“RESOLVED FURTHER THAT where, in any financial year, the Company has no profits or its profits are inadequate, during the currency of tenure of the COO, the Company shall pay Rs. 2,50,000/- per month as minimum remuneration.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to fix the remuneration and other terms and conditions and vary the same from time to time within the overall limit approved by the members and the Central Government, if any, and to take all such acts that may be required to give effect to aforesaid resolution.”

### 6. To approve alteration in Articles of Association

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

“RESOLVED THAT pursuant to the provisions of Section 14 of the Companies Act, 2013 and other applicable provisions, if any, the consent of the Members of the Company be and is hereby accorded for alteration of the Articles of Association of the Company as follows:

1. The existing Article no. 79 (ii) of the Articles of Association of the Company be and is hereby deleted and the following new Article no. 79 (ii) be and is hereby substituted in lieu of the deleted Clause:

79 (ii) “The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least two Directors or one Director and of the secretary or such other person as the Board may appoint for the purpose and atleast any one of them shall sign every instrument to which the seal of the company is so affixed in their presence.”

2. The existing Article no. 85 of the Articles of Association of the Company be and is hereby deleted and the following new Article no. 85 be and is hereby substituted in lieu of the deleted Clause:

85.

- (i) Any dividend, interest or other monies payable in cash in respect of Securities shall be paid, either directly or through its Registrars to an Issue and Share Transfer Agent (RTI & STA), by using



any RBI (Reserve Bank of India) approved electronic mode of payment.

Provided, where it is not possible to use electronic mode of payment then dividend, interest or other monies payable in cash in respect of Securities may be paid by 'payable-at-par warrants' or cheques.

- (i) 'payable-at-par warrants' or cheques shall be sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.
- (i) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**7. To determine fee for Service of Documents to members**

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

"RESOLVED THAT pursuant to Section 20 and other applicable provisions, if any, of the Companies Act, 2013 and relevant Rules prescribed thereunder, upon receipt of a request from a member for delivery of any document through a particular mode an amount of Rs. 70/- (Rupees Seventy Only) per each such document, over and above reimbursement of actual expenses incurred

by the Company, be levied as and by way of fees for sending the document to him in the desired particular mode.

"RESOLVED FURTHER THAT the estimated fees for delivery of the document shall be paid by the member in advance to the Company, before dispatch of such document.

"FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Key Managerial Personnel of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper, desirable or expedient and to settle any question, difficulty, or doubt that may arise in respect of the matter aforesaid, including determination of the estimated fees for delivery of the document to be paid in advance."

By Order of the Board of Directors

Sd/-

**(J. S.Rao)**

Place: Hyderabad

Date: 28-05-2016

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.
3. In terms of Section 105 of the Companies Act,





2013 read with Rule 19 of the Companies (Management and Administration) Rules, 2014 a person can act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the company carrying voting rights.

A member holding more than 10% of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other shareholder

4. 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.
5. 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.
6. Members / proxies should bring the duly filed Attendance Slip enclosed herewith to attend the meeting.
7. 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.
8. The Register of Members and Share Transfer Books of the Company will remain closed from Monday 22<sup>nd</sup> August, 2016 to Saturday 27<sup>th</sup> August 2016, both days inclusive, in terms of Section 91 of the Companies Act, 2013 in connection with the AGM.
9. 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.
10. Copies of Annual Report 2015-2016 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 2015-2016 are being sent by the permitted mode.
11. The Notice of 33<sup>rd</sup> AGM and instructions for e-voting, along with the Attendance Slip and Proxy Forms, is being send 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.
12. Members may also note that the Notice of 33<sup>rd</sup> AGM and the Annual Report 2015-2016 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).
13. Shareholders are requested to kindly bring their copies of Annual Report to the Meeting.



14. Additional information pursuant to Regulation 36 (3) of the SEBI (LODR) Regulation, 2015 (erstwhile 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.
15. 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.
16. 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.
17. Members, who hold shares in de-materialized form, are requested to bring their Client ID and DP IDs for easier identification of attendance at the meeting.
18. 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. The details are as follows:
- (a) Number of shareholders outstanding at the beginning of the year: **1539**
  - (b) Outstanding shares in the DEMAT suspense account at the beginning of the year. **8899**
  - (c) Number of shareholders who approached the company for transfer of shares from

- the suspense account during the year: **1**
- (d) Number of shareholders to whom shares was transferred from the suspense account during the year. **1**
  - (e) Aggregate number of shareholders outstanding at the end of the year: **1538**
  - (f) Outstanding shares in the suspense account lying at the end of the year: **8895**
- Voting rights of these shares were frozen till the rightful owner of such shares claims these shares.

19. The Notice is being sent to all members through permitted modes, whose names appear in the Register of Members, as on 29<sup>th</sup> July, 2016.
20. 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, 2017, at a remuneration of Rs. 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**

**Approval of Revision in salary of Smt. J. Sarada Govardhini, Chief Operating Officer (COO), relative of directors, holding office or place of profit, for the period from 14.02.2017 to 12.02.2021**

During the Financial Year 2015-16, your Company has re-appointed Smt. J. Sarada Govardhini as Chief Operating Officer of the Company. She is a Related Party as per Section 2 (76) of the Companies Act, 2013. She has been appointed for a period of 5 (Five) years with effect from 14<sup>th</sup> February, 2016 on the salary and perquisites as set out below;

1. **Salary:** Rs. 2,50,000/- per month upto maximum of Rs. 4,30,000/- per month.
2. **Annual increments:** as tabulated hereunder:

Tenure of Appointment	Remuneration per month Rs.	Annual Increment Rs.	Cumulative Remuneration per month Rs.
1 <sup>st</sup> Year - (14-02-2016 -13.02.2017)	2,50,000	-	2,50,000
2 <sup>nd</sup> Year (14-02-2017 -13.02.2018)	2,50,000	30,000	2,80,000
3 <sup>rd</sup> Year (14-02-2018 -13.02.2019)	2,80,000	40,000	3,20,000
4 <sup>th</sup> Year (14-02-2019 -13.02.2020)	3,20,000	50,000	3,70,000
5 <sup>th</sup> Year (14-02-2020 -13.02.2021)	3,70,000	60,000	4,30,000

3. **Perquisites:** Perquisites shall be inclusive (included) in the Gross Salary and shall be valued in terms of the provisions of Income Tax Act, 1961.
  - i) **Medical Reimbursement:** Reimbursement of medical expenses incurred for self and family at actual.
  - ii) **Leave Travel Concession:** Leave Travel Concession for self and family once in a year.

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

- iii) **Club Fees:** Fees for two clubs and no admission and life membership fee shall be paid;
- iv) **Personal Accident Insurance:** Personal Accident Insurance premium shall be as per the rules of the Company;
- v) **Reimbursement of expenses for utilities** such as gas, electricity, water, furnishings,



air conditioning and repairs, all of which may be hired or owned;

- vi) Use of Company's car for official duties and telephones at residence (including long distance calls) and Cell Phone shall not be considered as perquisites;
- vii) Earned Leave: Encashment of leave at the end of the tenure is as per the rules of the Company.
- viii) Contribution to the provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961; and
- ix) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.

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

**Minimum Remuneration:** Where, in any financial year, the Company has no profits or its profits are inadequate, during the currency of tenure of the COO, the Company shall pay Rs. 2,50,000/- per month as minimum remuneration."

As per the provisions of Section 188 (1) (f) read with Rule 15 (3)(b) of Companies (Meeting of Board and its Power) Amendments Rules, 2014, prior approval of the Company in General Meeting is required for payment of remuneration exceeding Rs. 2.50 Lakhs per month.

The Company has proposed to pay remuneration to Smt. J. Sarada Govardhini in excess of Rs. 2.50 Lakhs per month upto a maximum of Rs. 4.30 Lakhs per month from her 2<sup>nd</sup> year of appointment (i.e from 14.02.2017 to 13.02.2021), which requires prior approval of the Company in General Meeting.

Relevant documents in respect of the said item are open for inspection by the members at the Administrative Office of the Company on all working days during 2.30 p.m. to 4.30 p.m. up to the date

of the Meeting.

Other than Sri. J. S. Rao, the Managing Director and Smt. J. Triveni, the Executive Chairperson of the Company, none of the Directors, Key Managerial Personnel or their relatives, are, in any way, concerned or interested in the resolution as set out at No 5 of the Notice.

The Board recommends the Ordinary Resolution as set out at item No. 5 for the approval of the Shareholders.

### **ITEM NO. 6**

#### **Alteration of Articles of Association (AOA)**

1. The Company's existing AOA requires that the Common seal of the company shall not be affixed to any instrument *except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose*. Hence, for the purpose of ease of doing business and to conduct the day-to-day affairs of the company in a smooth manner, it is proposed to alter the Article no. 79 (ii) of the AOA of the Company as detailed in Item no. 6 of Notice of the AGM.
2. Further, with effect from 1<sup>st</sup> December, 2015, SEBI has enacted a new Regulation called SEBI (Listing Obligations and Disclosure Requirements), Regulation 2015. As per Regulation 12 of the said Regulations, the listed entities shall use only RBI approved electronic mode for payment of dividend, interest or any other sum payable on Securities unless payment through electronic mode is not possible. Hence, the provisions relating to payment of dividend etc as contained in Article 85 of the existing AOA is also required to be altered accordingly.

In terms of Section 14 of the Companies Act, 2013, alteration of the Articles of Association can be effective only by passing a Special resolution and accordingly the Board of Directors recommends alteration in the Articles of Association as stated in the proposed Special Resolution for approval of the shareholders.



The specimen of the amended Articles of Association is available at company's website at [www.keerthiindustries.com](http://www.keerthiindustries.com) as well as available for inspection by the members at the Administrative Office of the Company on all working days, between 11.00 a.m. to 01.00 p.m. up to the date of Annual General Meeting of the Company.

None of the Directors, Key Managerial Personnel or their relatives, are, in any way, concerned or interested in the resolution as set out at No 6 of the Notice.

The Board recommends the Special Resolution as set out at item No. 6 for the approval of the Shareholders.

**ITEM NO. 7**

As per the provisions of section 20 of the Companies Act, 2013 a document may be served on any member by sending it to him by Post or by Registered post or by Speed post or by Courier or by delivering at

his office or address or by such electronic or other mode as may be prescribed. It further provides that a member can request for delivery of any document to him through a particular mode for which he shall pay such fees as may be determined by the company in its Annual General Meeting. Therefore, to enable the members to avail of this facility, it is necessary for the Company to determine the fees to be charged for delivery of a document in a particular mode, as mentioned in the resolution.

Since the Companies Act, 2013 requires the fees to be determined in the Annual General Meeting, the Directors accordingly recommend the Ordinary Resolution at item no. 7 of the accompanying notice, for the approval of the members of the Company.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at item no.7 of the accompanying Notice.

**(Annexure A)**

**ADDITIONAL INFORMATION PURSUANT TO Regulation 36 (3) of the SEBI (LODR) Regulation, 2015 (erstwhile CLAUSE 49 IV (G) (i) OF THE LISTING AGREEMENT):**

<b>Name of the Director</b>	Sri. J. S. Rao
<b>Date of Birth</b>	18-07-1953
<b>Qualification</b>	Post Graduate in Engineering
<b>Name of other companies in which the appointee also hold Directorships</b>	1. Triveni Capital Leasing Investments Pvt. Ltd.
	2. Kakatiya Cement Sugar and Industries Limited
	3. Hyderabad Bottling Co Ltd.
	4. Vijaya Estate and Holdings Pvt Ltd.
	5. JSK Holdings Private Limited.
	6. IOU Projects (India) Pvt. Ltd.
	7. VJP Solar Energy Systems Pvt Ltd
	8. DCS Sporting Private Limited
<b>Name of other Companies in which the appointee hold Board Committee membership</b>	Kakatiya Cement Sugar and Industries Limited
<b>Shareholding in Keerthi Industries Limited</b>	36,96,825 equity shares (46.11 % of paid up equity share capital of the Company)
<b>Relationship with other Directors</b>	Husband of Smt. J. Triveni, Executive Chairperson



**Instructions for e-voting**

Dear Member,

**Subject: Instructions for e-voting**

- I. 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 Regulation 44 of the SEBI (LODR) Regulation, 2015 (erstwhile 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 33<sup>rd</sup> AGM to be held on Saturday, August 27, 2016 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>
- II. 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.

