



Keerthi
Industries Limited
(Formerly known as Suvarna Cements Limited)

37th
Annual Report 2019-2020



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CORPORATE INFORMATIONS:

Board of Directors

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

Chief Financial Officer (CFO)

Sri. Y. Sadasiva Rao

Company Secretary

Ms. Akriti Sharma

Committees of the Board

I. Audit Committee

- | | | |
|----|------------------------------|----------|
| 1. | Sri. J. Sivaram Prasad | 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. Boddu Venkata Subbaiah | Member |
| 3. | 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. K. Harishchandra Prasad | Member |
| 3. | Sri. J. Sivaram Prasad | Member |
| 4. | Sri. J. S. Rao | 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. | Smt. J. Sarada Govardhan | Member |

Registered Office & (Electronic Division Factory)

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

Factory (Cement Division)

Mellacheruvu (Village & Mandal)
Suryapet District
Telangana-508 246.
Tel: 08683-226028.

Bankers

Axis Bank Ltd

Statutory Auditors

M/s. Brahmayya & Co,
Chartered Accountants
403 & 404, Golden Green Appartments,
Irrum Manzil Colony, Hyderabad – 500082
Ph: (040) 23370002/4
Email: hydbrahmayya@gmail.com.

Cost Auditors

M/s. BVR & Associates
104, R. V. Naipunya Apts,
H. No. 6-3-628/3,
Anand Nagar Colony, Khairatabad,
Hyderabad - 500 004.
Email: rao_bhogadi@yahoo.co.in

Secretarial Auditor

M/s. VCSR & ASSOCIATES
8-3-945, 3rd Floor, 305 A&B
Pancom Business Centre
Ameerpet, Hyderabad-500073
Tel: 040-23749021
E-mail: 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

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NOTICE

NOTICE is hereby given that the 37th Annual General Meeting of Shareholders of the Company will be held on Saturday the 26th September, 2020 at 09:30 AM through video conferencing ("VC")/ Other Audio-Visual Means ("OAVM"), to transact the following business:

ORDINARY BUSINESS:

1. ADOPTION OF FINANCIAL STATEMENTS FOR THE FY 2019-20

To consider and adopt the Balance Sheet as at 31st March, 2020, 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. REAPPOINTMENT OF DIRECTOR WHO RETIRES BY ROTATION

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. DECLARATION OF DIVIDEND ON 9% CUMULATIVE REDEEMABLE PREFERENCE SHARES

To pass with or without modification the following resolutions as an Ordinary Resolution

"RESOLVED THAT a final dividend @ 9% on 9% Cumulative Redeemable Preference Shares capital for the financial year ended 31st March, 2020 as recommended by the Board be and is hereby declared in the manner as tabulated hereunder and the Dividend be paid to the eligible preference shareholders whose name (s) stand on the Register of Members as on the date of Book Closure fixed for the purpose of determining eligibility for payment of dividend in proportion to the paid up thereon."

| Sl.No. | No of 9% Cumulative Preference Share | Per share (in Rs.) | Total amount of Dividend entitles to receive | % of dividend per share | Dividend Per share (In Rs.) |
|--------------|--------------------------------------|--------------------|--|-------------------------|-----------------------------|
| 1. | 5,00,000 | - | - | - | - |
| 2. | 2,70,100 | 35/- | 8,50,815 | 9% | 3.15 |
| 3. | 2,68,340 | 44.10077/- | 10,65,060 | 9% | 3.96 |
| Total | 10,38,440 | | 19,15,875 | | |

4. DECLARATION OF FINAL DIVIDEND ON EQUITY SHARES FOR THE FINANCIAL YEAR 2019-2020

To pass with or without modification the following resolutions as an Ordinary Resolution

"RESOLVED THAT pursuant to the recommendation of the Board of Directors, final dividend of Re. 0.90/- per equity share of Rs. 10/- each be and is hereby approved and is declare out of the Accumulated Profit of the Company for the previous financial year and the Dividend be paid to the eligible equity shareholders whose name (s) stand on the Register of Members as on the date of Book Closure fixed for the purpose of determining eligibility for payment of dividend in proportion to the paid up thereon."

SPECIAL BUSINESS:

5. 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 held on 25-07-2020 the remuneration payable during the year 2020-21 to M/s. BVR & Associates (FRN: 000453), Cost Accountants, to conduct the audit of the cost records of the Company for the financial year 2020-2021, amounting to Rs. 55,000/- (Rupees Fifty-Five Thousand only) plus re-imbusement of out of pocket expenses incurred by them in connection with the aforesaid audit and GST as may be applicable 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 such acts and deeds and take all such steps as may be necessary, proper or expedient to give effect to this resolution."



6. RECLASSIFICATION OF THE STATUS OF PROMOTER AND PROMOTER GROUP CATEGORY INTO PUBLIC CATEGORY

To consider and, if thought fit, to give your assent or dissent to the following resolution as an Ordinary Resolution: -

“RESOLVED THAT in accordance with Regulation 31 A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modification(s) or re-enactment thereof, for the time being in force and other applicable provisions, and subject to necessary approvals from the SEBI Board, Stock Exchanges and other appropriate statutory authorities as may be necessary, the consent of the members of the company be and is hereby accorded to re-classify the following persons/entities (hereinafter individually referred to the applicants) forming part of the ‘Promoter & Promoter Group Category’ to ‘Public Category’

| Sl. No. | Name of Promoters | No. of shares held |
|---------|--------------------------|--------------------|
| 1. | Mr. J. Veeranna Chowdary | NIL |
| 2. | J.S. Krishna Murthy HUF | NIL |
| 3. | Lt. Smt. J. Bullemmai | NIL |

‘RESOLVED FURTHER THAT re-classification of promoter as public shareholders shall be subject to the following condition:

- Such promoter shall not directly or indirectly exercise control over the affairs of the company
- Increase in the level of public shareholding pursuant to re-classification of promoter shall not be counted towards achieving compliance with minimum public shareholding requirement under rule 19A of the Securities Contracts (regulation) Rules, 1957 and the provisions of Regulation 38 of SEBI (LODR) Regulation, 2015
- The event of re-classification shall be disclosed to the stock exchange as a material event in accordance with the provisions of these regulation
- Board may relax any condition for re-classification in specific cases, if it is satisfied about non-exercise of control by the outgoing promoter or its person acting in concert

RESERVED FURTHER THAT after such re-classification following shall be the promoter of the company

| Name of the shareholders | No. of shares held | % of paid-up capital |
|--------------------------|--------------------|----------------------|
| J. Seshagiri Rao | 37,01,559 | 46.17 |
| J. Triveni | 21,95,349 | 27.38 |
| J. Venkata Krishna | 87,347 | 1.09 |
| J. Sarada Govardhini | 21,698 | 0.27 |
| Total | 60,05,612 | 74.91 |

“RESOLVED FURTHER THAT on approval of SEBI Board/Stock Exchanges upon application for re-classification of the aforesaid applicants, the company shall effect such reclassification in the statement of Shareholding Pattern from immediate succeeding quarter under regulation 31 of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015 and compliance to Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) regulations, 2011, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015 and other applicable provisions.

“RESOLVED FURTHER THAT any of the Directors of the company or the Company Secretary or the Compliance Officer or such other person as authorized by the Board, be and is hereby authorized to submit application for reclassification to the SEBI Board, Stock Exchanges wherein the securities of the company are listed or any other regulatory body as may be required and to take such steps expedient or desirable to give effect to this resolution.

By Order of the Board of Directors

Sd/-

(J. S.Rao)

Place: Hyderabad
Date: 25-07-2020

Managing Director
DIN:00029090

NOTES:

- In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
- 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.



Keerthi Industries Limited

3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/ Authorization shall be sent to the company by email through its registered email address to kilinvestorservices@gmail.com with a copy marked to chveeru@gmail.com
5. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, XL Softech Systems Limited for assistance in this regard.
6. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with XL Softech Systems Limited in case the shares are held by them in physical form.
7. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to XL Softech Systems Limited in case the shares are held by them in physical form.
8. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the Company's website www.keerthiindustries.com/form-sh-13. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to XL Softech Systems Limited in case the shares are held in physical form.
9. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or XL Softech Systems Limited, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
10. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
11. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before September 25, 2020 through email on kilinvestorservices@gmail.com. The same will be replied by the Company suitably.
12. The Register of Members and Share Transfer Books of the Company will remain closed from Friday the 18th September, 2020 to Saturday the 26th September, 2020, both days inclusive, in terms of Section 91 of the Companies Act, 2013.
13. Final dividend of Re. 0.90/- per equity share of Rs. 10/- each has been recommended for the financial year ended 31st March, 2020.
14. The Dividend, after declaration, will be paid to those shareholders whose names stand on the Register of Members as on 17th September, 2020 (Record date).
 - a. The Dividend in respect of shares held in the electronic form will be paid to the beneficial owners of shares whose names appear in the list furnished by the Depositories for this purpose as on 17th September, 2020.
 - b. The Dividend in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company as of the close of business hours on 17th September, 2020.
15. The Dividend will be paid on or before 25th October, 2020.



16. Shareholders who have not yet encashed their dividend warrant(s) pertaining to the dividend for the financial year 2018-19 onwards, are requested to lodge their claims with the RTA, after which the unclaimed dividend shall stand transferred to the IEPF Authority account within 7 years from the date on which it becomes unpaid.
17. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.keerthiindustries.com, websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com respectively, and on the website of CDSL <https://www.evotingindia.com>.
18. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
19. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/ TCPL (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).
20. 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.
21. Additional information pursuant to Regulation 36 (3) of the SEBI (LODR) Regulation, 2015 in respect of the Directors seeking appointment/re-appointment at the AGM is furnished as **(Annexure I)** which forms part of the Notice. The Directors have furnished the requisite consent/declarations for their appointment/re-appointment.
22. 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:

| Sl. No. | Particulars | 2018-19 | 2019-20 |
|---------|--|---------|---------|
| 1 | Number of shareholders outstanding at the beginning of the year | 1532 | 1532 |
| 2 | Outstanding shares in the DEMAT suspense account at the beginning of the year | 8851 | 8851 |
| 3 | Number of shareholders who approached the company for transfer of shares from the suspense account during the year | 0 | 0 |
| 4 | Number of shareholders to whom shares was transferred from the suspense account during the year | 0 | 0 |
| 5 | Aggregate number of shareholders outstanding at the end of the year | 1532 | 1532 |
| 6 | Outstanding shares in the suspense account lying at the end of the year | 8851 | 8851 |

Voting rights of these shares were frozen till the rightful owner of such shares claims these shares.

23. 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
24. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.



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

ITEM NO. 5

RATIFICATION OF COST AUDITORS REMUNERATION

The Board, on the recommendations of the Audit Committee, has approved the appointment of M/s. BVR & Associates (FRN: 000453), Cost Accountants, as Cost Auditors for conducting cost audit of the cost records of the Company for the financial year ending March 31, 2020, at a remuneration of Rs. 55,000/- plus reimbursement of actual travel and out of pocket expenses and GST as applicable.

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. 3 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. 6

RECLASSIFICATION OF THE STATUS OF PROMOTER AND PROMOTER GROUP CATEGORY INTO PUBLIC CATEGORY

The Company in its previous AGM held on August 07, 2019 has approved to reclassify the below mentioned promoters and promoter group category into public category. However, the Company has failed to make application to the BSE Ltd (Exchange) for the said reclassification within the timeframe specified by Stock Exchange and same got rejected by the exchange.

Further, in this regard, the Company had received applications from the following promoter's group person/entities pursuant to regulations, 31A of the Listing Regulations, 2015 to re-classifying them under the Public category.

| Sl. No. | Name of Promoters | No. of shares held |
|---------|--------------------------|--------------------|
| 1. | Mr. J. Veeranna Chowdary | NIL |
| 2. | J.S. Krishna Murthy HUF | NIL |
| 3 | Lt. Smt. J. Bullemmai | NIL |

The above shareholders do not directly or indirectly exercise control nor they intend to do so in near future, over the affairs of the company. They are also not holding any post of Key Managerial Personnel in the company.

They also do not have any special rights through formal or informal arrangements with the company.

In view of the explanations given by the applicants as detailed above and in consideration to the conditions as stipulated in Regulation 31A of the Listing Regulations, 2015 the Board of Directors of the company at their meeting held on 25th July, 2020 have approved the applications for re-classification received by the company as above promoter group category to Public category subject to approval by the members and relevant regulatory authorities.

Mr. J. S. Rao, the Managing Director/Promoter and Smt. J. Triveni Executive Chairperson/promoter are interested in the resolution.

The Board recommends the resolution under Item No. 6 for approval of the members as a Special Resolution.



(Annexure I)

ADDITIONAL INFORMATION PURSUANT TO Regulation 36 (3) of the SEBI (LODR) Regulation, 2015 FOR ITEM NO. 2 OF THE NOTICE:

| | |
|---|--|
| Name of the Director | Sri J.S.Rao |
| Date of Birth | 18-07-1953 |
| Qualification | Post Graduate in Engineering. |
| Name of other companies in which the appointee also holds Directorships | 1. Triveni Capital Leasing Investments Pvt. Ltd 2. Kakatiya Cement Sugar and Industries Limited. 3. Hyderabad Bottling Co Pvt. Ltd 4. Vijaya Estate and Holdings Pvt Ltd 5. JSK Holdings Private Limited 6. IOU Projects (India) Pvt. Ltd 7. DCS Sporting Private Limited 8. WND (INDIA) Heavy Industry Private Limited |
| Name of other Companies in which the appointee holds Board Committee membership | Kakatiya Cement Sugar and Industries Limited |
| Shareholding in Keerthi Industries Limited | 37,01,559 equity shares (46.17 % of paid up equity share capital of the Company) |
| Relationship with other Directors | Spouse of Smt. J. Triveni, Executive Chairperson |

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, 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 37th AGM to be held on Saturday, September 26, 2020 at 09.30 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. 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 who have not voted through remote-evoting may cast their vote through VC/OAVM on the date of AGM.
- III. The Remote e-voting facility will be available during the following voting period:

| Commencing of e-voting | End of e-voting |
|------------------------|------------------------|
| 23-09-2020 (9.00 a.m.) | 25-09-2020 (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 19th September, 2020, 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

| SECTION - A - E-VOTING PROCESS - SHAREHOLDERS HOLDING SHARES IN DEMAT FORM: | |
|--|---|
| Step 1 | : Open your web browser during the voting period and log on to the e-Voting website: www.evotingindia.com . |
| Step 2 | : Now, click on “Shareholders” to cast your vote(s). |
| Step 3 | : Now, fill up the following details in the appropriate boxes (also refer Section C (v), below). |
| User – ID | : a. For account holders in CDSL: Your 16 digits beneficiary ID. b. For account holders in NSDL: Your 8 Characters DP ID and followed by 8 digits Client ID. |
| Character Displayed | : Please enter the ‘Character Displayed’ in the Box provided for the same and click on login. |
| Shareholder voted earlier for any company | : If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used. |
| Shareholder voting for the first time | : If you are a first-time user follow the steps given below: |
| PAN | : Enter your 10 digits alpha-numeric PAN issued by Income Tax Department. Shareholders who have not updated their PAN with the Depository Participant are requested to use the first two letters of their name in Capital Letter followed by 8-digit CDSL client id. For example: CDSL Account holder name is Rahul Mishra and Demat A/c No. is 12058700 00001234 then default value of PAN is ‘RA00001234’. NSDL Account holder name is Rahul Mishra and DP ID. is IN300000 and client ID 12345678 then default value of PAN is ‘RA123445678’.. |
| DOB * | : Enter the date of birth recorded in your demat account for the said demat account under which you are going to vote in DD/MM/YYYY format. |
| Dividend Bank Details | : Enter the Dividend Bank Details as recorded in your demat account for the said demat account. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository please enter the client id in the Dividend Bank details field. |
| Step 4 | : After entering these details appropriately, click on “SUBMIT” 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 “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. |
| 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: www.evotingindia.com . |
| Step 2 | : Now, click on “Shareholders” to cast your vote(s). |
| Step 3 | : Now, fill up the following details in the appropriate boxes : |
| User – ID | : Folio Number registered with the Company. |
| Character Displayed | : Please enter the ‘Character Displayed’ in the Box provided for the same and click on login. |
| Shareholder voted earlier for any company | : If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used. |
| Shareholder voting for the first time | : If you are a first-time user follow the steps given below: |
| PAN | : Enter your 10 digits alpha-numeric PAN issued by Income Tax Department. Shareholders who have not updated their PAN with the Company are requested to use the first two letters of their name in Capital Letter followed by 8 digits folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0’s before the folio number. Eg. If your name is Ramesh Kumar with folio number 1234 then enter RA00001234 in the PAN field. |
| DOB * | : Enter the date of birth recorded in the company records for the said folio under which you are going to vote in DD/MM/YYYY format. |
| Dividend Bank Details | : Enter the Dividend Bank Details as recorded in the company records for the said folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the company, please enter the folio in the Dividend Bank details field. |
| Step 4 | : After entering these details appropriately, click on “SUBMIT” tab. |
| Step 5 | : You will then reach directly the Selection Screen. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice. |
| Step 6 | : Click on the relevant EVSN for the “Keerthi Industries Limited” on which you choose to vote. |
| Step 7 | : On the voting page, you will see resolution description and against the same, the option “YES / NO” for voting. Select the relevant option as desired YES or NO and click on “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. 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 and register themselves as Corporates.
- ❖ They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk. evoting@cdslindia.com



- ❖ After receiving the login details, they have to create a user who would be able to link the account(s) which they wish to vote on.
- ❖ The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- ❖ They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

OTHER E-VOTING INSTRUCTIONS:

- (i) If you are holding Shares in Demat form and had logged on to 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 19th September, 2020.
- (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 of 19th September, 2020, 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) The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
- (viii) Copy of the notice has been placed on the website of the Company viz. www.keerthiindustries.com and the website of CDSL.
- (ix) 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.
- (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 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 under help section or write an e-mail to helpdesk.evoting@cdslindia.com.

Process for registration of email id for obtaining Annual Report and user id/password for e-voting and updation of bank account mandate for receipt of dividend:



| | |
|------------------|--|
| Physical Holding | <p>Send a request to the Registrar and Transfer Agents of the Company, XL Softech System Limited at xlfield@gmail.com providing Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) for registering email address.</p> <p>Following additional details need to be provided in case of updating Bank Account Details:</p> <ol style="list-style-type: none">Name and Branch of the Bank in which you wish to receive the dividend.the Bank Account typeBank Account Number allotted by their banks after implementation of Core Banking Solutions9-digit MICR Code Number, and11-digit IFSC Codea scanned copy of the cancelled cheque bearing the name of the first shareholder |
| Demat Holding | <p>Please contact your Depository Participant (DP) and register your email address and bank account details in your demat account, as per the process advised by your DP.</p> |

The company/RTA shall co-ordinate with CDSL and provide the login credentials to the above-mentioned shareholders.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:

- Shareholder will be provided with a facility to attend the EGM/AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
- Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.
- Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at kilinvestorservices@gmail.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at kilinvestorservices@gmail.com. These queries will be replied to by the company suitably by email.
- Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM/EGM ARE AS UNDER:-

- The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for Remote e-voting.
- Only those shareholders, who are present in the EGM/AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.
- If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
- Shareholders who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.



NOTE FOR NON – INDIVIDUAL SHAREHOLDERS AND CUSTODIANS

- ❖ Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- ❖ A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- ❖ After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- ❖ The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- ❖ A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- ❖ Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; kilinvestorservices@gmail.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- ❖ In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or call 1800225533.



DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

Your Directors have pleasure in presenting their 37th Annual Report for the Financial Year 2019-2020 together with the Audited Balance Sheet as at 31st March, 2020 and the Profit & Loss Account for the year ended on that date.

1. FINANCIAL RESULTS:

(Rs. In Lakhs)

| Particulars | 2019-20 | 2018-19 |
|---|-----------------|----------|
| Net Operational Income | 17180.53 | 18441.11 |
| Other income | 258.08 | 418.30 |
| Profit before interest and depreciation | 1797.08 | 1194.97 |
| Less: Interest | 604.50 | 658.87 |
| Less: Depreciation | 1104.16 | 1069.93 |
| Profit/(Loss) before taxation | 88.42 | (533.84) |
| Less: Provision for taxation including deferred tax liability | 78.02 | (461.56) |
| Less: short provision of earlier years | 42.52 | (79.31) |
| Add ^m Other Comprehensive Income | 0.99 | 14.75 |
| Total Comprehensive Income/(Loss) | (31.13) | 21.78 |

OPERATIONS:

The Overall revenue for the year 2019-2020 at Rs 17438.61 Lakhs is reduced by 7.53% (Rs. 18859.41 Lakhs in 2018-2019). Due to decrease in selling price and volume compare to previous year. The company ended up with a comprehensive loss of 31.13 lakhs as against Rs.21.78 lakhs profit in the previous year.

Cement Division: Production of Cement and Clinker were 4,04,808 MTS and 4,55,628 MTS respectively during the twelve months ended 31st March, 2020 as against were 4,18,040 MTS and 4,82,444 MTS respectively during the previous year ended 31st March, 2019.

Wind Power: The Company has generated 26,81,940 units as against 28,61,641 units during the previous year.

Electronic Division: The Company has produced 2,043.69 sq. mts of Printed Circuit Boards as against 1,869.00 sq. mts during the previous year.

CURRENT YEAR OUTLOOK:

CEMENT DIVISION:

The production of cement in India is expected to reach 410.21 Mn tons by FY 2024, expanding at a compound annual growth rate (CAGR) of 3.83% during the FY 2019 - FY 2024 period, owing to rising demand from the government and housing contractors.

Cement manufacturers in India have seen a significant turn in fortunes with the outbreak of Covid-19. Companies, which had been raising price and pushing volumes from the start of the year, are now staring at supplies coming to a standstill and demand taking a hit. Cement demand, which started recovering from the beginning of 2020, has suddenly come to a standstill since the second half of March'20 in the wake of nationwide lockdown to combat Covid-19, say analysts. It is not only the lockdown that will impact volumes, but expectations on weak economic growth, government cuts in spending on infrastructure and real estate demand taking a beating, will also hit volume growth during FY21.

CRISIL expects cement demand in India to contract by 10-15 per cent in FY21 in the base line scenario. However, an extended vulnerability will deepen the damage for the sector to 20-25 per cent. Analysts' channel checks suggest that all-India average cement price softened marginally by 0.5 per cent month-on-month to Rs 310-315 per 50-kg bag in March, there was undercutting to the tune of Rs 5-7 per bag being in Tier-II and Tier-III brands. Moving forward, with demand under pressure, cement prices may take a further hit.

The demand of cement is largely absent, cement prices for certain pockets have seen a rise. Cement in the Telangana market, for instance, increased from Rs 325 a bag effective April to Rs 370 effective May in the non-trade segment. Industry executives have also pointed out it will not be viable to reduce cement prices below pe-lockdown levels as running factories at lower utilization will also impact viability.



The demand growth was impacted owing to a slowdown in project execution due to – the general elections and labour unavailability (in Q1 FY2020), monsoons (in Q2 FY2020) and weak execution of government housing and infrastructure projects because of extended monsoons (in Q3 FY2020), the report further added. In Q3 FY2020, south India faced muted demand momentum particularly in Andhra Pradesh and Telangana, while demand was moderate in other southern states. In the north and central India also, the demand was modest owing to construction ban in certain areas, harsh winters among others

However, western India saw a moderate uptick in demand trends, driven by infrastructure development and rural spending. In the east, the demand picked up substantially towards the end of the quarter, driven by government spending on infrastructure and affordable housing segments. At the pan-India level, cement prices are higher in the northern, southern and western markets by 20-25 per cent, 5 per cent and by 8 per cent, respectively in 11 months FY2020 on year-on-year basis.

ELECTRONICS DIVISION:

The Indian electronics market is growing at a fast pace and domestic electronics manufacturing units have huge business potential. This is going to create tremendous opportunities for PCB manufacturers. Considering the booming market as well as the recent government policies like 'Make in India' and 'Smart Cities', the PCB market in India is expected to reach new heights.

The demand growth was impacted due to pandemic outbreak of Nobel Coronavirus.

During the year 2019-20, the segment wise contribution to the total PCB business for Electronics Division given below.

The improvement in the sales comes from Health care and Consumer Electronics and prototypes segment. Prototypes with new types of raw material made a significant share in the consumer electronics segment. A few of the prototypes are likely to be converted into regular business in future. We are supporting a few designers for regularly getting the prototype business. Procurement of necessary equipment for making quick turn-around prototypes is being planned

The division expects to improve its customer base in the years to come. The division is exploring further opportunities in the defence sector to improve its business. Vendor approvals from RCI, HAL and BHEL have been obtained after their evaluations. We have now become eligible for participation in the bidding of for tenders floated by these organisations.

The different types of PCB manufactured by the Indian PCB manufacturers are single-side, double side and multi-layer types. Keerthi Electronic Division is engaged in manufacturing flexible, rigid flex and multilayer PCBs. Major market comes from healthcare and defense sectors.

Segment-wise contribution to the total PCB business for the year 2019-2020 is given below:

| Sl.No. | Segment | Contribution (Rs. in Lakhs) | % of total contribution |
|--------|----------------------|-----------------------------|-------------------------|
| 1 | Automobile | 18.79 | 2.02 |
| 2 | Defense | 172.04 | 18.51 |
| 3 | Health Care | 703.26 | 75.68 |
| 4 | Consumer Electronics | 35.18 | 3.79 |
| | Total | 929.27 | 100 |

There is a possibility of demand arising out of advances in technology which will positively impact the market for the advanced-level applications in the company years. In addition, the recent thrust towards indigenisation in strategic electronics manufacturing is likely to fuel the demand for high grade multi-PCBs.

Demand from healthcare segment is steady and there is an improvement in the demand from defence segment. The division expects to improve its customer base in defence in the coming years.

SUGAR DIVISION:

There is no progress in the division in particular, effective steps could not be taken for furtherance of the business.

OILFIELD AND NATURAL GAS

There is no progress in the division in particular, effective steps could not be taken for furtherance of the business.



2. 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 | Independent Director |
| 4. | Sri. K. Harishchandra Prasad | Independent Director |
| 5. | Sri. Boddur Venkata Subbaiah | Independent Director |
- b. During the period under review, Sri. K. Harishchandra Prasad, Independent Director, Sri. B.V. Subbaiah, Independent Director has been re-appointed w.e.f. 08th August, 2019 till 7th August, 2024.
- c. 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 herself for re-appointment. The Board of Directors recommends her re-appointment at the ensuing Annual General Meeting.
- d. 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.

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, 2015, 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 FIVE (5) 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.

3. DETAILS OF WHOLE-TIME KEY MANAGERIAL PERSONAL (KMP)

Smt. J. Triveni, Executive Chairperson & Whole-time Director, Sri. J.S. Rao, Managing Director, Sri. Y. Sadasiva Rao, Chief Financial Officer and Ms. Akriti Sharma, Company Secretary & Compliance Officer are the Whole-Time Key Managerial Personal of the Company.

4. RESERVE AND SURPLUS

The reserve and surplus of your company stood at Rs. 4713.91 Lakhs as against Rs. 4832.03 Lakhs in the previous year.