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

Commencing of e-voting	End of e-voting
23.08.2016 (9.00 a.m.)	26.08.2016 (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 20<sup>th</sup> August, 2016, 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.

- IV. 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="https://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>	: <ul style="list-style-type: none"> <li>a) For account holders in CDSL: Your 16 digits beneficiary ID.</li> <li>b) For account holders in NSDL: Your 8 Characters DP ID and followed by 8 digits Client ID.</li> </ul>





## Keerthi Industries Limited

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:
<b>PAN</b>	: 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'..
<b>DOB *</b>	: 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 in the Dividend Bank details field.
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.
Step 12	:	If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

## 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: <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 :
<b>User - ID</b>	:	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 <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:
<b>PAN</b>	:	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.
<b>DOB *</b>	:	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 "SUBMIT".
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 "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly, modify your vote.
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.

V. Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30<sup>th</sup> June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.

#### 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 [www.evotingindia.com](http://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 20<sup>th</sup> August, 2016.

- (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. 20<sup>th</sup> August, 2016, may obtain the login ID and password by sending a request at 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.
- (vii). 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.
- (viii). 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.
- (ix). 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.

- (x). 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, on the resolutions to the Chairperson or a person authorized by her in writing, who shall countersign the same and declare the result of the voting forthwith.
- (xi). 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: 28-05-2016

Managing Director

DIN:00029090

**DIRECTORS' REPORT TO THE MEMBERS**

Dear Members,

Your Directors have pleasure in presenting their 33<sup>rd</sup> Annual Report for the Financial Year 2015-16 together with the Audited Balance Sheet as at 31st March, 2016 and the Profit & Loss Account for the year ended on that date.

**1. FINANCIAL RESULTS:**

(₹ In Lakhs)

Particulars	2015-16	2014-15
Net Operational Income	18256.65	15291.54
Other income	118.65	118.63
Profit before interest and depreciation	4253.72	2682.85
Less: Interest	618.01	947.01
Less: Depreciation	823.47	825.82
Profit/(Loss) before taxation	2974.80	1044.32
Less : Provision for taxation including deferred tax liability	973.57	(1093.88)
Less: short provision of earlier years	10.07	251.65
Net Profit/(Loss) after taxation	1991.16	1886.55

**2. PERFORMANCE OF THE YEAR UNDER REVIEW:**

In the Financial year 2015-16, the Company continued its strong growth momentum due to its ability to satisfy its customers and the rigor in following strong internal processes.

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

The Overall revenue for the year 2015-2016 at Rs 18375.30 Lakhs is higher by 19.24% (Rs 15410.17 Lakhs in 2014-2015), operating profit at Rs. 2974.80 Lakhs is higher by 184.86% (Rs. 1044.32 Lakhs in 2014-2015) and the net profit for the year at Rs. 1991.16 Lakhs is higher by 5.55% (Rs. 1886.55 Lakhs in 2014-2015)

**Cement Division:** Production of Cement and Clinker were 4,12,284 MTS and 4,02,841 MTS respectively during the twelve months ended 31<sup>st</sup> March, 2016 as against were 3,88,946 MTS and 3,72,780 MTS respectively during the previous year ended 31<sup>st</sup> March, 2015.

During the year under review 69% of the installed capacity of the Company was utilized.

**Wind Power:** The Company has generated 28,17,466 units as against 29,48,120 units during the previous year.

**Electronic Division:** The Company has produced 2,111 sq. mts of Printed Circuit Boards as against 1838 sq. mts during the previous year.

**CURRENT YEAR OUTLOOK:****CEMENT DIVISION:**

India's Cement Industry is a vital part of its economy, providing employment to more than a million people, directly or indirectly. India is the second largest producer of cement in the world. Some of the recent major government initiatives such as development of 98 smart cities are expected to provide a major boost to the sector.

Cement demand in India is expected to increase due to government's push for large infrastructure projects, leading to 45 million tonnes of cement needed in the next three to



four years. In addition, cement production in India is expected to touch 550-600 million tonnes (MT) in the next three to four 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 another level of milestone in producing the cement.

### 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 be taken for furtherance of the business.

### 3. DIRECTORS:

a) The Company's Board of Directors have been constituted in compliance with the provisions of Companies Act read with the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulation". The Composition of the Board is as under:

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

b) In accordance with the provisions of



Companies Act, 2013, Sri. J. S. Rao, the Managing Director of the Company would retire by rotation and, being eligible, offer himself for re-appointment. The Board of Directors recommends his re-appointment at the ensuing Annual General Meeting.

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

### Board Evaluation

Pursuant to Section 178 (2) of the Companies Act, 2013, the Nomination and Remuneration Committee has evaluated the performance of individual Directors in its duly convened meeting. Pursuant to Section 134 (3) (p) of the Companies Act, 2013 and Regulation 4 (2) (f) (ii) (9) of the ("SEBI (LODR) Regulation (erstwhile Clause 49 of the Listing Agreement) the Board has carried out an evaluation of its own performance, as well as the evaluation of the Committees of the Board. 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. Remuneration Policy is stated in the Corporate Governance Report.

### Meetings

During the year **Four (4)** Board Meetings and **Four (4)** 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.

#### **4. DETAILS OF WHOLE-TIME KEY MANAGERIAL PERSONAL (KMP)**

During the period under review, Sri. J. S. Rao, Managing Director, Smt. J. Triveni, Executive Chairperson & Whole-time Director, Sri. Y. Venkateswara Rao, Chief Financial Officer and Mr. Rajesh Kumar Yadav, Company Secretary & Compliance Officer are the Whole-Time Key Managerial Personal of the Company.

#### **5. DIVIDEND:**

In view of inadequate profits Your Directors regret their inability to recommend any dividend on Equity Shares for the year 2015-2016.

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

During the period under review, 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.

#### **7. POSTAL BALLOT**

The Company has, on 23<sup>rd</sup> April, 2015, approved the following resolution through Postal Ballots.



The details have been discussed in the Corporate Governance Report.

## 8. 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 Regulation 39 of the Listing Regulation (erstwhile 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.

## 9. 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.

## 10. 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.

## 11. 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.

## 12. 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 defined in the Internal Audit Charter. 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.

### 13. INTERNAL FINANCIAL CONTROL:

The Company has in place adequate internal financial control commensurate with the size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weakness in the design or operations were observed. The Company has policies and procedures in place for ensuring

proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

The Company has adopted accounting policies which are in line with the Accounting Standards and the Act. These are in accordance with generally accepted accounting principles in India. The Company has a robust financial closure, certification mechanism for certifying adherence to various accounting policies, accuracy of provisions and other estimates.

### 14. RELATED PARTY TRANSACTIONS:

All transactions entered by the Company with related party were in the ordinary course of the business. The Audit Committee granted approval of the same. There were no materially significant transactions with Related Parties during the financial year 2015-16 which were in conflict with the interest of the Company.

During the year, your Company has entered into following Related Party Transactions as per Section 188 (1) of the Companies Act, 2013:

S. No	Date of transaction	Nature of Transactions	Amount (In Rs.)	Legal Framework	Legal Requirements	Date of Approval obtained
1	22-07-2015	Purchase of equipments and erection and commissioning services from M/s. Green Secure Systems Pvt. Ltd, a Related Party u/s 2 (76) of the Act.	Rs. 5.6 Crores plus applicable duties and taxes	Listing Agreement and Sec-188 (1) (a) of Companies Act, 2013	Board approval and Audit Committee	Board Approval - 29-05-2015 Audit Committee approval - 08-08-2015



S. No	Date of transaction	Nature of Transactions	Amount (In Rs.)	Legal Framework	Legal Requirements	Date of Approval obtained
2	19-12-2015	Sell of Cement to Executive Chairperson of the Company	70,000	Regulation 23 (2) of SEBI Listing Regulation and Sec-188 (1) (a) of Companies Act, 2013	Prior approval of Audit Committee and Board	Audit Committee approval - 13-11-2015 Board Approval - 13-11-2015
3	16-02-2016	Sell of Cement to Executive Chairperson of the Company	30,750	Regulation 23 (2) of SEBI Listing Regulation and Sec-188 (1) (a) of Companies Act, 2013	Prior approval of Audit Committee and Board	Audit Committee approval - 13-11-2015 Board Approval - 13-11-2015
4	*14-02-2016	Appointment of Smt. J. Sarada Govardhini (Related Party) in place of Profit	Monthly Salary of Rs. 2.50 Lakhs per month	Regulation 23 (2) of SEBI Listing Regulation and Sec-188 (1) (f) of Companies Act, 2013	Prior approval of Audit Committee and Board	Audit Committee approval - 12-02-2016 Board Approval - 12-02-2016
5	05-03-2016	Sell of Cement to Executive Chairperson of the Company on Arm's length price	19,500	Regulation 23 (2) of SEBI Listing Regulation and Sec-188 (1) (a) of Companies Act, 2013	Prior approval of Audit Committee and Board	Audit Committee approval - 12-02-2016 Board Approval - 12-02-2016
6	22-03-2016	Sell of Cement to Chief Operating Officer of the Company	45,000	Regulation 23 (2) of SEBI Listing Regulation and Sec-188 (1) (a) of Companies Act, 2013	Prior approval of Audit Committee and Board	Audit Committee approval - 12-02-2016 Board Approval - 12-02-2016

\*Smt. J. Sarada Govardhini, has been appointed as Chief Operating Officer in accordance with the provisions of Sec 188 (1) of the Companies Act, 2013 for a period of 5 years at proposed remuneration of Rs. 2.50 Lakhs per month upto a maximum of Rs. 4.30 Lakhs per month, which requires prior approval by Ordinary Resolution of Members in the ensuing AGM. The Board recommends the approval of the Shareholders.





### 15. COST AUDITORS:

Cost Audit records have been maintained by the company for the F.Y.2015-16. 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.2015-16.

### 16. AUDITORS:

M/s. K.S. Rao & Co., Chartered Accountants, Hyderabad, has been appointed for three consecutive years i.e. till the conclusion of 34th AGM (Subject to the ratification by the shareholders at each AGM) by the shareholders at the 31st 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.

### 17. 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.

### 18. CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES:

Your Company has duly constituted CSR Committee on 29-05-2014. Your Company has incurred losses in the last two years out of the three immediately preceding financial years, Hence, the requirement in connection with spending of money on specified projects under corporate social responsibility rules

as envisaged under section 135 (5) of the Companies Act, 2013 are not applicable to the Company in the Financial year 2015-16.

However Your Company has been contributing generously for upliftment of poor and needy people within and immediate vicinity of the factory for their development in education, cultural, vocational and philanthropic activities. Moreover, your company has been providing on job training to students of Engineering colleges at free of cost. As a listed company, necessary measures have been taken to comply with the Listing Regulations of Stock Exchanges.

The Annual Report on CSR activities is annexed herewith as: **(Annexure C)**

### 19. 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 2015-2016. The Secretarial Audit report is annexed herewith as "**(Annexure D)**" & "**(Annexure D1)**"

### 20. 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)**".

### 21. DISCLOSURE AS PER SECTION 197(12)

Refer "**(Annexure F)**".



**22. 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.

**23. 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.

**24. RISK MANAGEMENT:**

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Regulation 21 of the Listing Regulation, the company has constituted a risk management committee on its Board Meeting held on 29<sup>th</sup> 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.

**25. CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORTS**

The Corporate Governance and Management Discussion & Analysis Report, which form an integral part of this Report, are discussed separately, together with the Certificate from the Practicing Company Secretary of the Company regarding compliance with the requirements of Corporate Governance as stipulated SEBI (LODR) Regulations, 2015.