5. SHARE CAPITAL:

- (a) No Change in Authorized Capital:

During the year under review, there was no change in the Authorized Capital of the Company. The Authorized Capital of the Company is Rs. 38,00,00,000/- (Rupees Thirty-Eight Crores only) divided into 2,73,00,000 Equity shares of Rs. 10/- each aggregating Rs. 27,30,00,000/- and 10,70,000 9% Cumulative Redeemable Preference Shares of Rs. 100/- each aggregating Rs. 10,70,00,000/-.



(b) Change in Paid up Shares Capital:

Equity Share Capital: During the period under there is no change in the Paid-up Equity Share Capital of the Company. The Paid-up Equity Share Capital is Rs. 8,01,67,380/- divided into 80,16,738 Equity shares of Rs. 10/-.

Preference Share Capital: During the period under review, the preference shares of the Company has been redeemed as under:

| Sl.No. | 9% Cumulative Redeemable Preference Shares | Instalment No | Amount (In Rs.) |
|--------|--|---------------|-----------------|
| 1 | 2,68,340 | 3rd | 50,00,000 |
| 2 | 2,70,100 | 2nd | 94,53,500 |
| 3 | 5,00,000 | 3rd and final | 1,75,00,000 |

As on 31st March, 2020 the paid-up preference share capital is Rs.212,87,500/-.

- ❖ Total Paid-up Share Capital: As on 31st March, 2020 Total Paid-up Share Capital of the Company is Rs.101,454,880/-.

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. DEMAT OF SHARES:

The Equity Shares of your Company have been admitted by CDSL/NSDL for dematerialization. In response to the compliance with SEBI Circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, your company had issued 3 (three) reminders to all the Shareholders whose shares are in physical mode and requested them to dematerialize their shares. The Board pleased to inform that in compliance with Regulation 39 of the SEBI (LODR), Regulation, 2015 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.

8. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- 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.
- 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.
- 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.
- That the directors had prepared the annual accounts on the going concern basis.
- 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.
- 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.

9. 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.

10. 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.



11. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. 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 Auditor 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.

12. 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.

13. RELATED PARTY TRANSACTIONS:

All transactions entered by the Company with related party were in the ordinary course of the business. The Audit Committee granted omnibus approval of the same. There were no materially significant transactions with Related Parties during the financial year 2019-20 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. | Nature of Transactions | Amount (In Rs.) | Legal Framework | Legal Requirements | Date of prior Approval obtained | Date of Contract |
|--------|---|-----------------|---|---|---|------------------|
| 1. | Sell of Cement to DCS Sporting Pvt. Ltd | 40,000/- | Regulation 23 (2) of SEBI Listing Regulation and Sec-188 (1) (a) of Companies Act, 2013 | Prior approval of Audit Committee and Board | Omnibus approval of Audit Committee dated 10-02-2020 Board Approval – 10-02-2020 | 07-05-2019 |
| 2. | Sell of Cement to DCS Sporting Pvt. Ltd | 50,000.64/- | Regulation 23 (2) of SEBI Listing Regulation and Sec-188 (1) (a) of Companies Act, 2013 | Prior approval of Audit Committee and Board | Omnibus approval of Audit Committee dated 10-02-2020 Board Approval – 10-02-2020 | 10.06.2019 |
| 3. | Sell of Cement to DCS Sporting Pvt. Ltd | 40,000/- | Regulation 23 (2) of SEBI Listing Regulation and Sec-188 (1) (a) of Companies Act, 2013 | Prior approval of Audit Committee and Board | Omnibus approval of Audit Committee dated 10-02-2020 Board Approval – 10-02-2020 | 14-08-2019 |
| 4. | Sell of Cement to DCS Sporting Pvt. Ltd | 20,000/- | Regulation 23 (2) of SEBI Listing Regulation and Sec-188 (1) (a) of Companies Act, 2013 | Prior approval of Audit Committee and Board | Omnibus approval of Audit Committee dated 10-02-2020 Board Approval – 10-02-2020 | 05.12.2019 |
| 5. | Sell of Cement to DCS Sporting Pvt. Ltd | 20,000/- | Regulation 23 (2) of SEBI Listing Regulation and Sec-188 (1) (a) of Companies Act, 2013 | Prior approval of Audit Committee and Board | Omnibus approval of Audit Committee dated 10-02-2020 Board Approval – 10-02-2020 | 24-01-2020 |
| 6. | Sell of Cement to DCS Sporting Pvt. Ltd | 40,000/- | Regulation 23 (2) of SEBI Listing Regulation and Sec-188 (1) (a) of Companies Act, 2013 | Prior approval of Audit Committee and Board | Omnibus approval of Audit Committee dated 10-02-2020 Board Approval – 10-02-2020 | 03-03-2020 |
| | TOTAL | 2,10,000.64/- | | | | |



14. COST AUDITORS:

Cost Audit records have been maintained by the company for the F.Y.2019-20. 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. 2020-2021.

15. AUDITORS:

The Company had, on its 34th AGM held on 31st August, 2017, appointed M/s. Brahmayya and Co., as Statutory Auditor for 5 years i.e. to hold office until the conclusion of 39th AGM.

16. ADDITIONAL INFORMATION:

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

17. CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES:

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

18. 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 2019-2020. The Secretarial Audit report is annexed herewith as **“(Annexure IV)” & “(Annexure IV.I)”**

19. EXTARCT OF ANNUAL RETURN:

The details forming part of the Annual Return in form MGT-9 is annexed herewith as **“(Annexure V)”**

20. 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.

21. 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 is Board Meeting held on 29th May, 2015. The details of the committee and its terms of reference are set out in the corporate governance report forming part of the Boards report.

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

22. 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.

23. ACKNOWLEDGEMENTS:

Your Directors are thankful to Axis Bank, Begumpet Branch 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.



(Annexure II)

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 | | |
|--|---|--------------|---------------------|------------|---------------|---------------------|------------|
| A. Power and Fuel Consumption: | | Cement | Electronic Division | Wind Power | Cement | Electronic Division | Wind Power |
| 1 | | | | | | | |
| a) | Purchased Units (Nos) | 37065657 | 345852 | NIL | 39005488 | 417477 | NIL |
| | Amount (Rs.) | 245775061 | 3286412 | NIL | 266100844 | 3717221 | NIL |
| | Rate/unit (Rs.) | 6.63 | 9.50 | NIL | 6.82 | 8.90 | NIL |
| b) | Own Generation: | | | | | | |
| | Through Diesel Generator Units (Nos.) | 16416 | 5554 | NIL | 4800 | 8123 | NIL |
| | Units per Ltr. of Diesel Oil | 3.00 | 3.00 | NIL | 3.00 | 3.00 | NIL |
| | Cost/Unit (Rs.) | 23.33 | 23.14 | NIL | 24.30 | 24.37 | 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 |
| iii) | Through Solar power Units generated | NIL | 130494 | NIL | NIL | 135828 | NIL |
| iv) | Through waste heat recovery Units generated | 7033996 | NIL | NIL | 3445054 | NIL | NIL |
| 2 | Coal | | | | | | |
| | Quantity (M.T.) | 76172 | NIL | NIL | 78918 | NIL | NIL |
| | Total Cost (Rs.) | 444754797 | NIL | NIL | 484631476 | NIL | NIL |
| | Average Rate/M.T. (Rs.) | 5838.82 | NIL | NIL | 6141 | NIL | NIL |
| 3 | Furnace Oil | NIL | NIL | NIL | NIL | NIL | NIL |
| 4 | Others/Internal Generation | NIL | NIL | NIL | NIL | NIL | NIL |
| B. Consumption per unit production: | | | | | | | |
| | Electricity (Units) | 96.12 | 233 | NIL | 91.89 | 296.30 | 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:

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

| Technology absorption, adoption and innovation | | |
|---|---|------------|
| 1 | Efforts, in brief, made towards innovation | NIL |
| 2 | Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, production development, import substitution etc. | NIL |
| 3 | In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial Year), the following information may be furnished | NIL |
| | a. Technology | |
| | b. Been imported | |
| | c. Year of import | |
| | d. Has technology been fully absorbed | |
| | e. If not fully absorbed, reasons therefore and future plans of action | |
| Foreign Exchange Earnings & Outgo: | | |
| i) | Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans | |
| ii) | Total foreign exchange outgo and earned | |
| | a. Foreign Exchange Outgo | Rs. 235.50 |
| | b. Foreign Exchange Earned | Rs. 19.16 |

By Order of the Board of Directors

Place: Hyderabad
Date: 25-07-2020

Sd/-
(J. Triveni)
Executive Chairperson



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. During the financial year under review, The Board of Directors consists of 5 Members of whom 3 are Non-Executive Independent Directors 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, 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
 - ❖ 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 31st March, 2020, 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 Five (5) times during the year on 30.05.2019, 29.06.2019, 12.08.2019, 12.11.2019 and 10.02.2020, 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, their attendance at Board Meetings, AGM and details of other directorships, committee chairmanships/ memberships held by the Directors during the year are as follows:

| Sl. No. | Name of the Directors | Category Particulars | Attendance | | | No. Directorship and Committee membership / chairmanship in other Companies | | |
|---------|-----------------------|-----------------------|--|----------|-----|---|------------------------|---------------------------|
| | | | No. of Board Meetings held during the tenure | Last AGM | | *Other Directorship | **Committee Membership | ***Committee Chairmanship |
| | | | Held | Attended | | | | |
| 1. | Mrs. J. Triveni | Executive Chairperson | 5 | 3 | YES | 5 | - | - |
| 2. | Mr. J. S. Rao | Managing Director | 5 | 5 | YES | 8 | 1 | - |



| | | | | | | | | |
|----|------------------------------|------------------------|---|---|-----|---|---|---|
| 3. | Mr. J. Sivaram Prasad | Non-Executive Director | 5 | 4 | YES | 9 | - | - |
| 4. | Mr. K. Harish Chandra Prasad | Independent Director | 5 | 5 | NO | 7 | 3 | - |
| 5. | Mr. B. V. Subbaiah | Independent Director | 5 | 5 | YES | 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 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 committee 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 noting. 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 entered into with the Stock Exchange.
- ii. Apart from all the matters provided in Regulation 18 of the SEBI (LODR) Regulation, 2015 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 7th August, 2019 and Mr. J. Sivaram Prasad, 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:
- v. 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 relating to the composition of the Audit Committee. During the financial year 2019-2020, Four (4) meetings of the Audit Committee were held on the 30.05.2019, 12.08.2019, 12.11.2019 and 10.02.2020.

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. J. Sivaram Prasad | Chairman | NED (I) | 3 |
| 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) time on 30.05.2019 and 10.02.2020 during the financial year ended March 31, 2019. 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. 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 2018-19 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 | 78.00 | Nil | Nil | Nil |
| Sri. J. S. Rao | Managing Director | 78.00 | Nil | Nil | Nil |

The Company has paid sitting fees of Rs. 98,000/- for attending Board Meeting and Committee meeting to Non-Executive Directors during the financial year 2019-20.

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 behavior and judgment.
- ❖ Maintenance of confidentiality of critical issues.

The Attributes of Criteria of Performance Evaluation is attached.



| Factor | Attributes |
|-------------------------|---|
| Role & Accountability | ❖ 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 |
| Objectivity | ❖ Non-partisan appraisal of issues |
| | ❖ Own recommendations given professionally without tending to majority or popular views |
| Leadership & Initiative | ❖ Heading Board Sub Committees |
| | ❖ Driving any function or identified initiative based on domain knowledge and experience |
| Personal attributes | ❖ 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/codeofconduct/Criteriaforselectionandremunerationofboardmembers.pdf>

c. STAKEHOLDERS RELATIONSHIP COMMITTEE:

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

| 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 |

The committee met Four (4) times on 30.05.2019, 12.08.2019, 12.11.2019 and 10.02.2020 during the financial year ended March 31, 2020. The details of composition and attendance record of the members at the meeting were as follows:

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 30 days from the date of receipt of the valid transfer deeds. The other investor related complaints are reported to the Stakeholder's Relationship Committee.



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

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

| S. No. | Description | June'19 | | Sept'19 | | Dec'19 | | Mar'20 | | Total | |
|--------|--|---------|----------|---------|----------|---------|----------|---------|----------|---------|----------|
| | | Receipt | Resolved | Receipt | Resolved | Receipt | Resolved | Receipt | Resolved | Receipt | Resolved |
| 1 | Non-Receipt of Dividend | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| 2 | Non-Receipt of Share Certificate sent for transfer etc | 1 | 1 | 0 | 0 | 2 | 2 | 0 | 0 | 3 | 3 |
| 3 | Non-Receipt of Annual Reports, Right forms, Bonus shares/ Interest on delayed receipt of refund order. | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |

d. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

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

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

The Annual Report on CSR activities carried out during the year 2019-20 is annexed as **(Annexure III)**.

e. RISK MANAGEMENT COMMITTEE

As per Regulation 21 of the SEBI (LODR) Regulation, constitution of Risk Management Committee is mandatory for top 100 companies. Hence, it is not mandatory for your company to constitute this committee. However, the company has formed a risk evaluation/management committee consisting of the following members on 29.05.2015.

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

Term of reference:

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

**f. INTERNAL COMPLAINT COMMITTEE**

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

| Name | Designation | Category |
|---------------------------|-------------|-------------------------|
| Smt. J. Triveni | Chairman | Chairperson |
| Smt. J. Sarada Govardhini | Member | Chief Operating Officer |
| Sri. J. S. Rao | Member | Managing Director |

INDEPENDENT DIRECTORS MEETING:

During the year under review, the Independent Directors met on February 10, 2020, inter alia, to discuss:

1. Evaluation of the performance of Non-Executive Non-Independent Directors and the Board of Directors as a Whole;
2. Evaluation of performance of the Executive Chairperson and the Managing Director
3. 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 |
|----------------|------------|-----------|--|--------------------|
| 2018-19 | 07.08.2019 | 09.30 A.M | Registered office at Plot 40, IDA Balanagar Hyderabad - 500 037, Telangana | Yes |
| 2017-18 | 29.09.2018 | 11.00 A.M | Registered office at Mellacheruvu (Village & Mandal), Suryapet District 508246 Telangana | Yes |
| 2016-17 | 31.08.2017 | 11.00 AM | Registered office at Mellacheruvu (Village & Mandal), Suryapet District 508246 Telangana | No |

b. Extra Ordinary General Meeting:

No EGM was held during the year under review,

c. Postal Ballot:

No Postal Ballot was conducted during the year under review.