**26. ACKNOWLEDGEMENTS:**

Your Directors are thankful to Canara Bank, MID Corporate Branch Somajiguda, 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

Date: 28-05-2016

**(J. Triveni)**

Executive Chairperson

DIN: 00029107



**(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>A. Power and Fuel Consumption:</b>		Cement	Electronic Division	Wind Power	Cement	Electronic Division	Wind Power
<b>1</b>							
a)	Purchased Units (Nos)	38634720	538195	NIL	37027720	529794	NIL
	Amount (Rs..)	239387065	4381312	NIL	228935116	4275501	NIL
	Rate/unit (Rs..)	6.20	8.14	NIL	6.18	8.07	NIL
b)	Own Generation:						
i)	Through Diesel Generator Units (Nos.)	7620	5022	NIL	24894	13091	NIL
	Units per Ltr. of Diesel Oil	2.75	3.14	NIL	2.77	2.85	NIL
	Cost/Unit (₹Rs.)	18.60	17.25	NIL	22.19	21.48	NIL
ii)	Through Steam Turbine/Generator:	NIL	NIL	NIL	NIL	NIL	NIL
	Units (Nos.)	NIL	NIL	NIL	NIL	NIL	NIL
	Units per Ltr. Of Fuel Oil Gas	NIL	NIL	NIL	NIL	NIL	NIL
	Cost/Unit (Rs.)	NIL	NIL	NIL	NIL	NIL	NIL
<b>2</b>	<b>Coal</b>						
	Quantity (M.T.)	76250	NIL	NIL	68617	NIL	NIL
	Total Cost (Rs.)	350705136	NIL	NIL	374993909	NIL	NIL
	Average Rate/M.T. (Rs.)	4599	NIL	NIL	5465	NIL	NIL
<b>3</b>	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)	93.71	254.92	NIL	95.20	299.59	NIL
	Furnace Oil	NIL	NIL	NIL	NIL	NIL	NIL
	Coal	0.19	NIL	NIL	0.18	NIL	NIL
	Others (Specify)	NIL	NIL	NIL	NIL	NIL	NIL

**FORM - B**

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	Rs. 707.49 Lakhs
b)	Foreign Exchange Earned	Rs. 30.01 Lakhs

By Order of the Board of Directors

Sd/-

Place: Hyderabad

Date: 28-05-2016

**(J. Triveni)**

Executive Chairperson

DIN: 00029107



### 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 Non-Independent Director and 2 are Promoter Executive Directors. The Composition of the Board is in conformity with the Companies Act, 2013 and SEBI (LODR) Regulation.
- b). The details of the Directors being appointed/ re-appointed on retirement by rotation at the ensuing Annual General Meeting, as required pursuant to Regulation 36 (3) of the SEBI (LODR) Regulation, 2015 (erstwhile Clause 49 of the Listing Agreement), are mentioned in the Notice to the Annual General Meeting, forming part of the Report.
- c). Pursuant to Section 165 (1) and Regulation 26 of the SEBI (LODR) Regulation, 2015, none of the Directors is a Director in:
  - more than 20 Companies at a time; or
  - more than 10 Public Limited Companies at a time; or
  - acts as an Independent Director in more than 7 Listed Companies; or
  - 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.
  - Membership and Chairpersonship of the audit committee and the Stakeholders' Relationship committee is considered only for the purpose of determination of limit of committee in pursuance of Regulation 26 (1) (b) of the SEBI (LODR) Regulation, 2015.
- d). The details of the Directorships in other Companies and Committee memberships/ Chairmanships in other Companies held by the Directors as on 31<sup>st</sup> March, 2016, 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. They do not hold any shares or convertible instruments in the Company.



- f). The Board of Directors met **4 (Four)** times during the year on 29.05.2015, 08.08.2015, 13.11.2015, 12.02.2016, and the maximum gap between any two meetings was not more than 120 days, as stipulated under Section 173 (1) of the Companies Act, 2013 read with Regulation 17 (2) of the SEBI (LODR) Regulation, 2015.
- 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	4	4	YES	5	-	-
2.	Mr. J. S. Rao	Managing Director	4	4	YES	8	1	-
4.	Mr. J. Sivaram Prasad	Non-Executive Director	4	2	YES	13	-	-
3.	Mr. K. Harish Chandra Prasad	Independent Director	4	4	NO	12	6	1
5.	Mr. E. Siva Sankaram	Independent Director	4	4	YES	-	-	-
6.	Mr. B. V. Subbaiah	Independent Director	4	4	NO	1	2	0

\*Other Directorship-includes both private and public limited Companies.

\*\*Committee Membership-Only in Audit Committee and Stakeholders’ Relationship committee.

\*\*\*Committee Chairmanship-Only in Audit Committee and Stakeholders’ Relationship committee.

**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 SEBI (LODR) Regulation, 2015 and 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, Nomination and Remuneration Committee, Stakeholders Relationship Committee, CSR Committee, Risk Management and Internal Complaint Committee. The Board decides the terms of reference for these Committees. The 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 Section 177 of



the Companies Act, 2013 read with Regulation 18 of the SEBI (LODR) Regulation, 2015 (erstwhile Clause 49 of the Listing Agreements).

- ii. Apart from all the matters provided in Regulation 18 of the SEBI (LODR) Regulation, 2015 (erstwhile Clause 49 of the Listing Agreements) and section 177(4) 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. It also investigates into any of the matter of Section 177 (4), as and when required.
- iii. The previous Annual General Meeting of the Company was held on 28<sup>th</sup> September 2015 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 section 177(4) of the Companies Act 2013 and Regulation 18 of the SEBI (LODR) Regulation, 2015 (erstwhile Clause 49 of the Listing Agreements) relating to the composition of the Audit Committee. During the financial year 2015-2016, **Four (4)** meetings of the Audit Committee were held on the 29.05.2015, 08.08.2015, 13.11.2015, and 12.02.2016.

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 read with Regulation 19 of the SEBI (LODR) Regulation, 2015.

The committee met **Two (2)** times on 29.05.2015 and 12.02.2016 during the financial year ended March 31, 2016. The details of composition and attendance record of the members at the meeting were as follows:



Name	Designation	Category	No of Meetings Attended
Sri. K. Harishchandra Prasad	Chairman	NED (I)	2
Sri. E. Siva Sankaram	Member	NED (I)	2
Sri. B. V. Subbaiah	Member	NED (I)	2
Sri. J. Sivaram Prasad	Member	NED	1

The details of remuneration paid to the Executive Directors for the financial year 2015-16 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 Rs 2,05,000/- for attending Board Meeting and Committee meeting to Non-Executive Directors during the financial year 2015-16

## PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS

The Companies Act, 2013 has enabled an evaluation mechanism to appraise the performance of the Independent Directors. Criteria for evaluation shall be laid by Nomination and Remuneration Committee. The criteria shall be disclosed in the Annual Report of the Company. The performance of Independent Directors shall be done by the entire Board of Directors (excluding the Director being evaluated). On the basis of evaluation, it shall be determined whether to extend or continue the term of appointment.

The Nomination and Remuneration Committee has lay down the evaluation criteria which is adopted by the Board. The criteria for evaluation of the Independent Directors are on the following parameters:

➤ **General Criteria:**

- Highest personal and professional ethics, integrity and values;
- Objective perspective, practical wisdom and mature judgment;
- Demonstrated intelligence, and independent Judgment
- The ability to communicate effectively and collaborate with other board members to contribute effectively to enhances Board and Committee deliberations, and
- The skills, knowledge and expertise relevant to the Company's business, with extensive experience at a senior leadership level in a comparable company or organization, including, but not limited to relevant experience in manufacturing, public service, finance, accounting, strategic planning and marketing.





➤ **Specific Criteria:**

- Participation and contribution by a Director;
- Commitment, including guidance provided to the Senior Management outside of Board/ Committee Meetings;
- Effective deployment of knowledge and expertise;
- Effective management of relationship with various stakeholders;
- Independence of behaviour and judgment.
- Maintenance of confidentiality of critical issues.

The Attributes of Criteria of Performance Evaluation is attached.

Factor	Attributes
<b>Role &amp; Accountability</b>	➤ Understanding of nature and role of independent directors' position
	➤ Understanding of risks associated with the business
	➤ Application of knowledge for rendering advice to Management for resolution of business issues
	➤ Offer constructive challenge to Management strategies and proposals
	➤ Active engagement with the Management and attentiveness to progress of decisions taken
<b>Objectivity</b>	➤ Non-partisan appraisal of issues
	➤ Own recommendations given professionally without tending to majority or popular views
<b>Leadership &amp; Initiative</b>	➤ Heading Board Sub Committees
	➤ Driving any function or identified initiative based on domain knowledge and experience
<b>Personal attributes</b>	➤ Commitment to role & fiduciary responsibilities as a board member
	➤ Attendance and active participation and not done perfunctorily
	➤ Proactive, strategic and lateral thinking

Further the Committee/Board is authorized to modify the criteria as it may deem fit and necessary.

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

Pursuant to the requirement of Regulation 34 (3) read with Schedule V of the SEBI (LODR) Regulation, 2015, criteria of making payments to non-executive directors shall be disclosed in the Annual Report or alternatively, may be disseminated on the website of the Company and reference drawn thereto in the annual report. Hence, we are providing a web link of the same:



<http://www.keerthiindustries.com/images/Criteria%20for%20Selection%20and%20remuneration%20of%20Board%20members.pdf>

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

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

The committee met Four (4) times on 29.05.2015, 08.08.2015, 13.11.2015 and 12.02.2016 during the financial year ended March 31, 2016. The details of composition and attendance record of the members at the meeting were as follows:

Name	Designation	Category	No. of Meetings
Sri. B. V. Subbaiah	Chairman	NED (I)	4
Sri. J. S. Rao	Member	ED (P)	4
Smt. J. Triveni	Member	ED (P)	4

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 in compliance with the modified guidelines for share transfers under corporate governance rules, the routine transfer of physical shares of the Company has been delegated to XL Softech systems Ltd (RTA) and the share transfers has been completing within 15 days from the date of receipt of the valid transfer deeds. The other investor related complaints is reported to the Stakeholder's Relationship Committee.

The Company has designated an exclusive e-mail ID [kilinvestorservices@gmail.com](mailto: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	Resolved during the year	1
4	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, on May 29, 2014, formed 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. K. Harishchandra	Member	NED (I)
Sri. J. Sivaram Prasad	Member	NED

The Annual Report on CSR activities carried out during the year 2015-16 is annexed as '(Annexure C)'.

**e). RISK MANAGEMENT COMMITTEE**

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

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

**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
*Smt. J. Sarada Govardhini	Member	Chief Operating Officer
Sri. J. S. Rao	Member	Managing Director
Sri. E. Sivasankaram	Member	NED (I)

\*Appointed as member on 28-05-2016

**INDEPENDENT DIRECTORS MEETING:**

During the year under review, the Independent Directors met on March 26, 2016, 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.
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
2014-15	28-09-2015	11:00 AM	Registered office at Mellacheruvu (Village & Mandal), Nalgonda District 508246 Telangana	Yes
2013-14	09-08 2014	11:00 AM	Registered office at Mellacheruvu (Village & Mandal), Nalgonda District 508246 Telangana	No
2012-13	29-07-2013	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 commenced during the previous year 2014-15 and the result was announced on 23<sup>rd</sup> April during the period under review. The information required as per Clause (C) (7) of Schedule V of the SEBI (LODR) Regulation, 2015 is tabulated hereunder:

S. No.	Description	Type of Resolution	Result	Scrutinizer	Procedure
1	Extension of date of redemption of 770100 - 9% cumulative redeemable preferential shares of Rs. 100/- each by 5 (five) more years	Special Resolution	Passed with requisite majority	Sri. Ch. Veeranjaneyulu, 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	The Company has engaged the service of CDSL for providing platform for e-voting and recording votes of shareholders electronically. The Notice of Postal Ballot with physical ballot papers were send through permitted mode to all the persons who were shareholders as on the cut-off date 07-03-2015. On the fixed date result of Postal ballot was announced by the Chairperson of the Company as per the report of the Scrutinizer.
2	Approval of Borrowing limits of the Company	Special Resolution	Carried with requisite majority		
3	Creation of Charges on the assets of the Company	Special Resolution	Carried with requisite majority		
4	Ratification of remuneration of Cost Auditor	Ordinary Resolution	Carried with requisite majority		
5	Appointment and fixation of remuneration of Smt. J Trivni as Whole time Director and Executive Chairperson.	Special Resolution	Carried with requisite majority		
6	Appointment and fixation of remuneration of Sri. JS Rao as Managing Director.	Special Resolution	Carried with requisite majority		



## V. 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 The Financial Express, English newspaper and in Andhra Prabha, vernacular newspaper. The same is also uploaded in the Company's website: [www.keerthiindustries.com](http://www.keerthiindustries.com).

## VI. GENERAL SHAREHOLDERS INFORMATION:

### a) 33<sup>rd</sup> Annual General Meeting:

Date and Time	Saturday, the 27 <sup>th</sup> August, 2016 at 11:00 AM
Venue	Registered office at Mellacheruvu (Village & Mandal), Nalgonda District 508246 Telangana

b) Book Closure Date: 22.08.2016 to 27.08.2016 (Both days inclusive)

c) Financial Year and Calendar (Tentative) 2016-17:

The Company follows April to March as its Financial Year. The results of every quarter beginning from April are declared within 45 days of the end of that Quarter except the last quarter which is declared within 60 days of the end of the Quarter as follows:

Financial Reporting for 2016-2017 (tentative)	On or before
Quarter Ending 30.06.2016	13.08.2016
Half year ending 30.09.2016	14.11.2016
Quarter Ending 31.12.2016	14.02.2017
Year ending 31.03.2017	30.05.2017

Listing on Stock Exchanges:

- i. The Bombay Stock Limited
- d) Listing Fees: Listing Fees for Financial Year 2016-17 has been paid.
- e) Scrip Code: 518011
- f) ISIN No: INE145L01012
- g) Stock Price Data and performance:



Month	High	Low	Turnover	Month	High	Low	Turnover
Apr'2015	49.30	37.05	14,34,808	Oct'2015	213.40	157.00	1,68,67,641
May'2015	41.85	35.85	5,51,363	Nov'2015	265.00	199.80	2,89,00,939
Jun'2015	90.65	43.55	91,12,906	Dec'2015	262.00	225.00	1,95,56,456
Jul'2015	105.80	82.70	59,84,599	Jan'2016	252.30	170.80	1,18,20,326
Aug'2015	183.25	82.50	1,88,85,684	Feb'2016	187.50	106.70	72,38,415
Sept'2015	190.60	150.50	84,30,397	Mar'2016	140.00	105.00	62,01,056

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 31<sup>st</sup> March 2016, 83.66% of the equity shares of the Company are in electronic 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 or with the Registrar and Share transfer Agent at the above mentioned addresses. Apart from equity shares, 100% of 9% cumulative redeemable preference share held in physical form.

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, 2016:

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	6005847	74.92
	<b>Sub- Total A</b>	<b>6005847</b>	<b>74.92</b>
B	Public Shareholding		
1.	Institutions	9991	0.12
2.	Non- Institution		
a)	Body Corporate	122888	1.53
b)	Indian Public and others	1786098	22.28



c)	Any others		
	i) NRI's	89442	1.12
	ii) Clearing Members	2472	0.03
	<b>Sub- Total B</b>	<b>2010891</b>	<b>25.08</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, 2016 is as follows:

Particulars	Shareholders		Shareholding	
	Number	%	Value	%
UPTO - 5000	14199	96.65	11627120	14.50
5001 - 10000	325	2.21	2552540	3.18
10001 - 20000	97	0.66	1428310	1.78
20001 - 30000	23	0.16	561900	0.70
30001 - 40000	13	0.09	451550	0.56
40001 - 50000	8	0.05	379460	0.47
50001 - 100000	15	0.10	1038470	1.30
100001 & ABOVE	11	0.07	62128030	77.50
<b>Total</b>	<b>14691</b>	<b>100.00</b>	<b>80167380</b>	<b>100.00</b>

l) Dematerialization of Shares:

The Company's equity shares are dematerialized on National Securities Depositories limited (NSDL) and Central Depository Services (India) Limited. The Company's ISIN is INE145L01012. As on 31<sup>st</sup> March, 2016, 67,06,870 equity shares are dematerialized which is 83.66 % of the paid up equity share capital of the company and out of which 17,10,866 shares are in CDSL and 49,96,004 shares are in NDSL and the balance i.e. 13,09,868 equity shares are in physical form.

m) Plant Location and address for investors correspondence:

- Plant Locations:**

Plant Locations	
<b>Cement</b>	<b>Electronics</b>
Mellacheruvu (Village & Mandal), Nalgonda District, Telangana-508 246 Tel: 08683-226028	Plot No. 40, IDA, Balanagar, Hyderabad, Telangana- 500037 Tel: 040-23076543





- 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 Regulation 17 (8) Part B of Schedule II of the SEBI (LODR) Regulation, 2015 (erstwhile Clause 49 of the Listing Agreement), the certificate from Managing Director and CFO is attached elsewhere in the Annual Report.

o) CEO/MD Declaration on Compliance of Code of Conduct:

As required under Clause D of Schedule V of the SEBI (LODR) Regulation, 2015 (erstwhile Clause 49 of the Listing Agreement), the Managing Director of the Company has furnished the requisite Certificates to the Board of Directors affirming that the members of board of directors and senior management personnel have affirmed compliance with the Company's code of conduct. The Certificate is attached elsewhere in the Annual Report.

p) Compliance Certificate of the Practicing Company Secretaries:

As required under Clause E of Schedule V of the SEBI (LODR) Regulation, 2015 (erstwhile Clause 49 of the Listing Agreement), M/s. VCSR & Associates, Practicing Company Secretaries has certified that the company has complied with the conditions of the Corporate Governance as stipulated in Regulations 17 to 27 and other applicable provisions of SEBI (LODR) Regulation, 2015 (erstwhile Clause 49 of the listing agreement) and the same forms part of the Annual Report.

### VII. OTHER DISCLOSURES:

- i. There were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.
- ii. The BSE has served a notice of fine of Rs. 1000/- plus service tax for late filing of quarterly Corporate Governance report for the period related to December, 2013 and the Company has paid the fine and closed the matter. Besides, 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.
- iii. In the preparation of financial statements, no treatment materially different from that prescribed in Accounting Standards had been followed.
- 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. It



is hereby affirmed that the mechanism provide direct access to the designated Ethics Counselor / 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 mandatory requirements within the allowed time and adopted non-mandatory requirements as required under the SEBI (LODR) Regulation, 2015.
- vi. The Company does not have any subsidiary Company; hence the requirement for framing policy for determining 'material' subsidiaries is not required.
- vii. The Policy on dealing with related party transactions is disseminated in the website of the Company and is available at the weblink:  
[www.keerthiindustries.com/policyonrelatedpartytransaction.html](http://www.keerthiindustries.com/policyonrelatedpartytransaction.html)
- viii. Most of the discretionary requirements as specified in Part E of Schedule II of the SEBI (LODR) Regulation, 2015, which were practicable for the company to adopt have been adopted and applied.
- ix. The Company has complied with all the compliances with corporate governance requirements specified in regulation 17 to 27 and applicable clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (LODR) Regulation, 2015.
- x. M/s. VCSR & Associates, Practicing 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.

**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**  
**DIN: 00029107**

**Place: Hyderabad**  
**Date: 28.05.2016**



**(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 programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

CSR Mission is stated herein below:

CSR Mission

Our aim is to establish its net work throughout the country by next five years by expanding its market potential with multi products. In so doing, to contribute to the social and economic development of the communities in which we operate and to provide better and sustainable way of life for the upliftment of poor and needy people within and immediate vicinity of the factory.

To pursue these objectives, our focus areas are:

Sl. No	Goal area	Actions
1	Hunger, poverty, malnutrition and healthcare	The Company will focus on mid-day meal programs in schools across weaker section of society particularly in the State of Telangana and Andhra Pradesh.  The Company will work with Non- profit organizations working in medical or health-related projects such as providing support for cancer treatment, cataract surgeries, etc of poor peoples.
2	Education	The Company s’ focus on education will be on two fronts:  (a) To train students from under privileged backgrounds in its various development centers.  (b) To provide off the job training to various mechanical/electrical engineering students across various colleges in India.
3	Rural Development	We believe that the well-being of people living in rural areas ensures sustainable development. We will work with local administrations to achieve community development goals. We will partner with governments and NGOs and support them in improving infrastructure such as constructing roads, providing drainage systems and electricity, and rehabilitating natural-disaster- affected victims in rural areas.
4	National Heritage, Art And Culture	The Company will provide donations for protecting national heritage, art and culture including temples etc.

Web Link:

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



**2. Composition of CSR Committee**

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

The committee has not met any times during the financial year ended March 31, 2016 as the Company was not falling within the ambit of Section 135 (5) of the Companies Act, 2013.

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

(Rs. In Lakhs)

<b>Particulars</b>	<b>2012-2013</b>	<b>2013-2014</b>	<b>2014-2015</b>
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  
DIN: 01147062

Sd/-  
**J. S. Rao**  
Managing Director  
DIN: 00029090

Place: Hyderabad

Date: 28.05.2016



**Annexure D**

to the Report of the Board of Directors

**MR -3**

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016**

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') for the financial year 2015-16. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on our 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 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, 2016 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;



- VIII. 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;
- IX. Employees Provident Fund and Miscellaneous Provisions Act, 1952
- X. Employees State Insurance Act, 1948
- XI. Employers Liability Act, 1938
- XII. Environment Protection Act, 1986 and other environmental laws
- XIII. Equal Remuneration Act, 1976
- XIV. Factories Act, 1948
- XV. Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rule, 2003
- XVI. Income Tax Act, 1961 and Indirect Tax Laws
- XVII. Indian Contract Act, 1872
- XVIII. Indian Stamp Act, 1999
- XIX. Industrial Dispute Act, 1947
- XX. Minimum Wages Act, 1948
- XXI. Payment of Bonus Act, 1965
- XXII. Payment of Gratuity Act, 1972
- XXIII. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (erstwhile Listing Agreements);

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. There were no changes in the composition of the Board of Directors during the period under review and 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/-

**Ch Veeranjanyulu  
Partner**

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

**Place: Hyderabad**

**Date: 28.05.2016**

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, were followed to 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/-

**Ch Veeranjanyulu  
Partner**

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

**Place: Hyderabad**

**Date: 28.05.2016**





**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, 2016  
[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:**

S. No	Particulars	Details
1	CIN	L26942TG1982PLC003492
2	Registration Date	17 <sup>th</sup> May, 1982
3	Name of the Company	Keerthi Industries Limited
4	Category / Sub-Category of the Company	Company Limited by Shares
5	Address of the Registered office and contact details	Mellacheruvu (Village & Mandal), Nalgonda District, Telangana-508246. Tel: 08683-226028
6	Whether listed company	YES
7	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 - N.A.**