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. Then same is also uploaded in the Company's website: www.keerthiindustries.com.

VI. GENERAL SHAREHOLDERS INFORMATION:**a. 37th Annual General Meeting:**

| | |
|---------------|--|
| Date and Time | Saturday, the 26th September, 2020 at 09:30 AM |
| Mode: | Video Conferencing mode |

b. Record Date: 17th September, 2020**c. Book Closure Date: 18th September, 2020 to 26th September, 2020 (Both days inclusive)****d. Financial Year and Calendar (Tentative) 2020-2021:**

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:



Keerthi Industries Limited

| | |
|---|--------------|
| Financial Reporting for 2020-2021 (tentative) | On or before |
| Quarter Ending 30.06.2020 | 14.08.2020 |
| Half year ending 30.09.2020 | 14.11.2020 |
| Quarter Ending 31.12.2020 | 14.02.2021 |
| Year ending 31.03.2021 | 30.05.2021 |

Listing on Stock Exchanges

- i. The Bombay Stock Limited
- e. Listing Fees: Listing Fees for Financial Year 2019-20 has been paid on 30th May, 2020.
- f. Scrip Code: 518011
- g. ISIN No: INE145L01012
- h. Stock Price Data and performance: (Amount in Rs.)

| Month | High | Low | Turnover | Month | High | Low | Turnover |
|-----------|-------|-------|----------|----------|-------|-------|----------|
| Apr'2019 | 68.50 | 55.05 | 5,40,928 | Oct'2019 | 69.30 | 57.00 | 6,49,916 |
| May'2019 | 67.30 | 52.35 | 9,55,697 | Nov'2019 | 70.20 | 44.20 | 9,36,022 |
| Jun'2019 | 59.00 | 47.75 | 4,19,747 | Dec'2019 | 57.00 | 43.70 | 4,55,402 |
| Jul'2019 | 53.95 | 45.10 | 2,51,284 | Jan'2020 | 52.10 | 43.75 | 6,46,339 |
| Aug'2019 | 60.80 | 39.75 | 9,50,813 | Feb'2020 | 46.50 | 35.85 | 2,44,757 |
| Sept'2019 | 69.00 | 54.15 | 4,25,800 | Mar'2020 | 38.10 | 26.60 | 1,41,392 |

- i. 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

- j. Share Transfer System:

As on 31st March 2020, 85.58% 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.

- k. Shareholding Pattern as on 31st March, 2020:

| 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 | 6006188 | 74.92 |
| | Sub- Total A | 6006188 | 74.92 |
| B | Public Shareholding | | |
| | 1. Institutions | 9991 | 0.12 |
| | 2. Non- Institution | | |
| | a. Body Corporate | 134328 | 1.68 |
| | b. Indian Public and others | 1779813 | 22.20 |
| | c. Any others | | |
| | i) NRI's | 86042 | 1.07 |
| | ii) Clearing Members | 376 | 0.01 |
| | Sub- Total B | 2010550 | 25.08 |
| | Grand Total (A+B) | 8016738 | 100.00 |



- i. Distribution of shareholding of the Company by number of shares held as on 31st March, 2020 is as follows:

| Particulars | Shareholders | | Shareholding | |
|----------------|--------------|--------|--------------|--------|
| | Number | % | Value | % |
| UPTO – 5000 | 13308 | 96.23 | 11122470 | 13.87 |
| 5001 – 10000 | 333 | 2.41 | 2557490 | 3.19 |
| 10001 – 20000 | 115 | 0.83 | 1630340 | 2.03 |
| 20001 – 30000 | 29 | 0.21 | 697610 | 0.87 |
| 30001 – 40000 | 18 | 0.13 | 635150 | 0.79 |
| 40001 – 50000 | 4 | 0.03 | 182490 | 0.23 |
| 50001 – 100000 | 11 | 0.08 | 695730 | 0.87 |
| 100001 & ABOVE | 11 | 0.09 | 62646100 | 78.14 |
| Total | 13829 | 100.00 | 80167380 | 100.00 |

- m. 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 31st March, 2020, 67,80,599 equity shares are dematerialized which is 85.58 % of the paid-up equity share capital of the company and out of which 42,59,072 shares (53.13%) are in CDSL and 26,23,557 shares (32.73%) are in NSDL and the balance i.e. 11,34,109 (14.14%) equity shares are in physical form.

- n. Plant Location and address for investors correspondence:

Plant Locations:

| Plant Locations | |
|---|---|
| Cement | Electronics |
| Mellacheruvu (Village & Mandal), Suryapet 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 Registered Office of the company.

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

Tel: 040-23076543

E-mail ID: kilinvestorservices@gmail.com

- o. CEO/MD and CFO Certification:

As required by the Regulation 17 (8) Part B of Schedule II of the SEBI (LODR) Regulation, 2015, the certificate from Managing Director and CFO is attached elsewhere in the Annual Report.

- p. CEO/MD Declaration on Compliance of Code of Conduct:

As required under Clause D of Schedule V of the SEBI (LODR) Regulation, 2015, 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.

- q. Compliance Certificate of the Practicing Company Secretaries:

As required under Clause E of Schedule V of the SEBI (LODR) Regulation, 2015, 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 and the same forms part of the Annual Report.

VII. OTHER DISCLOSURES:

There were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.



- i. 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.
- ii. In the preparation of financial statements, no treatment materially different from that prescribed in Indian Accounting Standards had been followed
- iii. 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 provides 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.
- iv. The Company has complied with the mandatory requirements within the allowed time and adopted, to the extent practicable to adopt, non-mandatory requirements as required under the SEBI (LODR) Regulation, 2015.
- v. The Company does not have any subsidiary Company; hence the requirement for framing policy for determining 'material' subsidiaries is not required.
- vi. The Policy on dealing with related party transactions is disseminated in the website of the Company and is available at the weblink:
- vii. <http://www.keerthiindustries.com/images/codeofconduct/Policyonrelatedpartytransaction.pdf>
- 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. During the financial year under review 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. Triveni

Executive Chairperson

Place: Hyderabad

Date: 25.07.2020



(Annexure III)

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 network 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 | 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, toilets, providing drainage systems and electricity, and rehabilitating natural-disaster- affected victims in rural areas. |
| 2 | 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 surgeries/medical treatment, etc. of poor peoples. |
| 3 | Sports | The Company focuses on providing Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports. The Company will work with Non- profit organizations working in Setting up of infrastructural facilities, fitness center and allied equipment's for training and coaching for sports students |
| 4 | 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 or mechanical engineering students across various colleges situated nearby the factory of the Company. |
| 5 | National Heritage, Art and Culture | The Company will provide donations for protecting national heritage, art and culture including temples etc. |

Web Link:

<http://www.keerthiindustries.com/images/CSRPolicy.pdf>

2. Composition of CSR Committee

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

During the financial year ended March 31, 2020, the committee has met One (1) time on 30.05.2019 and has recommended the amendment in CSR policy and CSR budget 2019-20 for the approval of the Board of Directors.



3. Average net profit of the company for last three financial years: (Rs. In Lakhs)

| Particulars | 2016-2017 | 2017-2018 | 2018-2019 |
|---|-----------|-----------|-----------|
| Net Profit (as per section 198) (which is primarily NPBT) | 1940.82 | 1095.35 | (533.83) |
| Average Net Profit (as per section 198) | 834.11 | | |

4. Prescribed CSR Budget allocated for FY 2019-20
(2 % of the amount as in item 3 above): - Rs. 16.68 Lakhs

5. Detail of CSR Amount to be spend for FY 2019-20

- a. Total CSR for the FY 2019-20 - Rs. 16.68 Lakhs
- b. Unspent amount of previous year 2018-19
Carried forward to this year 2019-20 - Rs. 25.90 Lakhs
Total CSR amount available in 2019-20 (a+b) - Rs. 42.58 Lakhs
- c. Amount spent during the year - Rs. 01.15 Lakhs
- d. Amount remaining unspent till FY 2018-19 - Rs. 41.43 Lakhs

6. Manner in which the amount spent during the financial year is detailed below:

| Sl. No. | Projects /Activities | Sector | Place of Projects / programme | Budget allocated (Rs. In Lakhs) | Amount Spent on the project | Mode of spending: Direct/ through implementing agency | Date of payment |
|---------|--|---------------------------|-------------------------------|---------------------------------|-----------------------------|---|-----------------|
| | Supplying of children park equipment to ZPHS and MPPS school at Revoor village | Rural Development Project | Revoor village | 1.15 | 1.15 | Direct | 29.10.2019 |
| | TOTAL | | | | 1.15 | | |

Notes:

- ❖ The Company is making every endeavor to identify certain villages near the plants so that the company can benefit the local population. The CSR Committee is reviewing the matter periodically and identifying the projects and allocate the sums for the completion of such projects.

7. REASONS FOR NOT SPENDING THE FULL/BALANCE AMOUNT ALLOCATED FOR CSR ACTIVITIES:

Out of the total CSR budget of Rs. 42.58 Lakhs (including unspent amount of previous years) allocated for the FY 2019-20, the Company has, as on 31.03.2020, spent Rs. 1.15 Lakhs in its CSR programs/activities/projects and Rs. 41.43 Lakhs remain unspent.

The Company has made their best endeavor to identify certain villages near their cement plant, so that the company can benefit the local population through their CSR projects. However partly, due to late identification of village and CSR programs/projects required therein and partly due to some administrative issues, the Company could not able to spent their CSR in full, till the financial year ended on 31.03.2020.

The amount Rs. 41.43 Lakhs which remained unspent due to the aforesaid circumstances, shall be added to the CSR budget of the Financial Year 2020-21.

8. A RESPONSIBILITY STATEMENT OF THE CSR COMMITTEE THAT THE CSR POLICY, IS IN COMPLIANCE WITH CSR OBJECTIVES AND POLICY OF THE COMPANY:

The CSR Committee confirms that the activities proposed to carried out by the Company are in compliance with the CSR objectives and policy of the Company.

Place: Hyderabad
Date: 25.07.2020

Sd/-
B. V. Subbaiah
Chairman, CSR Committee

Sd/-
J. S. Rao
Managing Director



CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members
Keerthi Industries Limited
Hyderabad

We, M/s. VCSR & Associates, Company Secretaries have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. Keerthi Industries Limited having CIN: L11100TG1982PLC003492 and having registered office at Plot 40, IDA, Balanagar, Hyderabad-500037 Telangana (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me / us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| S.No. | Name of the Director | DIN | Designation |
|-------|-----------------------------|----------|-----------------------|
| 1 | Triveni Jasti | 00029107 | Executive Chairperson |
| 2 | Seshagiri Rao Jasti | 00029090 | Managing Director |
| 3 | Venkata Subbaiah Boddu | 01147062 | Independent Director |
| 4 | Harishchandra Prasad Kanuri | 00012564 | Independent Director |
| 5 | Sivaram Prasad Jetty | 00221271 | Independent Director |

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate 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
Practicing Company Secretaries

Sd/-
Ch. Veeranjanyulu
Partner
CP NO. 6392, FCS No. 6121
UDIN: F006121B000510383

Place: Hyderabad
Date: 25.07.2020



**(Annexure IV)
to the Report of the Board of Directors**

MR -3

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020**

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 2019-20. 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, 2020 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:

1. 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, 2020 ("Audit Period") according to the provisions of:
 - a. The Companies Act, 2013 (the Act) and the rules made thereunder as applicable;
 - b. The Securities Contract (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
 - c. The Depositories Act, 1956 and the Regulations and the Bye-laws framed thereunder;
 - d. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
 - e. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015;
 - iii. 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;
 - iv. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 & Listing Agreement entered with BSE Limited;
 - f. The Secretarial Standards on the Meetings of the Board of Directors, Committees and General Meetings issued by the Institute of Company Secretaries of India.
 - g. We have also examined the compliance of other applicable laws as under:
 - i. Employees Provident Fund and Miscellaneous Provisions Act, 1952
 - ii. Employees State Insurance Act, 1948
 - iii. Employers Liability Act, 1938
 - iv. Environment Protection Act, 1986 and other environmental laws
 - v. Equal Remuneration Act, 1976
 - vi. Factories Act, 1948
 - vii. Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rule, 2003
 - viii. Industrial Dispute Act, 1947



- ix. Minimum Wages Act, 1948
 - x. Payment of Bonus Act, 1965
 - xi. Payment of Gratuity Act, 1972
 - xiii. Payment of Wages Act, 1936 and other applicable labour laws
2. We report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above except:
- 2.1 The Company has not spent its entire CSR Budget of Rs. 42.68 Lakhs allocated for the FY 2019-20 (including unspent amount of previous years).
- Out of the total CSR budget of Rs. 42.68 Lakhs (including unspent amount of previous years) allocated for the FY 2018-19, the Company has, as on 31.03.2020, spent Rs. 1.15 Lakhs in its CSR programs/activities/projects and Rs. 41.53 Lakhs remain unspent.
- The Management has explained to us that the Company has identify certain villages near their cement plant, so that the company can benefit the local population through their CSR projects. Since the pandemic of covid -19 has taken place and partly due to some administrative issues, the Company could not able to spent their CSR in full, till the financial year ended on 31.03.2020.
- They explained that they will state the reason for not spending CSR amount in full, in the Board's Report as required pursuant to 2nd proviso to Section 135 (5) of the Companies Act, 2013.
- The Management further explained to us that the amount which remained unspent due to the aforesaid circumstances, shall be added to the CSR budget of the Financial Year 2020-21.
3. We further report that:
- 3.1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, and Non-Executive Independent Directors. The composition of the Board of Directors during the period under review are in compliance with the provisions of the Act.
 - 3.2. 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.
 - 3.3. Decisions at the meetings of the Board of Directors and Committees of the Board of the Company were taken unanimously. There were no dissenting views of members of the Board at any Board / Committee meeting held during the financial year.
 - 3.4. Majority decision is carried through as informed by the Company.
4. As per our Audit and the explanation provided by the management, it is to be noted that for the Audit Period the following acts are not applicable to the Company:
- 4.1. SEBI (ESOS & ESOP) Guidelines, 1999.
 - 4.2. SEBI (Issue and Listing of Debt Securities) Regulations, 2008.
 - 4.3. SEBI (Buyback of Securities) Regulations, 1998.
 - 4.4. SEBI (Share Based Employee Benefits) Regulations, 2014.
5. 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.
6. 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, FCS No. 6121