**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	60,01,509	4,338	60,05,847	74.92	0.04
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>60,01,509</b>	<b>4,338</b>	<b>60,05,847</b>	<b>74.92</b>	<b>(0.04)</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>60,01,509</b>	<b>4,338</b>	<b>60,05,847</b>	<b>74.92</b>	<b>(0.04)</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	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	6,667	3,074	9,741	0.12	6,667	3,074	9,741	0.12	Nil
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>6,667</b>	<b>3,324</b>	<b>9,991</b>	<b>0.12</b>	<b>6,667</b>	<b>3,324</b>	<b>9,991</b>	<b>0.12</b>	<b>Nil</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	66,757	66,898	1,33,655	1.67	57,755	65,133	1,22,888	1.53	(0.14)
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									
i). Individual shareholders holding nominal share capital upto Rs. 1 lakh	3,89,131	12,25,163	16,14,294	20.14	4,97,648	11,54,703	16,52,351	20.61	0.47
ii). Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1,63,907	Nil	1,63,907	2.04	1,33,747	Nil	1,33,747	1.67	(0.37)
c) Others Clearing Members	320	Nil	320	0.00	2,472	Nil	2,472	0.03	0.03
d) NRI's	1,818	83,601	85,419	1.07	7,072	82,370	89,442	1.12	0.05
<b>Sub-total (B)(2):-</b>	<b>6,21,933</b>	<b>13,75,662</b>	<b>19,97,595</b>	<b>24.92</b>	<b>6,98,694</b>	<b>13,02,206</b>	<b>20,00,900</b>	<b>24.96</b>	<b>0.04</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>6,28,600</b>	<b>13,78,986</b>	<b>20,07,586</b>	<b>25.04</b>	<b>7,05,361</b>	<b>13,05,530</b>	<b>20,10,891</b>	<b>25.08</b>	<b>0.04</b>
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Grand Total (A+B+C)</b>	<b>66,33,414</b>	<b>13,83,324</b>	<b>80,16,738</b>	<b>100</b>	<b>67,06,870</b>	<b>13,09,868</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			% 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	65.06	36,96,825	46.11	65.06	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	235	0.00	NIL	(0.04)
7	J. Bullemmai	3,500	0.04	NIL	3,500	0.04	NIL	NIL
	<b>Total</b>	<b>60,09,152</b>	<b>74.96</b>	<b>65.06</b>	<b>60,05,847</b>	<b>74.92</b>	<b>65.06</b>	<b>(0.04)</b>

iii). *Change in Promoters' Shareholding (please specify, if there is no change)-*

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	J. Veeranna Choudary				
	At the beginning of the year	3,540	0.04	-	-
	Increase / (Decrease) Reason: Due to transfer of shares	-	-	(3,305)	0.04
	At the End of the year	-	-	235	0.00



iv). *Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):*

Sl. No.	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	Udaya Bhaskara Rao Akkineni	1,00,000	1.25	1,00,000	1.25
2	Mecca Constructions Pvt Ltd	50,000	0.62	50,000	0.62
3	Stressed Assets Stabilization Fund	27,778	0.35	27,778	0.35
4	C L N Prasad HUF.	00	0.00	11,428	0.14
5	Nilam J Patel	500	0.00	11,180	0.14
6	Jyotika Jaykant Vyas	10,000	0.12	11,139	0.14
7	Jagdish Kumar Raval	00	0.00	8,450	0.11
8	Jayesh Ramanlal Shah	00	0.00	7,900	0.10
9	Jitendra Shankarlal Patel	1000	0.01	7,604	0.09
10	Madhubala P Trivedi	26,007	0.32	7,508	0.09

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	-	-
	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	27.38	-	-
	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	27.38	21,95,379	27.38
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	2	0.00	-	-
	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	2	0.00	2	0.00



8	Rajesh Kumar Yadav – 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 (Rs. In Lakhs)**

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

**Rs. (In lakhs)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</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>
<b>Change in Indebtedness during the financial year</b>				
Addition	1651.26	405.86	Nil	2057.12
Reduction	1455.17	198.66	0.51	1654.34
<b>Net Change Indebtedness At the end of the financial year</b>	<b>196.09</b>	<b>207.20</b>	<b>(0.51)</b>	<b>402.78</b>
i) Principal Amount	4665.47	3047.61	5.22	7718.30
ii) Interest due but not paid	Nil	Nil	Nil	
iii) Interest accrued but not due	8.67	Nil	Nil	8.67
<b>Total (i+ii+iii)</b>	<b>4674.14</b>	<b>3047.61</b>	<b>5.22</b>	<b>7726.97</b>



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

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

*(Rs. In Lakhs)*

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		J. S. Rao (MD)	J. Triveni (Chairperson & WTD)	
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			199.12

**B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		K Harishchandra Prasad	B V Subbaiah	E Siva Sankaram	J Sivaram Prasad	
	Independent Directors					
1	Fee for attending board / committee meetings	57,500	67,500	57,500	—	1,82,500
	Commission	Nil	Nil	Nil	—	Nil
	Others, please specify	Nil	Nil	Nil	—	Nil
	Total (1)	57,500	67,500	57,500	—	1,82,500





2	Other Non-Executive Directors					
	Fee for attending board/ committee meetings	–	–	–	22,500	22,500
	Commission	–	–	–	Nil	Nil
	Others, please specify	–	–	–	Nil	Nil
	Total (2)	–	–	–	22,500	22,500
	Total (B)=(1+2)	57,500	67,500	57,500	22,500	2,05,000
	Total Managerial Remuneration					2,05,000
	Overall Ceiling as per the Act					19,91,164

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		CFO	*Company Secretary (*Appointed w.e.f. 29.05.2015)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6,85,837	4,71,774	11,57,611
	(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
	<b>Total</b>	<b>6,85,837</b>	<b>4,71,774</b>	<b>11,57,611</b>

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

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding	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****(Annexure-F)**

Particulars as per Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year

S. No.	Name of the Director	Ratio of the remuneration to the median remuneration of the employees.
1.	Sri J. S. Rao ( Managing Director)	237:1
2.	Sri J. Triveni (Executive Chairperson)	237:1

- (ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

S. No.	Name of the Director & KMP	% increase in remuneration
1.	Sri. J. S. Rao ( Managing Director)	100%



2.	Smt. J. Triveni (Executive Chairperson)	100%
3.	Sri. Y. Venkateswara Rao (CFO)	13.15%
4.	Mr. Rajesh Kumar Yadav (Company Secretary)	NIL

**(iii) The percentage increase in the median remuneration of employees in the financial year**

9.52%

**(iv) The number of permanent employees on the rolls of company**

211

**(v) The explanation on the relationship between average increase in remuneration and company performance**

S. No.	*Average increase in remuneration	As compared to previous year, Increase in Company performance (Net profits after Tax)
1.	15.59%	5.55%

\*The Remuneration of Executive Directors not taken into account while calculating Average increase in remuneration of employees.

**(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company:**

(Rs. In Lakhs)

S. No.	Remuneration of Key Managerial Personnel	Performance of the Company for the year ended 31 <sup>st</sup> March, 2016 (Net profits after Tax)
1.	107.58	1991.16

**(vii) Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies**

S. No.	Particular	As at 31 <sup>st</sup> March, 2015 Rs.	As at 31 <sup>st</sup> March, 2016 Rs.
1.	Market capitalization	28,74,00,057	1,12,23,43,320
2.	Market quote (BSE)	35.85	140.00
3.	EPS	23.84	22.54



The company has not made any public issue during the year.

- (viii) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

There are two whole time Directors viz., Managing Director and Executive Chairperson and the increase in their remuneration is given above in point no (ii).

- (ix) **Comparison of remuneration of each of the Key Managerial Personnel against the performance of the company:**

(Rs. In Lakhs)

S. No.	Name Key Managerial Personnel	Remuneration of Key Managerial Personnel	Performance of the Company for the year ended 31 <sup>st</sup> March, 2016 (Net profits after Tax)
1.	Sri. J. S. Rao (Managing Director)	48.00	1991.16
2.	Smt. J. Triveni (Executive Chairperson)	48.00	1991.16
3.	Sri. Y. Venkateswara Rao (CFO)	6.86	1991.16
4.	Mr. Rajesh Kumar Yadav (Company Secretary)	4.72	1991.16

- (x) **The key parameters for any variable component of remuneration availed by the directors**

Only monthly remuneration subject to the overall limits specified by the Companies Act, 2013.

- (xi) **The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.**

Not Applicable

- (xii) **Affirmation that the remuneration is as per the remuneration policy of the company**

The remuneration paid to the Key Managerial personnel is in accordance with the remuneration policy of the Company



## 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 98 smart cities are expected to provide a major boost to the sector.

Cement demand in India is expected to increase due to government's push for large infrastructure projects, leading to 45 million tonnes of cement needed in the next three to four years.

India's cement demand is expected to reach 550-600 Million Tonnes Per Annum (MTPA) by 2025. The housing sector is the biggest demand driver of cement, accounting for about 67 per cent of the total consumption in India. 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.

To meet the rise in demand, cement companies are expected to add 56 million tonnes (MT) capacity over the next three years. The cement capacity in India may register a growth of eight per cent by next year end to 395 MT from the current level of 366 MT. It may increase further to 421 MT by the end of 2017. The country's per capita consumption stands at around 190 kg.

##### 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:



The electronics market of India is one of the largest in the world and the market is projected to grow at a compound annual growth rate (CAGR) of 24.4 per cent during 2012-2020. Total production of electronics hardware goods in India is estimated to reach US\$ 104 billion by 2020. The communication and broadcasting equipment segment constituted 31 per cent, which is the highest share of total production of electronic goods in India, followed by consumer electronics at 23 per cent.

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 5 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 of disposition. Further all transactions entered into by the company are duly authorized and recorded correctly. M/s. Pavuluri & Co., Chartered Accountants, Hyderabad has been working as the Internal Auditors of the company. The Internal Auditors are submitting reports to the company on a Quarterly basis.



**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.

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**Practicing Company Secretary's Certificate on compliance of conditions of Corporate Governance as per Regulation 34 read with Schedule V of the SEBI (LODR) Regulation, 2015 (erstwhile Clause 49 of the Listing Agreement)**

To  
The Members of  
Keerthi Industries Limited  
Hyderabad.

We have examined the compliances of requirements of Corporate Governance by **KEERTHI INDUSTRIES LIMITED**, for the year ended on 31<sup>st</sup> March, 2016 as stipulated under regulation 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the SEBI (LODR) Regulation, 2015 (erstwhile Clause 49 of the Listing Agreement).

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 Regulations. 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 Regulations 17 to 27 and applicable clauses from (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V the SEBI (LODR) Regulation, 2015 (erstwhile Clause 49 of the 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: 28-05-2016**

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**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 for the Board Members and Senior Management of the Company ("the code"). The code is available on the website of the Company at [www.keerthiindustries.com](http://www.keerthiindustries.com)

Pursuant to Clause D of Schedule V of the SEBI (LODR) Regulation, 2015 (erstwhile 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, 2016.

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

**Sd/-  
J. S. Rao  
Managing Director  
DIN: 00029090**

**Place: Hyderabad  
Date: 28.05.2016**





**CERTIFICATE PURSUANT TO REGULATION 17(8) OF SEBI (LODR) Regulation, 2015 (ERSTWHILE CLAUSE 49 (IX) OF THE LISTING AGREEMENT)**

Dear Shareholder,

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

- A. We have reviewed the financial statements and the cash flow statement 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 together present a true and fair view of the state of affairs of the Company and are in compliance with existing accounting standards, applicable laws and regulations.
- B. 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.
- C. We accept overall responsibility for establishing and maintaining 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.
- D. 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.
- E. 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: : 28.05.2016

**J. S. Rao**  
**Managing Director**  
**DIN: 00029090**

Sd/-

**Y. Venkateswara Rao**  
**CFO**



## INDEPENDENT AUDITORS' REPORT

To the Members of KEERTHI INDUSTRIES LIMITED,

### Report on the 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 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a 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 and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting 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 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 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 financial statements.

### Audit Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India *in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2016; in the case of the Statement of Profit and Loss, of the profit for*



*the year ended on that date; and in the case of Cash Flow Statement, of the cash flows for the year ended on that date.*

**8. Emphasis of matter**

*We draw attention to Note No. 25.4 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the *Annexure-A* a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 purpose of our audit;
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards specified under section 133 of the Act, read with rule Rule 7 of the Companies(Accounts) Rules,2014 ;
  - (e) on the basis of the written representations received from the directors as on 31st March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016 from being appointed as a director in terms of Section 164 (2) of the Act ;
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "*Annexure B*"; and
  - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. 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: 28.05.2016

**ANNEXURE-A REFERRED TO PARAGRAPH 9 OF OUR REPORT OF EVEN DATE****Statement on the Companies (Auditor's Report) Order, 2016**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- (i) (a) the Company maintains proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification;
- (c) title deeds of immovable properties are held in the name of the Company;
- (ii) Management had physically verified the inventory at reasonable intervals and no material discrepancies were noticed on physical verification;
- iii) (a) the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013;
- (b) in view of our comment in para iii (a) above, paras 3(iii) (b) and (c) of the aforesaid Order are not applicable to the Company;
- (iv) the Company has not advanced any loan, not made investments, not given guarantees and not provided any security. Hence para 3(iv) of therefore said Order is not applicable;
- (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) maintenance of cost records has been prescribed by the Central Government under section 148(1) of the Act in respect of certain products manufactured by the Company and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained
- (vii) (a) according to the records, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Fund, Employees State's Insurance, Income Tax, Sales-tax, Service Tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to the Company. And there are no statutory dues which were in arrears as at 31st March 2016, for a period of more than six months from the date they became payable.
- (b) there are no statutory dues which have not been deposited on account of any dispute other than sales tax and excise duty the details of which are given below:

S. No	Name of the Statute	Nature of Dues	Amount (₹)	Period to which amount related	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	Sales Tax Appellate Authority



## Keerthi Industries Limited

2	Central Sales Tax Act	Central Sales Tax	39,25,213*	FY 2000-01, the Order was passed during FY 2007-08	AP Sales Tax Tribunal.
3	Commercial Taxes Dept., Karnataka	Central Sales Tax	6,20,112	FY 1993-94	Hon'ble High Court of Karnataka
4	Central Excise Act	Central Excise	1,90,02,358#	February 2006 to August 2010, Show cause notice received on 10.11.2010.	CESTAT, Bangalore

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

# Against the demand of ₹.1,90,02,358, the Company has paid ₹20,00,000.

- (viii) the Company has not defaulted in repayment of dues to banks. The company has not issued any debentures;
- (ix) on the basis of review of utilization of funds on overall basis, the term loans taken by the company were applied for the purposes for which the loans were obtained.
- (x) we report that no fraud on or by the Company has been noticed or reported during the year.
- (xi) the Company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013;
- xii) the Company is not a Nidhi Company .
- xiii) based on the audit procedures performed and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and section 188 of the Companies Act 2013, and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;
- xiv) the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review;
- xv) the Company has not entered into non-cash transactions with directors or persons connected with him;
- xvi) the Company is not required to be registered u/s 451A of the Reserve Bank of India

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

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

Place: Hyderabad

Date: 28.05.2016



**ANNEXURE – B REFERRED TO IN PARAGRAPH 10 (f) OF  
OUR REPORT OF EVEN DATE**

**Re: KEERTHI INDUSTRIES LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of  
Section 143 of the Companies Act, 2013 (“the Act”)**

1. We have audited the internal financial controls over financial reporting of **Keerthi Industries Limited** (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

2. The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors’ Responsibility**

3. Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for



our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

**For K.S. RAO & CO.,**  
Chartered Accountants  
Firms' Regn.No.0031095

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

Place: Hyderabad  
Date: 28.05.2016



# Keerthi Industries Limited

## Balance Sheet as at 31 March 2016

₹ in Lakhs

Particulars	Note No.	As at 31 March 2016	As at 31 March 2015
<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>4,285.01</u>	<u>2,293.85</u>
		5,975.12	3,983.96
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	4	4,456.45	5,104.88
(b) Deferred Tax Liability(net)	25.11	973.00	-
(c) Long-term provisions	5	<u>94.77</u>	<u>223.62</u>
		5,524.22	5,328.50
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	6	2,724.75	1,606.53
(b) Trade payables	7	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,502.57	1,509.19
(c) Other current liabilities	8	1,765.54	2,376.61
(d) Short-term provisions	9	<u>812.26</u>	<u>177.58</u>
		6,805.12	5,669.91
<b>Total</b>		<u>18,304.46</u>	<u>14,982.37</u>
<b>Assets</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	10		
(i) Tangible assets		10,185.03	10,675.01
(ii) Intangible assets		1.27	17.76
(iii) Capital work-in-progress		<u>2,084.53</u>	<u>-</u>
		12,270.83	10,692.77
(b) Non- Current Investments ( at cost) - National Saving Certificates	25.5	0.06	0.06
(c) Long-term loans and advances	11	1,129.94	1,204.43
(d) Deferred Tax Asset (net)	25.11	-	0.58
		13,400.83	11,897.84
<b>(2) Current assets</b>			
(a) Inventories	12	2,066.53	1,554.68
(b) Trade receivables	13	226.17	170.38
(c) Cash and cash equivalents	14	318.37	341.19
(d) Short-term loans and advances	15	1,893.82	878.10
(e) Other current assets	16	<u>398.74</u>	<u>140.18</u>
		4,903.63	3,084.53
<b>Total</b>		<u>18,304.46</u>	<u>14,982.37</u>
<b>Significant Accounting policies</b>	1		
<b>Explanatory Notes &amp; 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.Govardhana Reddy**  
Partner

Sd/-  
**(J.Triveni)**  
Executive Chairperson  
DIN: 00029107

Sd/-  
**(J.S.Rao)**  
Managing Director  
DIN: 00029090

Place: Hyderabad  
Date: 28.05.2016

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

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



**Statement of Profit and Loss for the year ended 31 March 2016**

₹ in Lakhs

Particulars	Note No.	Current year	Previou year
<b>I. Revenue from operations</b>	17	18,256.65	15,291.54
<b>II. Other income</b>	18	118.65	118.63
<b>III.Total Revenue (I+II)</b>		<b>18,375.30</b>	<b>15,410.17</b>
<b>IV. Expenses</b>			
(i) Cost of materials consumed	19	1,726.40	1,549.64
(ii) Changes in inventories of finished goods and work-in-progress	20	(102.63)	(238.18)
(iii) Employee benefits expense	21	1,143.40	962.08
(iv) Finance costs	22	618.01	947.01
(v) Depreciation and amortization expense	10	823.47	825.82
(vi) Other expenses	23	11,354.41	10,453.78
<b>Total expenses</b>		<b>15,563.06</b>	<b>14,500.15</b>
<b>V.Profit / (Loss) before Exceptional Items (III-IV)</b>		<b>2,812.24</b>	<b>910.02</b>
<b>VI. Exceptional Items</b>	24	162.56	134.30
<b>VII.Profit / (Loss) before tax ( V+VI)</b>		<b>2,974.80</b>	<b>1,044.32</b>
<b>VIII.Tax expense:</b>			
(1) Current tax		634.88	177.37
(2) Deferred tax	25.11	973.57	(1,093.88)
(3) MAT Credit entitlement		(634.88)	(177.37)
(4) Income tax of earlier year		10.07	251.65
<b>IX.Profit / (Loss) after tax for the year (VII-VIII)</b>		<b>1,991.16</b>	<b>1,886.55</b>
<b>X. Earnings per equity share (face value of ₹ 10/-)</b>			
Basic & Diluted	25.10	23.84	22.54
<b>Significant Accounting policies</b>	1		
<b>Explanatory Notes &amp; 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.Govardhana Reddy**  
Partner

Sd/-  
**(J.Triveni)**  
Executive Chairperson  
DIN: 00029107

Sd/-  
**(J.S.Rao)**  
Managing Director  
DIN: 00029090

Place: Hyderabad  
Date: 28.05.2016

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

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

**Cash Flow Statement for the Twelve Months ended 31st March, 2016 (Indirect Method)**

₹ in Lakhs

	Year ended 31 st March 2016	Year ended 31 st March 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	2974.80	1044.31
Adjustments for:		
Depreciation	823.47	825.82
Profit on sale of fixed assets	0.00	0.02
Excess provision for wealth tax written back	(0.21)	0.00
Interest	618.01	947.01
Interest Earned	(60.54)	(97.53)
Operating Profit before working capital changes	4355.53	2719.63
<b>Changes in working capital:</b>		
Inventories	(511.85)	(584.12)
Trade receivables	(55.79)	167.58
Short-term loans and advances	339.75	(51.52)
Long-term loans and advances	74.49	164.38
Other current assets	(251.35)	(27.17)
Trade payables	(6.62)	377.68
Other current liabilities	(544.06)	(720.65)
Long-term provisions	(128.85)	6.51
<b>Cash generated from operations</b>	<b>3271.25</b>	<b>2052.32</b>
Direct Taxes paid	(730.65)	(284.97)
<b>Net Cash Flow from Operating Activity (A)</b>	<b>2540.60</b>	<b>1767.35</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest received	53.34	44.88
Purchase of Fixed Assets	(317.02)	(9.30)
Sale of Asset	0.02	0.25
Capital Work in progress	(2084.53)	0.00
<b>Net Cash used in Investing Activities (B)</b>	<b>(2348.19)</b>	<b>35.83</b>
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Long Term borrowings	(712.07)	(589.39)
Short Term Borrowings	1118.23	(149.11)
Interest paid	(621.39)	(994.72)
<b>Net Cash used in Financing Activities (C)</b>	<b>(215.23)</b>	<b>(1733.22)</b>
<b>D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		
	(22.82)	69.96
Cash and Cash Equivalents as at 31.03.2015	341.19	271.23
Cash and Cash Equivalents as at 31.03.2016	318.37	341.19

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.Govardhana Reddy**  
Partner

Sd/-  
**(J.Triveni)**  
Executive Chairperson  
DIN: 00029107

Sd/-  
**(J.S.Rao)**  
Managing Director  
DIN: 00029090

Place: Hyderabad  
Date: 28.05.2016

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:

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.

### 1.5. 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 amounts paid 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

### 1.8. Revenue Recognition:

Sales revenue is recognised on transfer of 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. Foreign Currency Transactions:

Foreign Currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Monetary foreign currency assets and liabilities outstanding at the close of the financial year are translated at year end exchange rates. Exchange differences arising on account of fluctuation in the rate of exchange are recognised in the Statement of Profit and Loss.

### 1.10. Retirement benefits:

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

b. Gratuity: The company has created an Employees' Group Gratuity Fund which has taken a Group Gratuity Assurance Scheme with LIC of India. Company's contributions are based on actuarial valuation arrived at the end of each year and charged to Statement of Profit and Loss.



c. Leave encashment: Company provides for the encashment of leave or leave with pay subject to certain rules Employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on actuarial valuation at the end of each financial year.

## 1.11. 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, 2016

### 2.Share Capital

Particulars	₹ in Lakhs	
	As at 31st March 2016	As at 31st March 2015
<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	3,800.00	3,800.00
<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		
	1,690.11	1,690.11

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

Name of the Share Holder	As at 31 March 2016		As at 31 March 2015	
	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 2016		As at 31st March 2015	
	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 2016		As at 31st March 2015	
	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 31st March 2016	As at 31st March 2015
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
	<u>1,124.55</u>	<u>1,124.55</u>
Surplus in the Statement of Profit & Loss		
Balance as per last financial statement	1,169.30	(609.50)
Less: Adjustment relating to Depreciation on Fixed Assets*	-	107.75
	<u>1,169.30</u>	<u>(717.25)</u>
Profit(+)/Loss(-) for the year	<u>1,991.16</u>	1,886.55
	<u>3,160.46</u>	<u>1,169.30</u>
Closing Balance		
<b>Total</b>	<b>4,285.01</b>	2,293.85

\* 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 31st March 2016	As at 31st March 2015	As at 31st March 2016	As at 31st March 2015
<b>Secured</b>				
Term loans:				
- Canara Bank	1,244.00	1,494.00	245.68	108.99
- Andhra Bank	1,248.00	1,497.60	9.04	246.66
- Indian Bank	-	398.40	-	66.40
- Canara Bank (Power Project)	347.37	-	270.00	-
- Canara Bank(WCTL)	-	78.90	-	52.68
- Canara Bank(FITL)	-	22.87	-	55.56
- Andhra Bank(FITL)	-	21.63	-	55.56
- Indian Bank(FITL)	-	1.05	-	14.88
<b>Unsecured</b>				
Term loans(against hypotheication of vehicles):				
- Daimler Financial Services India Pvt Ltd.,	26.65	-	12.37	-
Sales Tax Defferment	1,590.43	1,590.43	-	-
<b>Total</b>	<b>4,456.45</b>	<b>5,104.88</b>	<b>537.09</b>	<b>600.73</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. Term Loan from Canra Bank for power project is exclusively secured by way hyphothication of power project machinery and equipment.
- 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. Canara Bank has sanctioned term loan of ₹1800 lakhs with a sublimit of Foreign Letter of Credit (F.L.C.) Equivalent to ₹1065 lakhs, disbursed an amount ₹617.37 lakhs up to 31st March, 2016. During the year Company has imported plant and machinery for power project on suppliers credit of ₹1044 lakhs backed by F.L.C. . As and when the suppliers credit is discharged by the Bank, the same will be transferred to term loan account. Other terms of repayment of term loans are given below:



# Keerthi Industries Limited

Particulars	Rate of Interest	As at 31st March 2016		As at 31st March 2015	
		Number of installments due	Amount ₹ in lakhs	Number of installments due	Amount ₹ in lakhs
<b>Term loans:</b>					
Canara Bank	14.75%	24	1,489.68	28	1,602.98
Andhra Bank	14.75%	24	1,257.05	28	1,744.26
"Canara Bank (Power Project)"	15.30%	20	617.37	-	-
Indian Bank	14.75%	-	-	28	464.80
Canara Bank(WCTL)	14.75%	-	-	30	131.58
Canara Bank(FITL)	14.75%	-	-	18	78.44
Andhra Bank(FITL)	14.75%	-	-	18	77.19
Indian Bank(FITL)	14.75%	-	-	18	15.93
			<b>3,364.10</b>		<b>4,115.18</b>
Daimler Financial Services India Pvt Ltd.	8.03%	35	39.01	0	-
			<b>39.01</b>		<b>-</b>
			<b>3,403.11</b>		<b>4,115.18</b>

- 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 Commssioner (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 Hon'ble High court of A.P. has granted interim stay against the order of Deputy Commissioner, Commercial Taxes, Nalgonda.