UDIN: F006121B000510185

Place: Hyderabad
Date: 25.07.2020

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



(Annexure IV.I)

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 to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we 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.
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, FCS No. 6121

UDIN: F006121B000510185

Place: Hyderabad
Date: 25.07.2020



**(Annexure V)
to Boards Report**

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2020
[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 | L11100TG1982PLC003492 (Formerly L26942TG1982PLC003492) |
| 2 | Registration Date | 17th 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 | Plot No.40, IDA Balanagar, Hyderabad-500037, Telangana |
| 6 | Whether listed company | YES, BSE Limited |
| 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:-

| S.No. | Name and Description of main products / services | NIC Code of the Product / service | % to total turnover of the company |
|-------|--|-----------------------------------|------------------------------------|
| 1 | Cement | 23941 | 94.06% |

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 | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 60,06,188 | Nil | 60,06,188 | 74.92 | 60,06,188 | Nil | 60,06,188 | 74.92 | 0.00 |
| b) Central Govt. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c) Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| d) Bodies Corp. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| e) Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| f) Any Other.... | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub-total (A) (1):- | 60,06,188 | NIL | 60,06,188 | 74.92 | 60,06,188 | NIL | 60,06,188 | 74.92 | 0.00 |
| (2) Foreign | | | | | | | | | |
| a) Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b) Other – Individuals | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |



Keerthi Industries Limited

| | | | | | | | | | |
|--|------------------|------------------|------------------|---------------|------------------|------------------|------------------|---------------|--------------|
| c) Nil | 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 |
| Sub-total (A) (2):- | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Total shareholding of Promoter (A)=(A)(1)+(A)(2) | 60,06,188 | NIL | 60,06,188 | 74.92 | 60,06,188 | NIL | 60,06,188 | 74.92 | 0.00 |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| Mutual Funds | Nil | 250 | 250 | 0.00 | Nil | 250 | 250 | 0.00 | 0.00 |
| Central Govt. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| State Govt.(s) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Financial Institutions/ Banks | 6,667 | 3,074 | 9,741 | 0.12 | 6,667 | 3,074 | 9,741 | 0.12 | Nil |
| Venture Capital funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Insurance Companies | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| FIs | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Foreign Venture Capital Fund | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Others (specify) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub-total (B)(1):- | 6,667 | 3,324 | 9,991 | 0.12 | 6,667 | 3,324 | 9,991 | 0.12 | Nil |
| 2. Non-Institutions | | | | | | | | | |
| a) i) Indian | 77,697 | 63,583 | 1,41,820 | 1.76 | 71,121 | 63,583 | 1,34,704 | 1.68 | (4.65) |
| ii) Overseas | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b) i) Individual shareholders holding nominal share capital upto Rs. 2 lakh | 6,31,736 | 10,14,756 | 16,46,492 | 20.54 | 6,27,141 | 9,95,344 | 16,22,485 | 20.24 | (1.45) |
| ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh | 1,18,233 | Nil | 1,18,233 | 1.47 | 1,57,328 | Nil | 1,57,328 | 1.96 | 33.07 |
| c) Others | | | | | | | | | |
| Non Repartible | 2,778 | Nil | 2,778 | 0.03 | 3,238 | Nil | 3,238 | 0.04 | 16.56 |
| Repartible | 17,300 | 74,476 | 91,776 | 1.14 | 10,946 | 71,858 | 82,804 | 1.03 | -9.78 |
| HUF | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| d) NRI's | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub-total (B)(2):- | 8,47,744 | 11,52,815 | 20,00,559 | 24.95 | 8,69,744 | 11,30,785 | 20,00,559 | 24.95 | 16.48 |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 8,54,411 | 11,56,139 | 20,10,550 | 25.08 | 8,76,441 | 11,34,109 | 20,10,550 | 25.08 | Nil |
| C. Shares held by Custodian for GDRs & ADRs | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Grand Total (A+B+C) | 68,60,599 | 11,56,139 | 80,16,738 | 100.00 | 68,82,629 | 11,34,109 | 80,16,738 | 100.00 | Nil |

ii) Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding 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 | 37,01,559 | 46.18 | 46.17 | 37,01,559 | 46.17 | NIL | NIL |
| 2 | J. Triveni | 21,95,349 | 27.38 | NIL | 21,95,349 | 27.38 | NIL | NIL |
| 3 | J. Venkata Krishna | 87,347 | 1.09 | NIL | 87,347 | 1.09 | NIL | NIL |
| 4 | J. Sarada Govardhini | 21,698 | 0.27 | NIL | 21,698 | 0.27 | NIL | NIL |



Keerthi Industries Limited

| | | | | | | | | |
|---|---------------------------|------------------|--------------|--------------|------------------|--------------|--------------|------------|
| 5 | J. Veeranna Choudary | 235 | 0.00 | NIL | 235 | 0.00 | NIL | NIL |
| 6 | J.S. Krishna Murthy (HUF) | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| 7 | J. Bullemmai | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| | Total | 60,06,188 | 74.92 | 46.17 | 60,06,188 | 74.92 | 46.17 | NIL |

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

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 | Dheeraj Kumar Lohia | 1,763 | 0.02 | 25,875 | 0.32 |
| 5 | Golden Goenka Commerce Private Limited | 18,453 | 0.23 | 23,551 | 0.29 |
| 6 | Atul Dinkerray Raval | 18,233 | 0.23 | 18,233 | 0.23 |
| 7 | Thyagarajan Gurumurthy | 0 | 0.00 | 13,220 | 0.16 |
| 8 | Keerthi Industries Ltd - Unclaimed Secur | 8,851 | 0.11 | 8,851 | 0.11 |
| 9 | V C Brahmanna | 7,100 | 0.09 | 7,100 | 0.09 |
| 10 | Chereddi Ramachandra Naidu | 7,000 | 0.09 | 7,000 | 0.09 |
| | TOTAL | 2,39,378 | 2.99 | 2,81,608 | 3.51 |

v. Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | 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 | 37,01,159 | 46.18 | - | - |
| | Date wise Increase / Decrease in Shareholding during the year: | - | - | - | - |
| | At the end of the year | - | - | 37,01,159 | 46.18 |
| 2 | J Triveni – Executive Chairperson & Whole-time Director | | | | |
| | At the beginning of the year | 21,95,349 | 27.38 | - | - |
| | Date wise Increase / Decrease in Shareholding during the year: | - | - | - | - |
| | At the end of the year | | | 21,95,349 | 27.38 |
| 3 | Sivaram Prasad Jetty – Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Shareholding during the year: | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 4 | Venkata Subbaiah Boddu – Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Shareholding during the year: | - | - | - | - |
| | At the end of the year | - | - | - | - |



Keerthi Industries Limited

| | | | | | |
|---|--|---|---|---|---|
| 5 | Harishchandra Prasad Kanuri – Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Shareholding during the year: | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 6 | Akriti Sharma – Company Secretary | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Shareholding during the year: | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 7 | Y Sadasiva Rao – CFO | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Shareholding during the year: | - | - | - | - |
| | At the end of the year | - | - | - | - |

VI. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment Rs. (In lakhs)

| | Secured Loans excluding deposits | Unsecured Loans | Vendor Deposits | Total Indebtedness |
|--|--|--------------------|--------------------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 1564.02 | 4484.26 | 6.46 | 6054.74 |
| ii) Interest due but not paid | Nil | Nil | Nil | Nil |
| iii) Interest accrued but not due | Nil | Nil | Nil | Nil |
| Total (i+ii+iii) | 1564.02 | 4484.26 | 6.46 | 6054.74 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 123.03 | 650.16 | 0 | 773.19 |
| Reduction | 345.21 | 867.34 | Nil | 1212.55 |
| Net Change Indebtedness | (222.18) | (217.18) | 0 | (439.36) |
| At the end of the financial year | | | | |
| i) Principal Amount | 1341.84 | 4185.40 | 6.46 | 5533.70 |
| ii) Interest due but not paid | Nil | Nil | Nil | Nil |
| iii) Interest accrued but not due | 6.16 | 81.68 | Nil | 87.84 |
| Total (i+ii+iii) | 1348.00 | 4267.08 | 6.46 | 5621.54 |

VII. 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 (Rs. In Lakhs) |
|---------|---|-------------------------------|-----------------------------------|--------------------------------|
| | | J. S. Rao & CFO (MD & CFO) | J. Triveni (Chairperson & WTD) | |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 72 | 72 | 144 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 6 | 6 | 12 |
| | (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) | 78 | 78 | 156 |
| | Ceiling as per the Act | | | 168.00 |

B. Remuneration to other directors: (Amount in Rs.)

| Sl. No. | Particulars of Remuneration | Name of Directors | | | Total Amount |
|----------|--|------------------------|--------------|------------------|--------------|
| | | K Harishchandra Prasad | B V Subbaiah | J Sivaram Prasad | |
| 1 | Independent Directors | | | | |
| | Fee for attending board / committee meetings | 35,000 | 35,000 | 28,000 | 98,000 |
| | Commission | Nil | Nil | Nil | Nil |
| | Others, please specify | Nil | Nil | Nil | Nil |
| | Total (1) | 35,000 | 35,000 | 28,000 | 98,000 |
| 2 | Other Non-Executive Directors | | | | |
| | Fee for attending board/committee meetings | — | — | — | — |
| | Commission | — | — | — | — |
| | Others, please specify | — | — | — | — |
| | Total (2) | — | — | — | — |
| | Total = (1+2) | 35,000 | 35,000 | 28,000 | 98,000 |
| | Total Remuneration | | | | 98,000 |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (Amount in Rs.)

| Sl. No. | Particulars of Remuneration | KEY MANAGERIAL PERSONNEL | | Total Amount |
|---------|---|--------------------------|--------------------------|--------------|
| | | CS (Akriti Sharma) | CFO (Y. Sadasiva Rao) | |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 7,26,578 | 50,04,000 | 57,30,578 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | Nil | | Nil |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | Nil | | Nil |
| 2 | Stock Option | Nil | | Nil |
| 3 | Sweat Equity | Nil | | Nil |
| 4 | Commission - as % of profit - others, specify... | Nil | | Nil |
| 5 | Others, please specify | Nil | | Nil |
| | Total | 7,26,578 | 50,04,000 | 57,30,578 |



VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

NIL



(Annexure-VI)

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. | Smt. J. Triveni (Executive Chairperson) | 26:1 |
| 2. | Sri J. S. Rao (Managing Director) | 26:1 |

Non-Executive Directors are getting seating fee in respect of attending Board meetings. No other remuneration is paid to them.

- 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) | 9.78 |
| 2. | Smt. J. Triveni (Executive Chairperson) | 10.81 |
| 3. | Sri. J. Sivaram Prasad (Independent Director) | NIL |
| 4. | Sri. B V Subbaiah (Independent Director) | NIL |
| 5. | Sri. K. Harishchandra Prasad (Independent Director) | NIL |
| 7. | Sri. Y Sadasiva Rao. (CFO) | NIL |
| 8. | Ms. Akriti Sharma | 10.28 |

- iii) The percentage increase in the median remuneration of employees in the financial year: 0.61%

- iv) The number of permanent employees on the rolls of company: 242

- v) Average percentile increases 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;

Average percentile increase in the salaries of employees is 4.81%. During the financial year ended 31st March, 2020, there are two whole time Directors viz., Managing Director and Executive Chairperson and the increment is show above in table no (ii). The increment in salaries of the employees are in line with the increment in the Managerial Remuneration.

- vi) The key parameters for any variable component of remuneration availed by the directors.

The Executive Directors Mr. J. S. Rao, Managing Director and Smt. J. Triveni, Executive Chairperson not has been paid any commission apart from monthly remuneration subject to the overall limits specified by the Companies Act, 2013. Non-executive Directors have received setting fee as remuneration, for attending Board and committee meetings,

Hence, there is no any variable component of remuneration availed to the Executives Directors during the year under review.

- vii) 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.



Statement of Particulars of employees pursuant to Rule 5 (2) of the companies (appointment and remuneration of managerial personnel) rules, 2014

| Sl. No. | Name & Designation | Remuneration Received (Amount in Rs.) | Nature of Employment | Qualification & Experience of the employee | Date of commencement of employment | Age | The Last employment held before joining the Company | The % of equity shares held by the employee in the Company within the meaning of Clause (iii) of Sub-rule (2) of Rule 5 | Whether is a relative of any Director or Manager of the Company |
|---------|---|---------------------------------------|----------------------|--|------------------------------------|-----|---|---|---|
| 1 | Smt. J. Triveni – (Chairperson) | 78,00,000 | Contractual | B. Com (Hons) | 25-04-2005 | 58 | Hyderabad Bottling Co Ltd - Director | 27.38 | - |
| 2 | Sri. J. S. Rao – (Managing Director) | 78,00,000 | Contractual | M. Tech | 30-09-1999 | 65 | Hyderabad Bottling Co Ltd - Managing Director | 46.17 | - |
| 3 | Sri. Y Sadasiva Rao | 50,04,000 | Permanent | Chartered Accountant, 37 Years of Experience | 01-04-2018 | 64 | - | 0.00 | - |
| 4 | Smt. J. Sarada Govardhini - (COO) | 46,37,782 | Permanent | LLM, 9 Years of Experience | 14-02-2011 | 34 | - | 0.00 | Daughter of Chairperson and Managing Director |
| 5 | Sri. V Seenaiah | 13,15,225 | Permanent | B.E., 27 Years of Experience | 02-08-2019 | 55 | India Cements Ltd | 0.00 | - |
| 6 | Shri. C. Joginadham - G.M.(O) | 24,94,007 | Permanent | M.Sc., 33 Years of Experience | 02-11-1996 | 59 | - | 0.00 | - |
| 7 | Sri. J. Srinivasa Rao - Sr. D.G.M(P&QC) | 18,98,497 | Permanent | M.Sc., 33 Years of Experience | 10-04-2017 | 56 | - | 0.00 | - |
| 8 | V. Venkateswara Rao - Sr. Manager (PNP) | 10,31,054 | Permanent | B.Sc., 33 Years of Experience | 06-07-2017 | 57 | My Homes Industries Ltd | 0.00 | - |
| 9 | Sri. L. Rambabu | 8,90,865 | Permanent | B.Sc., 37 Years of Experience | 16-11-1987 | 63 | East Cost Insulations | 0.00 | - |
| 10 | Sri Govinda Rajulu | 9,33,466 | Permanent | B.com, 21 Years of Experience | 12-12-2018 | 56 | Srichakra Cements Ltd | 0.00 | - |

Notes: There are no other employees who draw remuneration in excess of the limits prescribed in Rule 5(2)(i), (ii) & (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014



MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. 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 another incidental factor.

2. OVERVIEW OF INDUSTRY

Keerthi Industries mainly operates in three business segments; (a) Cement (b) Electronics and (c) Power.

a. CEMENT

We operate one integrated cement plants in the States of Telangana. This segment contributes more than 90% of the total Turnover of the Company vis-à-vis other segments of the Company. We sell cement under the brand "Suvarna Cements", one of the leading brands in South India.

The Company has a 2.24-megawatt ("MW") Waste-Heat Recovery Power Plant ("WHR Power Plant") at its existing Cement Plant in Suryapet District of Telangana. The WHR Power Plant is delivering at its full capacity.

b. ELECTRONICS

Your Company is one of the few companies specialized in manufacturing flexible Printed Circuit Boards (PCB) 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. The segment has good improvement in its operations during the financial year with strong demand from their regular consumers. Focus on quality and customer service, improved supply chain mechanism are expected to give strong push to company's operations in the upcoming years.

c. POWER

Your company has one 1.50 MW Wind Energy based Electric Generating Station ("the Plant") located at Koppalahlli village, Hassan (Taluk & District), Karnataka and is being commissioning since September, 2007. The Power generated from the plant is entirely sold to Chamundeshwari Electricity Supply Corporation Limited (CESC), a Government of Karnataka Undertaking. Your Company has appointed Suzlon Energy Limited (SEL), having registered office at Pune, Maharashtra, as Operation & Management Service Contractor inter alia to look after, manage and operate the Wind Turbines Generators (WTGs) and related equipment's.

d. OILFIELD AND NATURAL GAS

The proposed activities can be carried out, under the existing circumstances, conveniently and advantageously along with the existing activities of the Company. These will enable the Company to carry on its business economically and efficiently.

3. OPPORTUNITIES & OUTLOOK

a. CEMENT DIVISION

Industry Structure and Developments:

India's cement industry is a vital part of its economy, providing employment to more than a million people, directly or indirectly. Ever since it was deregulated in 1982, the Indian cement industry has attracted huge investments, from both Indian and foreign investors, making it the second largest in the world. The industry is currently in a turnaround phase, trying to achieve global standards in production, safety, and energy-efficiency. India has a lot of potential for development in the infrastructure and sector and the cement sector is expected to largely benefit from it. Some of the recent major government initiatives such as development of 100 smart cities are expected to provide a major boost to the sector.

Cement demand in India is expected to increase due to government's push for large infrastructure projects, leading to 70 million tonnes (approx.) of cement needed in the next three to four years.

The housing sector is the biggest demand driver of cement, accounting for about 67 % of the total consumption in India. The other major consumers of cement include infrastructure at 13 %, commercial construction at 11 % and industrial construction at 9 %.

The cement capacity in India may register a growth of 10 % by next year end to 450 MT from the current



level of 420 MT. It may increase further to 550 MT by the end of 2025. The country's per capita consumption stands at around 225 kg.

Opportunities:

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 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.

b. ELECTRONIC DIVISION

Industry Structure and Developments:

Your Company is one of the few companies specialized in manufacturing flexible printed circuit boards in India. The Electronic Industry is looking up and doing well, giving a scope for PCB industry to expand. There appears to be some improvement in the usage of flexible 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:

Spreading into domestic market, as an import substitutes is a major opportunity for the Company. However, due to fall in exports, there is a constraint on domestic sales also. Therefore, the Company would try to explore additional consumers for domestic bulk orders to reduce additional burden on the margins. 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.

c. POWER DIVISION

Industry Structure and Developments:

The growth in domestic market in the last few years has been constrained given the uncertainties around fuel supply, financial condition and challenges of land acquisition, water linkages and various statutory clearances. As the power sector is seen as a key driver supporting the growth of the nation at large, the Government at the Center has been pursuing reforms which are expected to ease some of the known constraints. Your Company keeps a close watch on opportunities arising out of the above initiatives by the Government. There has been an increased focus on promoting clean and renewable energy by taking ambitious targets for achieving higher wind production. The company do not foresee any major expansion program in this division in the near future.

Opportunities:

Over the next few years, the demand for transmission capacity is expected to increase significantly. However, your Board do not foresee any major expansion program in this division in the near future.

d. OILFIELD AND NATURAL GAS:

Industry Structure and Developments:

India is the world's third largest energy consumer globally. Demand for primary energy in India is expected to increase threefold by 2035 to 1,516 million tonnes of oil. The oil and gas sector is among the eight core industries in India and plays a major role in influencing decision making for all the other important sections of the economy. India's economic growth is closely related to energy demand; therefore, the need for oil and gas is projected to grow more, thereby making the sector quite conducive for investment. India is expected to be one of the largest contributors to non-OECD petroleum consumption growth globally. Oil imports rose sharply to US\$ 87.37 billion in 2017-18 from US\$ 70.72 billion in 2016-17.

Opportunities:

Looking more closely at the recent short-term recovery, it seems to represent a recent rebalancing of market fundamentals, in a way that will make supply more challenging over the next few years. Oil supply growth has



eased off, demand is robust, and inventory levels are finally eroding. The investment slump in traditional supply sources looks like it will continue to have an effect on new production.

4. RISKS, CONCERNS & THREATS:

a) CEMENT DIVISION

Concerns of the Cement division 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. The Operations of Cement companies in Andhra Pradesh suffer due to lower realizations and lower demand in the state.

b) ELECTRONIC DIVISION

There is a threat from major competitors who, in order to maintain their market share, have installed higher production capacity, offer lower prices, better payment terms and other incentives. Due to delay in upgrading our manufacturing facilities because of financial constraints our market share may be affected. The company is trying to evolve strategies to maintain its market share and profitability through cost reduction and strengthening customer base.

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.

c) POWER DIVISION

As Suzlon Energy Limited (SEL) has been appointed as Operation & Management Service Contractor, SEL is taking care of internal and external environment to proactively address challenges, to the extent possible. Key elements of the program are summarized below:

The basic risk of this segment is Operational risks. Improving the Run-time and functioning of turbines during low-wind period has been one of the subjects of continuous concern, to make technology deliver the maximum output at the lower wind speed. In addition to improving the technology for the future, optimizing existing models to deliver maximum power output at low wind is of significant importance to ensure best utilization of the current mode.

d) OILFIELD AND NATURAL GAS

The oil and gas industry easily have a large impact on the mass populations of the world, as they supply many useful products, the main one being gasoline. Though this industry is a large and prosperous one, it also has a lot of risk involved with it. As with any product, there is always the concern that the supply won't meet the demand, or that the demand won't meet the supply, which results in wasted resources.

5. 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.

6. 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 Audit Committee on a Quarterly basis.

7. SEGMENT WISE OR PRODUCT WISE PERFORMANCE:

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

8. 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.



9. SENIOR MANAGEMENT DISCLOSURES

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

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

To
The Members of
Keerthi Industries Limited
Hyderabad.

1. We have examined the compliances of requirements of Corporate Governance by KEERTHI INDUSTRIES LIMITED, for the year ended on 31st March, 2020 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.
2. 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.
3. 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;
4. 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/RTA.
5. 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.
6. 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
Practicing Company Secretaries

Sd/-
Ch. Veeranjanyulu
Partner
CP No. 6392, FCS No. 6121
UDIN: F006121B000510306

Place: Hyderabad
Date: 25.07.2020

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.

Pursuant to Clause D of Schedule V of the SEBI (LODR) Regulation, 2015, I hereby declare that all Board members and Senior Management personnel have affirmed compliance with the Code for the financial year ended March 31, 2020.

For and on behalf of the Board
Keerthi Industries Limited

Place: Hyderabad
Date: 25.07.2020

Sd/-
J. S. Rao
Managing Director



CERTIFICATE PURSUANT TO REGULATION 17(8) OF SEBI (LODR) REGULATION, 2015

Dear Shareholder,

We, Sri. J. S. Rao, Managing Director and Sri. Y. Sadasiva 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
- a. no significant changes in internal controls over financial reporting during the year;
 - b. no significant changes in the accounting policies during the year and the Company has adopted Indian Accounting Standard (IND-AS) w.e.f. 01-04-2018;
 - c. no 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

Sd/-
J. S. Rao
Managing Director

Sd/-
Y. Sadasiva Rao
CFO

Place: Hyderabad
Date: 25.07.2020



INDEPENDENT AUDITOR’S REPORT

To the Members of
KEERTHI INDUSTRIES LIMITED, HYDERABAD

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **KEERTHI INDUSTRIES LIMITED** (“the Company”), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (herein after referred to as “the financial statements”).

In our opinion and to the best of our information and according to the explanations given to us the accompanying financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its Loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in *the Auditors responsibility for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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.

Key Audit Matters

Key Audit matters are those matters that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit Matters | Auditor’s Response |
|--|---|
| <p>Evaluation of uncertain tax positions</p> <p>The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p> <p>Refer Notes 32.1 to the Financial Statements</p> | <p>Principal audit procedures</p> <p>Our audit procedures include the following substantive procedures:</p> <ul style="list-style-type: none"> • Obtained understanding of key uncertain tax positions; and • We along with our internal tax experts – <ul style="list-style-type: none"> ❖ evaluated the Design and tested the operating effectiveness of controls around the assessment of the matter; ❖ Read and analysed select key correspondences, external legal opinions / consultations by management for key uncertain tax positions; ❖ Discussed with appropriate senior management and evaluated management’s underlying key assumptions in estimating the tax provisions; and ❖ Assessed management’s estimate of the possible outcome of the disputed cases; • Assessed the appropriateness of disclosures made under the head ‘Contingent Liabilities’ in the financial Statements. |

Other Information

The Company’s Board of Directors is responsible for the other information. The other information comprises the information



included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and



whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. 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 the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit,
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books,
 - c) the balance sheet, the statement of profit and loss including other comprehensive income, statement of changes in equity and the cash flow statement dealt with by this Report are in agreement with the books of account,
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.
 - e) On the basis of written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act,
 - f) With respect to the adequacy of internal financial controls over financial reporting of the Company with reference to these financial statements and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
 - g) In our opinion, the managerial remuneration for the year ended 31 March 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
 - h) 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 has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 32.1 to the financial statements;
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company .

for BRAHMAYYA & CO
Chartered Accountants
Firm's Regn No. 000513S

Sd/-
(K. SHRAVAN)
Partner

Membership No. 215798
UDIN: 20215798AAAACK9008

Place: Hyderabad
Date: 25.07.2020



Annexure - A to the Auditor's Report:

The Annexure referred to in Para 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date, to the members of KEERTHI INDUSTRIES LIMITED, for the year ended March 31, 2020.