**5. Long-term provisions**

₹ in Lakhs

Particulars	As at 31st March 2016	As at 31st March 2015
Provision for employee benefits		
Gratuity	61.13	194.18
Compensated absences	33.64	29.44
<b>Total</b>	<b>94.77</b>	<b>223.62</b>

**6. Short-term borrowings**

₹ in Lakhs

Particulars	As at 31st March 2016	As at 31st March 2015
<b>A. Secured</b>		
Canara Bank - Cash Credit	264.77	346.82
State Bank of India - Overdraft	2.71	4.00
Foreign Supplier Credit - Power Project	1,033.89	-
<b>Total (a)</b>	<b>1,301.37</b>	<b>350.82</b>
<b>B. Unsecured</b>		
From Related parties:		
i) Inter Corporate Deposits	1,089.43	1,174.30
ii) Loan from Directors	328.73	75.68
From Others		
Trade and Rent Deposits	5.22	5.73
<b>Total (b)</b>	<b>1,423.38</b>	<b>1,255.71</b>
<b>Total (a+b)</b>	<b>2,724.75</b>	<b>1,606.53</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. (iii) Supplier credit power project is backed by Foreign Letter of Credit issued by Canara Bank. As and when payments made by Canara Bank to supplier, the same will be converted into term loan.
- 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 2016	As at 31st March 2015
Other than Micro, Small and Medium Enterprises	1,502.57	1,509.19
<b>Total</b>	<b>1,502.57</b>	<b>1,509.19</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

<b>Particulars</b>	<b>As at 31st March 2016</b>	<b>As at 31st March 2015</b>
i. Current maturities of long-term debt (Refer Note - 4)	537.09	600.73
ii. Current maturities of long-term Provisions	2.57	2.33
<b>v. Other Payables:</b>		
a. Statutory remittances	251.87	463.15
b. Advances from customers	421.00	712.68
c. Outstanding expenses	200.79	249.27
d. Creditors for capital goods	214.05	241.64
e. Interest accrued and due	-	0.39
f. Interest accrued but not due	8.67	11.66
g. Employee benefits payable	128.21	93.62
h. Other creditors	1.29	1.14
<b>Total</b>	<b>1,765.54</b>	<b>2,376.61</b>

**9. Short-term provisions**

₹ in Lakhs

<b>Particulars</b>	<b>As at 31st March 2016</b>	<b>As at 31st March 2015</b>
<b>Provision for tax</b>		
Wealth Tax	-	0.20
Income tax	812.26	177.38
<b>Total</b>	<b>812.26</b>	<b>177.58</b>



**10. FIXED ASSETS:**

Sl. No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK				
		As at 31.03.2015	Additions	Deductions	As at 31.03.2016	Up to 31.03.2015	Adjusted to retaining earning	For the year	Deductions	Up to 31.03.2016	As at 31.03.2016	As at 31.03.2015
<b>(I) Tangible Assets:</b>												
1 Land:												
	Freehold: Cement Division	607.06	92.14	0.00	699.20	0.00	0.00	0.00	0.00	0.00	699.20	607.06
	Sugar Division	406.82	68.37	0.00	475.19	0.00	0.00	0.00	0.00	0.00	475.19	406.82
	Lease hold Land (Wind Power)	18.00	0.00	0.00	18.00	4.80	0.00	0.60	0.00	5.40	12.60	13.20
2 Buildings:												
	Factory	3332.43	35.67	0.00	3368.10	852.74	0.00	106.33	0.00	959.07	2409.03	2479.69
	Factory (Wind Power)	57.55	0.00	0.00	57.55	14.29	0.00	1.80	0.00	16.09	41.46	43.26
	Non-Factory	337.96	0.00	0.00	337.96	75.35	0.00	21.94	0.00	97.29	240.67	262.61
	3 Plant & Machinery	12114.70	51.05	0.00	12165.75	7010.45	0.00	423.86	0.00	7434.31	4731.44	5104.25
	Plant & Machinery (Wind Power)	860.45	0.00	0.00	860.45	449.02	0.00	25.42	0.00	474.44	386.01	411.43
	4 Electrical Installations	2275.06	0.16	0.00	2275.22	955.72	0.00	212.78	0.00	1168.50	1106.72	1319.34
	5 Furniture & Fixtures	52.47	16.95	0.00	69.42	50.44	0.00	2.11	0.00	52.55	16.87	2.03
	6 Office Equipment	50.52	1.94	0.00	52.46	46.36	0.00	1.64	0.00	48.00	4.46	4.16
	7 Vehicles	38.32	47.61	0.00	85.93	32.90	0.00	3.71	0.00	36.61	49.32	5.42
	8 Other Assets	17.95	0.00	0.00	17.95	17.05	0.00	0.00	0.00	17.05	0.90	0.90
	9 Data Processing Equipment	78.56	1.61	0.34	79.83	65.89	0.00	5.27	0.32	70.84	8.99	12.67
	10 Effluent Treatment Plant	19.49	0.00	0.00	19.49	18.53	0.00	0.00	0.00	18.53	0.96	0.96
	11 Generators	17.59	0.00	0.00	17.59	16.71	0.00	0.00	0.00	16.71	0.88	0.88
	12 Lab Equipment	6.57	0.00	0.00	6.57	6.24	0.00	0.00	0.00	6.24	0.33	0.33
	<b>Total</b>	<b>20291.50</b>	<b>315.50</b>	<b>0.34</b>	<b>20606.66</b>	<b>9616.49</b>	<b>0.00</b>	<b>805.46</b>	<b>0.32</b>	<b>10421.63</b>	<b>10185.03</b>	<b>10675.01</b>
<b>(II) Intangible Assets:</b>												
	Computer Software	71.19	1.52	0.00	72.71	53.43	0.00	18.01	0.00	71.44	1.27	17.76
	<b>Total (I + II)</b>	<b>20362.69</b>	<b>317.02</b>	<b>0.34</b>	<b>20679.37</b>	<b>9669.92</b>	<b>0.00</b>	<b>823.47</b>	<b>0.32</b>	<b>10493.07</b>	<b>10186.30</b>	<b>10692.77</b>
	Add: Capital work in progress	0.00	2084.53	0.00	2084.53	0.00	0.00	0.00	0.00	0.00	2084.53	0.00
	<b>Total</b>	<b>20362.69</b>	<b>2401.55</b>	<b>0.34</b>	<b>22763.90</b>	<b>9669.92</b>	<b>0.00</b>	<b>823.47</b>	<b>0.32</b>	<b>10493.07</b>	<b>12270.83</b>	<b>10692.77</b>
	Previous Year	20358.86	9.30	5.47	20362.69	8741.54	107.76	825.82	5.20	9669.92	10692.77	11617.32

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

₹ in Lakhs

Particulars	As at	As at
	31st March 2016	31st March 2015
Advances for Capital items	633.29	707.22
Consumption Deposit with CPDCL	385.50	384.05
Voltage Surcharge paid under protest	72.06	72.06
Sales Tax paid under protest	19.09	19.09
Excise Duty & Service tax under protest	20.00	22.01
<b>Total</b>	<b>1,129.94</b>	<b>1,204.43</b>

**12. Inventories (Measured/Certified by MD)**

₹ in Lakhs

Particulars	As at	As at
	31st March 2016	31st March 2015
Raw materials	266.25	217.90
Stores and spares	638.83	609.48
Coal	631.36	302.62
Packing Material	16.49	13.71
Work-in-progress	332.46	177.87
Finished goods	172.55	222.50
Srap(discarded assets)-At realisable value	8.59	10.60
<b>Total</b>	<b>2,066.53</b>	<b>1,554.68</b>

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

₹ in Lakhs

Particulars	As at	As at
	31st March 2016	31st March 2015
Debts outstanding for a period exceeding six months	0.47	5.22
Other debts	225.70	165.16
<b>Total</b>	<b>226.17</b>	<b>170.38</b>

**14. Cash and cash equivalents**

₹ in Lakhs

Particulars	As at	As at
	31st March 2016	31st March 2015
Balances with banks		
In current accounts	14.31	47.55
In margin money deposits for a period less than 12 months	178.46	161.80
In margin money deposits for a period more than 12 months	-	3.65
In fixed deposits for a period more than 12 months	124.00	124.00
Cash on hand	1.60	4.19
<b>Total</b>	<b>318.37</b>	<b>341.19</b>



Note: Balances with banks include i) ₹ 141.08/- lakhs (previous year: ₹ 141.08/- lakhs) kept as margin money deposits against the guarantee given by bankers. ii ) Fixed Deposit Receipts for ₹ 124.00/-lakhs (previous year ₹ 124.00/- lakhs) are held by the bankers with a lien marked in their favour towards overdraft sanctioned by the bank.

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

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

Particulars	As at 31st March 2016	As at 31st March 2015
<b>Unsecured, Considered Good</b>		
Advances to staff	3.07	1.46
Sundry deposits	6.71	81.68
Vendor advances	137.66	211.32
Advance Income Tax and TDS	768.44	47.85
MAT Credit Entitlement	968.18	333.30
Income tax Refundable	9.76	202.49
<b>Total</b>	<b>1,893.82</b>	<b>878.10</b>

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

Particulars	As at 31st March 2016	As at 31st March 2015
Interest accrued	64.32	57.11
Prepayments	45.15	43.46
Rent Receivable	0.23	0.33
CENVAT & VAT Input Credit	289.04	39.28
<b>Total</b>	<b>398.74</b>	<b>140.18</b>

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

Particulars	Current Year	Previous Year
Sale of cement	20081.60	16790.28
Sale of printed circuit boards*	825.89	695.08
Sale of Wind Power	95.67	96.93
	<b>21003.16</b>	<b>17582.29</b>
Less: Excise duty	2746.51	2290.75
<b>Total</b>	<b>18256.65</b>	<b>15291.54</b>

\* Net of rejections and returns



<b>18.Other Income</b>			₹ in Lakhs
Particulars	Current Year	Previous Year	
Interest Income	60.54	97.52	
Miscellaneous income	58.11	20.78	
Gain from foreign exchange fluctuations (Net)	-	0.33	
<b>Total</b>	<b>118.65</b>	<b>118.63</b>	

<b>19.Raw materials consumed</b>			₹ in Lakhs
Particulars	Current Year	Previous Year	
Opening Stock	217.90	158.76	
Add: Purchases during the year	1,774.75	1,608.78	
	1,992.65	1,767.54	
Less: Closing Stock	266.25	217.90	
<b>TOTAL</b>	<b>1,726.40</b>	<b>1,549.64</b>	