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. As explained to us, the management has physically verified the fixed assets during the year and there is a regular programme of physical verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No discrepancies were noticed on such verification.
- c. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the names of the Company.
2. As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3. a. During the year, 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 comments in para (a) above, Clause (III) (a), (b) and (c) of paragraph 3 of the aforesaid order are not applicable to the Company.
4. In our opinion and according to the information and explanation given to us, the Company has not advanced any loan to any Director and no investments were made during the year as referred to in sections 185 and 186 of the Act. Therefore, the provisions of Paragraph 3(iv) of the Companies (Auditor's Report) Order 2016 are not applicable to the Company.
5. The Company has not accepted any deposits from the public. Hence the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under, do not apply to this Company.
6. We have broadly reviewed the cost records maintained by the Company pursuant to sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that prime facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. a. According to the records, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, Income-tax, Sales-tax, Service tax, Goods and Services Tax, Duty of customs, Duty of excise, Value added tax, Cess and all other statutory dues with the appropriate authorities and there are no arrears of outstanding statutory dues as at March 31, 2020 for a period more than six months from the date they became payable.
- b. According to the records of the Company and the information and explanations given to us, there were no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute except the following:

| Name of the Statute | Nature of Dues | Amount (Rs) | Amount paid under protest (Rs) | Period to which amount related | Forum where dispute is pending |
|-------------------------------------|-------------------------|-------------|--------------------------------|---|---------------------------------|
| Erstwhile A P General Sales Tax Act | Tax on packing material | 18,77,197 | - | FY1990-91 and FY1991-92 | Sales Tax Appellate Authority |
| Central Sales Tax Act | Central Sales Tax | 39,25,213 | 19,08,835 | FY 2000-01, the Order was passed during FY2007-08 | AP Sales Tax Tribunal# |
| Commercial tax Dept. | Central sales Tax | 6,20,112 | - | FY 1993-94 | Hon'ble High Court of Karnataka |



| | | | | | | |
|----------------------|-----------|-----------|-----------|---------------------------|--------------------------------------|----------------------------|
| Commercial tax Dept. | TVAT Act | 46,89,148 | 16,41,202 | FY 2012-13 to 2017-18 | Appellate Commissioner Hyderabad | Deputy (CT), Hyderabad |
| Commercial tax Dept. | APVAT Act | 87,75,259 | 21,93,814 | FY 2014-15 and FY 2015-16 | Appellate Commissioner Vijaywada. | Deputy (CT), Vijaywada. |

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and Banks during the year.
9. During the year under review, the company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). The Term loans availed were applied for the purposes for which those are raised.
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Companies (Auditor's Report) Order 2016 is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Companies (Auditor's Report) Order 2016 is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for BRAHMAYYA & CO

Chartered Accountants

Firm's Regn No. 000513S

Sd/-

(K. SHRAVAN)

Partner

Membership No. 215798

UDIN: 20215798AAAACK9008

Place: Hyderabad

Date: 25.07.2020

Annexure – B to the Auditor's Report

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

We have audited the internal financial controls over financial reporting of KEERTHI INDUSTRIES LIMITED ("the Company") as of 31st March 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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 ('ICAI'). 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 Act.



Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements 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, deemed to be prescribed under section 143(10) of the Act 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 with reference to these financial statements was established and maintained and if such controls operated effectively in all material aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, 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 and error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting with reference to these financial statements 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 with reference to these financial statements 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 expenditure of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, 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 with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at 31 March 2020, 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 BRAHMAYYA & CO

Chartered Accountants

Firm's Regn No. 000513S

Sd/-

(K. SHRAVAN)

Partner

Membership No. 215798

UDIN: 20215798AAAACK9008

Place: Hyderabad

Date: 25.07.2020



Keerthi Industries Limited

Balance Sheet as at 31st March 2020

(₹ In Lakhs)

| Particulars | Note No. | 31st March 2020 | 31st March 2019 |
|---|----------|------------------------|------------------------|
| | | Rs. | Rs. |
| ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Property, Plant and Equipment | 2 (A) | 9892.41 | 10652.94 |
| (b) Capital Work-in-progress | 2 (B) | 8.84 | 4.31 |
| (c) Right-of-Use Asset | | 10.20 | |
| (d) Other Intangible assets | 3 | 72.61 | 70.93 |
| (e) Financial Assets | | | |
| (i) Investments | | 0.06 | 0.06 |
| (ii) Other financial assets | 4 | 715.79 | 793.30 |
| (f) Deferred Tax Assets (net) | 18 | 21.51 | 81.73 |
| (g) Other non-current assets | 5 | 736.16 | 754.80 |
| (2) Current assets | | | |
| (a) Inventories | 6 | 1402.82 | 1542.55 |
| (b) Financial Assets | | | |
| (i) Investments | 7 | 218.81 | 144.09 |
| (ii) Trade Receivables | 8 | 351.08 | 350.78 |
| (iii) Cash and cash equivalents | 9 | 242.80 | 17.56 |
| (iv) Bank balances other than (ii) above | 10 | 100.56 | 86.78 |
| (v) Loans | 11 | 1.63 | 1.50 |
| (vi) Others | 12 | 39.04 | 52.90 |
| (c) Current Tax Assets (Net) | 13 | 138.82 | 186.35 |
| (d) Other current assets | 14 | 361.71 | 962.04 |
| Total Assets | | <u>14314.85</u> | <u>15702.62</u> |
| EQUITY AND LIABILITIES | | | |
| (1) Equity | | | |
| (a) Equity Share capital | 15 | 801.67 | 801.67 |
| (b) Other Equity | | 4713.92 | 4832.02 |
| (2) Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 16 | 1010.57 | 2178.42 |
| (b) Provisions | 17 | 72.73 | 108.31 |
| (c) Other non-current liabilities | 19 | 344.38 | 459.17 |
| Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 20 | 4165.82 | 3581.86 |
| (ii) Trade payables | 21 | | |
| a. Total outstanding due of Micro Enterprises and Small Enterprises | | | |
| b. Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises | | 1088.43 | 1429.74 |
| (iii) Other financial liabilities | 22 | 938.53 | 1080.65 |
| (b) Other current liabilities | 23 | 1143.16 | 1222.36 |
| (c) Provisions | 17 | 35.64 | 8.42 |
| Total Equity and Liabilities | | <u>14314.85</u> | <u>15702.62</u> |

Significant Accounting policies

The accompanying notes from 1 to 44 are an integral part of the financial statements.

As per our report of even date

For and on behalf of Board of Directors

for Brahmayya & Co.

Chartered Accountants
Firm's Registration No. 000513S

Sd/-

K. Shravan

Partner

Membership No. 215798

Place: Hyderabad

Date: 25.07.2020

Sd/-

(J.Triveni)

Executive Chairperson
(DIN:00029107)

Sd/-

(Y. Sadasiva Rao)

Chief Financial Officer

Sd/-

(J.S.Rao)

Managing Director
(DIN:00029090)

Sd/-

(Akriti Sharma)

Company Secretary



Statement of Profit and Loss for the year ended 31st March 2020

(₹ In Lakhs)

| Particulars | Note No. | Current year | Previous year |
|---|----------|------------------|---------------|
| I. Revenue from operations | 24 | 17,180.53 | 18,441.11 |
| II. Other income | 25 | 258.08 | 418.30 |
| III. Total Income (I+II) | | 17,438.61 | 18,859.41 |
| IV. Expenses | | | |
| 1. Cost of materials consumed | 26 | 2,245.10 | 2,200.05 |
| 2. Changes in inventories of finished goods and work-in-progress | 27 | (81.73) | 341.11 |
| 3. Employee benefits expense | 28 | 1,655.07 | 1,547.62 |
| 4. Power and Fuel | | 6,938.81 | 7,539.76 |
| 5. Packing and Forwarding | | 4,191.51 | 4,567.57 |
| 6. Finance costs | 29 | 604.50 | 658.87 |
| 7. Depreciation and amortization expense | 2,3 | 1,104.16 | 1,069.94 |
| 8. Other expenses | 30 | 1,411.83 | 1,468.33 |
| Total expenses | | 18,069.25 | 19,393.25 |
| V. Profit / (Loss) before Exceptional Items (III-IV) | | (630.64) | (533.84) |
| VI. Exceptional Items | 31 | 719.06 | - |
| VII. Profit / (Loss) before tax (V- VI) | | 88.42 | (533.84) |
| VIII. Tax expense: | | | |
| (1) Current tax | | 114.89 | - |
| (2) Deferred tax | | (36.87) | (461.55) |
| (3) MAT Credit entitlement | | - | - |
| (4) Income Tax of earlier year | | 42.52 | (79.31) |
| IX. Profit / (Loss) after tax for the year (VII-VIII) | | (32.12) | 7.02 |
| X. Other comprehensive income | | | |
| A. Items that will not be reclassified to profit or loss | | | |
| - Actuarial gains/(losses) of defined benefit plans | | 1.37 | 19.93 |
| - Tax impacts on above | | (0.38) | (5.18) |
| B. Items that will be reclassified to profit or loss | | - | - |
| Other comprehensive income for the year (net of tax) | | 0.99 | 14.75 |
| XI. Total comprehensive income for the year (IX+X) | | (31.13) | 21.77 |
| XII. Earnings per equity share (face value of Rs.10/-) | | | |
| Basic & Diluted (in Rupees) | | (0.39) | 0.27 |
| Significant Accounting policies | 1 | | |
| The accompanying notes from 1 to 44 are an integral part of the financial statements. | | | |

As per our report of even date

For and on behalf of Board of Directors

for Brahmayya & Co.

Chartered Accountants

Firm's Registration No. 000513S

Sd/-

K. Shravan

Partner

Membership No. 215798

Place: Hyderabad

Date:25.07.2020

Sd/-

(J.Triveni)

Executive Chairperson

(DIN:00029107)

Sd/-

(Y. Sadasiva Rao)

Chief Financial Officer

Sd/-

(J.S.Rao)

Managing Director

(DIN:00029090)

Sd/-

(Akriti Sharma)

Company Secretary



Keerthi Industries Limited

Cash Flow Statement for the year ended 31st March 2020

(₹ In Lakhs)

| | Year ended 31st March 2020 | Year ended 31st March 2019 |
|---|-------------------------------|-------------------------------|
| Cash Flow From Operating Activities | | |
| Profit/ (Loss) before tax | 88.42 | (533.83) |
| Adjustments for: | | |
| Depreciation and amortization expense | 1,104.16 | 1,069.93 |
| Interest income | (53.16) | (65.88) |
| Dividend Income | (2.95) | (2.93) |
| Finance Cost | 604.50 | 658.87 |
| Net (gain)/loss on Mutual Funds | 25.28 | (13.24) |
| Government Grant | (114.79) | (114.79) |
| Exceptional Income | (719.06) | - |
| Operating Profit before working capital Changes | 932.40 | 998.13 |
| Movement in Working Capital | | |
| Decrease/(increase) in inventories | 139.73 | 534.27 |
| Decrease/(increase) in trade receivables | (0.30) | (15.93) |
| Increase / (decrease) Trade payables | (341.31) | (297.32) |
| Decrease / (Increase) in financial assets | 78.38 | 93.55 |
| Decrease / (Increase) in non-financial assets | 608.78 | (368.99) |
| Increase / (decrease) in financial liabilities | (96.07) | 120.34 |
| Increase / (decrease) in other liabilities | (79.19) | (301.91) |
| Increase / (decrease) in Provisions | (7.00) | 25.86 |
| Cash Generated from Operations | 1,235.42 | 788.00 |
| Taxes Paid | (13.18) | (3.45) |
| Net Cash flow from Operating Activities (A) | 1,222.24 | 784.55 |
| Purchase of Investments | (100.00) | - |
| Movement in other bank balances | (13.78) | - |
| Interest Received | 66.03 | 70.43 |
| Dividend Received | 2.95 | 2.93 |
| Net cash flow generated/(used) from investing activities (B) | (394.64) | (439.42) |
| Cash flows from financing activities | | |
| Proceeds from/(repayment of) long-term loans and borrowings, net | (1,331.07) | (659.54) |
| Proceeds from/(repayment of) short-term loans and borrowings, net | 651.85 | 368.45 |
| Proceeds from Government as Subsidy | 719.06 | - |
| Dividend paid including DDT | (86.98) | (86.98) |
| Interest paid | (487.34) | (534.86) |
| Net cash from/(used in) financing activities (C) | (534.48) | (912.93) |
| Net increase in cash and cash equivalents (A+B+C) | 293.12 | (567.80) |
| Cash and cash equivalents at the beginning of the period/year | (50.32) | 517.48 |
| Cash and cash equivalents at the end of the year | 242.80 | (50.32) |
| Component of Cash and Cash Equivalent | | |
| Cash in Hand | 3.33 | 1.15 |
| Balance with banks In current Account | 239.47 | 16.41 |
| Books Over draft | - | (67.88) |
| Total Cash and Cash Equivalents in Cash Flow Statement | 242.80 | (50.32) |

As per our report of even date

For and on behalf of Board of Directors

for Brahmaya & Co.

Chartered Accountants

Firm's Registration No. 000513S

Sd/-

K. Shravan

Partner

Membership No. 215798

Place: Hyderabad

Date:25.07.2020

Sd/-

(J.Triveni)

Executive Chairperson

(DIN:00029107)

Sd/-

(Y. Sadasiva Rao)

Cheaf Financial Officer

Sd/-

(J.S.Rao)

Managing Direcor

(DIN:00029090)

Sd/-

(Akriti Sharma)

Company Secretary

**Statement of Changes in Equity for the year ended 31 March 2020****A. Equity Share Capital**

(₹ In Lakhs)

| Particulars | As at | | |
|---|------------------|------------------|-----------------|
| | 31st March, 2020 | 31st March, 2019 | 31st March 2018 |
| At the beginning of the year | 801.67 | 801.67 | 801.67 |
| Changes in equity share capital during the year | - | - | - |
| At the end of the year | 801.67 | 801.67 | 801.67 |

B. Other Equity

(₹ In Lakhs)

| Particulars | Reserves and Surplus | | | Items of Other Comprehensive Income | Total |
|---------------------------------------|----------------------|----------------------------|-------------------|---|----------------|
| | Capital Reserve | Capital Redemption Reserve | Retained Earnings | Remeasurements of net defined benefit plans | |
| Balance as at 01st April 2018 | 939.55 | 200.00 | 3765.52 | (7.85) | 4897.22 |
| Profit/(Loss) for the period | | | 7.03 | | 7.03 |
| Other Comprehensive Income | | | | 14.75 | 14.75 |
| Transfer to/(from) Retained Earnings | | 306.03 | (306.03) | | |
| Dividend on Equity Shares | | | (72.15) | | (72.15) |
| Dividend Distribution Tax | | | (14.83) | | (14.83) |
| Balance as at 31st March 2019 | 939.55 | 506.03 | 3379.54 | 6.90 | 4832.02 |
| Profit for the period | | | (32.12) | | (32.12) |
| Other Comprehensive Income | | | | 0.99 | 0.99 |
| Transfer to/(from) Retaining earnings | | 319.53 | (319.53) | | |
| Dividend on Equity Shares | | | (72.15) | | (72.15) |
| Dividend Distribution Tax | | | (14.83) | | (14.83) |
| Balance as at 31st March 2020 | 939.55 | 825.56 | 2940.91 | 7.89 | 4713.91 |

Notes:**Nature & Purpose of Reserves**

(a) Capital Reserve

The Company recognises profit and loss on purchase, sale, issue or cancellation of the Group's own equity instruments to capital reserve. This Reserve also represents the difference between value of the net assets transferred to the Company in the course of business combinations and the consideration paid for such combinations.