<b>Details of raw materials consumed</b>			₹ in Lakhs
Particulars	Current Year	Previous Year	
Lime stone	583.93	510.52	
Fly Ash	97.33	193.25	
Gypsum	304.86	283.59	
Laterite	200.68	90.26	
Others	218.56	214.61	
Electronic Division	321.04	257.41	
<b>Total</b>	<b>1,726.40</b>	<b>1,549.64</b>	

<b>20. Changes in inventories of finished goods and work-in-progress</b>			₹ in Lakhs
Particulars	Current Year	Previous Year	
<b>Opening Stock:</b>			
Finished Goods	222.50	96.65	
Work-in-process	177.87	60.93	
Scrap	10.60	15.21	
	410.97	172.79	
<b>Less: Closing Stock:</b>			
Finished Goods	172.55	222.50	
Work-in-process	332.46	177.87	
Scrap	8.59	10.60	
<b>(Increase)/ Decrease in stocks</b>	<b>(102.63)</b>	<b>(238.18)</b>	



<b>21. Employee Benefits Expense</b>			₹ in Lakhs
Particulars	Current Year	Previous Year	
Salaries and Wages	985.84	842.42	
Contribution to provident and other funds	56.24	52.45	
Gratuity, bonus and incentives	52.24	32.91	
Staff welfare expenses	49.08	34.30	
<b>Total</b>	<b>1,143.40</b>	<b>962.08</b>	

<b>22. Finance Costs</b>			₹ in Lakhs
Particulars	Current Year	Previous Year	
Interest expense:			
Working capital loans	37.23	66.30	
Term loans	429.31	698.87	
Unsecured loans	135.86	122.75	
Others	15.61	59.09	
<b>Total</b>	<b>618.01</b>	<b>947.01</b>	

<b>23. Other Expenses</b>			₹ in Lakhs
Particulars	Current Year	Previous Year	
Consumption of stores	787.84	378.66	
Power and fuel	5,946.54	6,086.79	
Packing and forwarding expenses	1,447.58	1,381.29	
Repairs to: buildings	1.36	-	
: plant and machinery	75.22	59.98	
: others	10.17	7.14	
Taxes & Duties	2,654.85	2,184.65	
Insurance	23.82	25.11	
Bad debts	25.42	43.84	
Auditors remuneration - Audit fee	1.50	1.50	
- Tax Audit	0.50	0.50	
- Certification	0.40	0.51	
Miscellaneous Expenses	337.15	273.98	
Sugar Division Expenses	42.06	9.83	
<b>Total</b>	<b>11,354.41</b>	<b>10,453.78</b>	

<b>24. Exceptional Items</b>			₹ in Lakhs
Particulars	Current Year	Previous Year	
Loss on Sale of Assets	-	(0.02)	
Sales tax and Power subsidy received	162.56	134.32	
<b>Total</b>	<b>162.56</b>	<b>134.30</b>	



25. **Explanatory Notes & Other Disclosures**

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

	<b>Current Year</b> ₹ in lakhs	Previous Year ₹ in lakhs
i) Bank Guarantee	<b>183.04</b>	183.04
ii) 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		
iii) 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.		
iv) Karnataka Sales Tax demand of ₹6.20 lakhs (up to Previous year ₹6.20 lakhs) for the accounting year 1993-94 as the company preferred an appeal in the Hon'ble High Court of Karnataka.		
v) Demand from Central Excise Authorities for ₹95.01 lakhs together with penalty of ₹95.01 lakhs (Previous year ₹190.02 lakhs) against alleged 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 lakhs (Previous year ₹20 lakhs) as predeposit to hear the case by CESTAT.		
vi) <b>a) Voltage surcharge:</b> 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 through 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 ₹415.47 lakhs (Net of advances)
- 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 ₹1058.26 lakhs ).

25.2. Note on Incentives:

During the year under report Cement Division of the company has received an amount of ₹109.49 lakhs and ₹53.07 lakhs amounting to ₹162.56 lakhs as reimbursement of power cost and sales tax for the years 2012-13 & 2013-14 as part of incentives extended by the government of Telangana. These reimbursements were released subject to certain conditions, inter alia, the unit should not go out of production within six years from the date of commencement of expanded production capacity. These incentives were shown as exceptional item in Statement of Profit & loss.

25.3. Upfront lease amount of ₹18 lakhs paid to Karnataka Forest Dept. towards Wind mill land lease is amortised over the lease period of 30 years. Accordingly ₹0.60 lakhs for the current year is amortised (up to Previous year ₹4.80 lakhs).

25.4. The Company could not obtain confirmation of balances as at 31st March 2016 in respect of trade receivables ₹223.21 lakhs, Loans and advances ₹ 3022.87 lakhs and Trade payables amounting to ₹892.23 lakhs, and the Company hopes that they would be collected, adjusted and paid.

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

25.6.	Current Year ₹ in lacs	Previous Year ₹ in lacs
a) Value of Imports calculated on CIF basis		
i) Fixed Asset-Plant and Machinery	460.14	1.76
ii) Raw Materials	215.71	204.02
iii) Spares	23.94	8.94
Foreign Exchange Earnings and Expenditure:		
b) Expenditure in foreign currency on account of Travelling	7.70	0.00
c) The value of consumption of imported and indigenously obtained raw materials, stores and spare parts and the percentage of each to the total consumption:		

Particulars	Current Year		Previous Year.	
	Amount ₹ in lacs	%	Amount ₹ in lacs	%
Indigenous	2274.59	90	1715.33	89
Imported	239.65	10	212.96	11
Total	2514.24	100	1928.29	100





### Actuarial Assumptions:

Retirement age:60 years  
 Future Salary Rise:5%  
 Rate of Discounting:8%  
 Attrition Rate:1%  
 Mortality Table:LIC(2006-08)

### 25.8. Segment Reporting:

(₹ in lacs)

	Cement Division	Wind Mill	Electronics Division	Unallocated	Total
Primary Disclosures:					
External Sales: Current Year	<b>20081.60</b>	<b>95.67</b>	<b>825.89</b>		<b>21003.16</b>
Previous Year	16790.28	96.93	695.08		17582.29
Inter-segment Sales	0	0		0	0
Total Revenue : Current Year	<b>20081.60</b>	<b>95.67</b>	<b>825.89</b>		<b>21003.16</b>
Previous Year	16790.28	96.93	695.08		17582.29
Segment Result Before Interest and Tax :					
Current Year	<b>3261.88</b>	<b>42.00</b>	<b>170.28</b>	<b>42.06</b>	<b>3516.22</b>
Previous Year	3355.07	44.53	157.55	9.83	3566.98
Less: Unallocated Expenses:					
Current Year				<b>42.06</b>	<b>42.06</b>
Previous Year				9.83	9.83
Less:Interest Expenses:					
Current Year	<b>609.70</b>	<b>0</b>	<b>8.31</b>		<b>618.01</b>
Previous Year	937.01	0	10.00		947.01
Add: Interest Received:					
Current Year	<b>100.88</b>	<b>0</b>	<b>17.77</b>		<b>118.65</b>
Previous Year	103.27	0	15.36		118.63
Add : Income Taxes:					
Current Year	<b>983.64</b>	<b>0</b>			<b>983.64</b>
Previous Year	842.23	0			842.23
Profit/ (Loss) : Current Year	<b>1769.42</b>	<b>42.00</b>	<b>179.74</b>		<b>1991.16</b>
Previous Year	1679.11	44.53	162.91		1886.55



Segment Assets:					
i) Total cost incurred during the year to acquire segment assets that are expected to be used during more than one year:					
Current Year	<b>294.35</b>	<b>0</b>	<b>22.67</b>		<b>317.02</b>
Previous Year	5.28	0	4.02		9.30
ii) Others:					
Current Year	<b>16719.41</b>	<b>443.03</b>	<b>825.00</b>		<b>17987.44</b>
Previous Year	13797.82	471.15	704.1		14973.07
Total Assets:					
Current Year	<b>17013.76</b>		<b>847.67</b>		<b>18304.46</b>
Previous Year	13803.10	443.03	708.12		14982.37
Segment Liabilities:					
Current Year	<b>17456.79</b>	<b>0</b>	<b>847.67</b>		<b>18304.46</b>
Previous Year	14274.25	0	708.12		14982.37
Total Liabilities:					
Current Year	<b>17456.79</b>	<b>0</b>	<b>847.67</b>		<b>18304.46</b>
Previous Year	14274.25	0	708.12		14982.37
Depreciation:					
Current Year	<b>789.22</b>	<b>27.81</b>	<b>6.44</b>		<b>823.47</b>
Previous Year	793.25	27.81	4.76		825.82
Non cash expenses Other than Depreciation:					
Current Year	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>
Previous Year	0	0	0		0

**25.9. AS -18 Related party disclosures:**

**Name of Related Parties**

**Nature of Relationship**

a. Hyderabad Bottling Co.Ltd

b. Triveni Capital Leasing & Investments Pvt Limited

c. IOU Projects Limited

d. Mr J.Venkata Krishna

e. Mrs. J.Sharada Govardhini

f. Mrs. J. Triveni

Executive Chair Person

g. Mr. J.S.Rao

Managing Director

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 31.03.16	Receivable (Payable) as on 31.03.15
a) Inter Corporate Deposits	(84.87)	127.75	(1089.43)	(1174.30)
b) Interest payment	106.23	107.21		
c) Supply of cement	-	-	-	0.60

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

a) Remuneration	21.62	20.55	(2.19)	(5.25)
b) Supply of cement	0.45	---	-	-

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

a) Unsecured Loan (Including interest)	253.06	(10.80)	(328.73)	(75.67)
b) Supply of cement	1.20	-	-	-
c) Salary	96.00	96.00	(6.13)	(5.93)
d) Contribution to P.F.	5.76	5.76		

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

Particulars	Current year	Previous year
	(₹ in lakhs)	
Net Profit (loss) after tax (A)	1991.16	1886.55
Less: Dividend on 9% Cumulative Redeemable Preference shares	79.96	79.96
Balance available for Equity Share holders	1911.20	1806.58
No. of Shares (B)	80,16,738	80,16,738
Basic & Diluted earnings per share of ₹ 10 each (A)/ (B)	23.84	22.54

**25.11. Deferred Tax:**

In accordance with accounting standard 22, "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the company worked out taxes on income resulting deferred tax liability of ₹ 973.00 lacs as at 31.03.2016. The components of deferred tax assets and deferred tax liabilities are given hereunder



## Keerthi Industries Limited

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
A. Items of Deferred Tax Liability:		
Depreciation	3433.46	3409.89
B. Items of Deferred Tax Asset:		
(i) Disallowance U/S 43 B of IT Act' 1961 and other disallowances	37.75	23.75
(ii) Brought forwarded losses and Unabsorbed Depreciation	392.65	3383.30
(iii) Unabsorbed long term capital loss	6.92	6.92
(B) - (A)	(2996.14)	4.08
Deferred Tax Assets/(Liability)	(973.00)	0.58

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

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

Place: Hyderabad  
Date: 28.05.2016

For and on behalf of Board of Directors

Sd/-  
**(J.Triveni)**  
Executive Chairperson  
DIN: 00029107

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

Sd/-  
**(J.S.Rao)**  
Managing Director  
DIN: 00029090

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



# Keerthi Industries Limited

## 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](mailto:kilinvestorservices@gmail.com) | [www.keerthiindustries.com](http://www.keerthiindustries.com)

Name of the Member(s)

Registered Address

  

Email

Folio No. / Client ID

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DP ID

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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 33<sup>rd</sup> Annual General Meeting of the Company to be held on Saturday, the 27<sup>th</sup> day of August 2016 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, 2016.			
2	Appoint a director in place of Sri. J. S. Rao, 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	Appointment and remuneration of Smt. J. Sarada Govardhini as COO to hold office of place of profit U/s 188 of the Companies Act, 2013			
6	Alteration of AOA			
7	Service of documents to members			

Signed this \_\_\_\_\_ day of August 2016

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

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

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.







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*If undelivered, Please return to :*

**KEERTHI INDUSTRIES LIMITED**

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