(b) Capital Redemption Reserve

As per Companies Act, 2013, capital redemption reserve is created when company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of the shares so purchased is transferred to capital redemption reserve. The reserve is utilized in accordance with the provisions of section 69 of the Companies Act, 2013.

(c) Retained Earnings

This Reserve represents the cumulative profits of the Company. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

(d) Re-measurement of defined benefit obligations

The reserve represents the remeasurement gains/(losses) arising from the actuarial valuation of the defined benefit obligations of the Company. The re-measurement gains/(losses) are recognised in other comprehensive income and accumulated under this reserve within equity. The amounts recognised under this reserve are not reclassified to profit or loss.

As per our report of even date

for Brahmayya & Co.
Chartered Accountants
Firm's Registration No. 000513S
Sd/-
K. Shravan
Partner
Membership No. 215798
Place: Hyderabad
Date: 25.07.2020

For and on behalf of Board of Directors

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

Sd/-
(Y. Sadasiva Rao)
Chief Financial Officer

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

Sd/-
(Akriti Sharma)
Company Secretary



CORPORATE INFORMATION

Keerthi Industries Limited (the 'company') is a public limited company domiciled and incorporated in India under the Companies Act, 1956. The registered office of the company is located at Plot No. 40, IDA, Balanagar, Hyderabad - 500037.

The company is engaged in the business of manufacturing, selling and distribution of Cement under the brand name "SUVARNA". The company also manufactures printed circuit boards and engaged in the generation of wind power.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Statement of Compliance

These standalone financial statements (hereinafter referred to as "financial statements") are prepared in accordance with the Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013 ("the Act"), amendments thereto and other relevant provisions of the Act and guidelines issued by the Securities and Exchange Board of India ("SEBI"), as applicable.

The financial statements were authorised for issue by the Board of Directors of the Company at their meeting held on July 25, 2020.

1.2 Basis of Preparation and Measurement:

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) and other relevant provisions of the Act.

The financial statements have been prepared on a historical cost basis, except for financial instruments which have been measured at fair value at the end of each reporting period, as explained in the accounting policies mentioned below.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Current Vs Non-current classifications:

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III (Division II) to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

1.4 Use of estimates and judgments

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

1.5 Property, Plant and Equipment:

❖ Measurement at recognition

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment other than land are carried at their cost less accumulated depreciation and accumulated impairment losses. Freehold land is carried at cost of acquisition.

The cost of an item of property, plant and equipment comprises the purchase price and any cost attributable to bring the asset to its location and working condition for its intended use. Borrowing costs relating to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to put to use.



Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

❖ **Capital Work in Progress**

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

❖ **Depreciation and amortization methods**

- a) 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, over the useful lives specified in Schedule II to the Companies Act, 2013.
- b) Depreciation on additions is being provided on pro rata basis from the date of such additions. Depreciation on assets sold, discarded or demolished during the year is being provided up to the date on which such assets are sold, discarded or demolished.

❖ **Impairment**

- a) Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).
- b) Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset are no longer existing or have decreased.

❖ **Derecognition**

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the Derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

1.6 Intangible Assets:

❖ **Computer Software**

Computer software is measured on initial recognition at cost. Following initial recognition, software is carried at its cost less accumulated amortization and accumulated impairment losses.

❖ **Amortization Methods**

The carrying amount of computer software is amortized over the useful life as estimated by the Management which is about 6 years for ERP software and 3 years all other intangible computer software assets.

❖ **Impairment**

- a) Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use.
- b) Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset are no longer existing or have decreased.



❖ **Derecognition**

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the Derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

1.7 Borrowing Costs

Borrowing costs to the extent attributable to the acquisition or construction of a qualifying fixed asset are capitalized as part of the cost of such asset till such time the asset is ready for its intended use. All other borrowing costs are recognized as expenses in the Statement of Profit and Loss in the period in which they are incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. Borrowing costs include interest (calculated using Effective Interest Method) and other cost incurred in connection with the borrowing of funds.

1.8 Inventories

Finished goods and Work in progress are valued at the lower of cost or net realizable value.

Raw materials, stores and spares and packing material are valued at cost except where net realizable value of the finished goods they are used in, is less than the cost of finished goods and in such an event, if the replacement cost of such materials is less than their book values, they are valued at replacement cost.

Scrap is valued at Net realizable value.

The cost is computed on weighted average basis.

Cost of raw materials comprises cost of purchases and includes all other costs incurred in bringing the inventories to their present location and condition. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Spare parts, stand-by equipment and servicing equipment are recognized in accordance with this Ind AS-16 when they meet the definition of Property, Plant and Equipment. Otherwise, such items are classified as inventory.

1.9 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

❖ **Initial recognition and measurement:**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss.

❖ **Subsequent measurement:**

For subsequent measurement, the Company classifies its financial assets into the following categories:

- (i) Amortized cost
- (ii) Fair value through profit and loss (FVTPL)
- (iii) Fair value through other comprehensive income (FVOCI).



a) Financial Asset measured at amortized cost

Financial Assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the statement of Profit & Loss.

The company while applying above criteria has classified all the financial assets (except investments in mutual funds) at amortized cost.

b) Financial Asset measured at fair value through other comprehensive income

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognized in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

The company while applying above criteria has identified that there are no financial assets that can be classified at fair value through other comprehensive income.

c) Financial Asset measured at fair value through profit and loss (FVTPL)

Financial Assets are measured at fair value through Profit & Loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the statement of Profit & Loss.

Investments in Mutual funds are classified as financial assets measured at FVTPL.

❖ **Impairment**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the debt instruments, that are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

Expected credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive.

The management uses a provision matrix to determine the impairment loss on the portfolio of trade and other receivables. Provision matrix is based on its historically observed expected credit loss rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Expected credit loss allowance or reversal recognized during the period is recognized as income or expense, as the case may be, in the statement of profit and loss. In case of balance sheet, it is shown as reduction from the specific financial asset.

❖ **Derecognition**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

Financial Liabilities

❖ **Initial Recognition and Measurement**

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value.

❖ **Subsequent Measurement**

a. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gain or losses on liabilities held for trading are recognized in the profit or loss. The Company doesn't



designate any financial liability at fair value through profit or loss.

b. Financial liabilities at amortized cost

All financial liabilities of the Company are subsequently measured at amortized cost using the effective interest method.

❖ **Derecognition**

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

1.10 Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Grants related to revenue items are presented as part of profit or loss under general heading such as other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as 'Deferred Government Grant' and are credited to profit & loss account under other income on a straight-line basis over the expected lives of the related assets.

The Company has received refundable government loans at below-market rate of interest which are accounted in accordance with the recognition and measurement principles of Ind AS 109, 'Financial Instruments'. The benefit of below-market rate of interest is measured as the difference between the initial carrying value of loan determined in accordance with Ind AS 109 and the proceeds received. Income from such benefit is recognized on a systematic basis over the period of the loan during which the Company recognizes interest expense corresponding to such loans.

1.11 Revenue

Revenue is measured at the fair value of consideration received or receivable and is recognized to the extent that it is probable that the economic benefits will flow to the Company.

❖ **Sale of goods:**

Revenue is recognized when the significant risks and rewards of ownership of goods have passed to the buyer. Amounts disclosed as revenue are exclusive of GST and net of returns, trade allowances, rebates, value added taxes. Revenue from export sales is recognized on the date of bill of lading, based on the terms of export.

❖ **Interest / Dividend**

Interest Income is recognized using the Effective interest rate (EIR) method. Dividend income is recognized when right to receive is established.

1.12 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has adopted Ind AS 116 - Leases, using "Modified retrospective approach" with effect from 1 April 2019 and accordingly these financial statements are prepared in accordance with the recognition and measurement principles laid down in Ind AS 116. Also, the application of Ind AS 116 did not have any significant impact on the financial statements considering the number of assets under operating lease arrangements of the Company.

At the date of commencement of lease, the Company recognises a Right-of-use asset ("ROU") and a corresponding liability for all lease arrangements in which it is a lessee, except for leases with the term of twelve months or less (short term leases) and low value leases. For short term and low value leases, the Company recognises the lease payment as an operating expense on straight line basis over the term of lease.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The



lease payments are discounted using the interest rate explicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases.

1.13 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash which are subject to an insignificant risk of changes in value and are held for meeting short-term cash commitments.

For the Statement of Cash Flows, cash and cash equivalents consists of short term deposits, as defined above, net of outstanding bank overdraft as they are being considered as integral part of the Company's cash management.

1.14 Income taxes

Income tax expense for the year comprises of current tax and deferred tax. It is recognized in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable/receivable on the taxable income/ loss for the year using applicable tax rates at the Balance Sheet date, and any adjustment to taxes in respect of previous years. Interest income/ expenses and penalties, if any, related to income tax are included in current tax expense.

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes using tax rates enacted, or substantively enacted, by the end of the reporting period.

1.15 Provisions and contingent liabilities

Provisions are recognized when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognized as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

1.16 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

1.17 Foreign Currency transactions

❖ **Functional and Reporting Currency:**

The Company's functional and reporting currency is Indian National Rupee.

❖ **Initial Recognition:**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amounts the exchange rate between the reporting currency and the foreign currency at the date of the transaction.



❖ **Conversion on reporting date:**

Foreign currency monetary items are reported using the closing rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

❖ **Exchange Differences:**

Exchange difference arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognized as income or as expenses in the year in which they arise.

1.18 Employee Benefits

❖ **Defined Contribution Plan**

Employer's contribution to Provident Fund/ Employee State Insurance which is in the nature of defined contribution scheme is expensed off when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the fund.

❖ **Defined Benefit Plan**

a. Gratuity

Gratuity liability is in the nature of defined benefit obligation. Such liability is provided based on independent actuarial valuation on projected unit credit method made at the end of each financial year as per the requirements of Ind AS 19 "Employee Benefits". Actuarial gain/ (loss) in the valuation are recognized as other comprehensive income for the period.

b. Compensated absences

Compensated absences which are in the nature of defined benefit obligation are provided for based on estimates of independent actuarial valuation on projected unit credit method made at the end of each financial year as per the requirements of Ind AS 19 "Employee Benefits".

1.19 Dividends

Annual dividend distribution to the shareholders is recognized as a liability in the period in which the dividend is approved by the shareholders. Any interim dividend paid is recognized on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognized directly in equity.

1.20 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2020.



Notes forming part of the Financial Statements for the year ended 31st March, 2020

2. Property, Plant and Equipment

(₹ In Lakhs)

| Sl. No. | Particulars | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | | |
|------------|---------------------------------------|------------------|---------------|-------------|------------------|------------------|----------------|-------------|------------------|------------------|------------------|
| | | As at 31.03.2019 | Additions | Deductions | As at 31.03.2020 | Up to 31.03.2019 | For the year | Deductions | Up to 31.03.2020 | As at 31.03.2020 | As at 31.03.2019 |
| (A) | Property, Plant and Equipment: | | | | | | | | | | |
| 1 | Land: | | | | | | | | | | |
| | Freehold: Cement Division | 743.75 | - | 0.00 | 743.75 | - | 0.00 | - | - | 743.75 | 743.75 |
| | Sugar Division | 497.59 | - | 0.00 | 497.59 | - | 0.00 | - | - | 497.59 | 497.59 |
| 2 | Buildings: | | | | | | | | | | |
| | Factory | 3468.21 | 19.60 | 0.00 | 3487.81 | 1303.59 | 114.85 | 0.00 | 1418.44 | 2069.37 | 2164.62 |
| | Factory (Wind Power) | 57.55 | | 0.00 | 57.55 | 21.48 | 1.79 | 0.00 | 23.27 | 34.28 | 36.07 |
| | Non-Factory | 337.96 | 33.08 | 0.00 | 371.04 | 127.53 | 10.23 | 0.00 | 137.76 | 233.28 | 210.43 |
| 3 | Plant & Machinery | 14279.27 | 258.64 | 0.00 | 14537.91 | 8993.95 | 582.70 | 0.00 | 9576.65 | 4961.26 | 5285.32 |
| | Plant & Machinery (Wind Power) | 860.45 | - | 0.00 | 860.45 | 550.69 | 25.42 | 0.00 | 576.11 | 284.34 | 309.76 |
| 4 | Electrical Installations | 3239.63 | 4.77 | 0.00 | 3244.40 | 2016.29 | 304.39 | 0.00 | 2320.68 | 923.72 | 1223.34 |
| 5 | Furniture & Fixtures | 77.64 | 0.32 | 0.00 | 77.96 | 64.02 | 3.06 | 0.00 | 67.08 | 10.88 | 13.62 |
| 6 | Office Equipment | 59.57 | 2.77 | 0.00 | 62.34 | 52.56 | 3.21 | 0.00 | 55.77 | 6.57 | 7.01 |
| 7 | Vehicles | 164.48 | 7.36 | 0.00 | 171.84 | 90.35 | 23.11 | 0.00 | 113.46 | 58.38 | 74.13 |
| 8 | Other Assets | 65.15 | 0.53 | 0.00 | 65.68 | 18.12 | 3.69 | 0.00 | 21.81 | 43.87 | 47.03 |
| 9 | Data Processing Equipment | 116.81 | 6.33 | 0.00 | 123.14 | 91.97 | 8.42 | 0.00 | 100.39 | 22.75 | 24.84 |
| 10 | Effluent Treatment Plant | 19.49 | - | 0.00 | 19.49 | 18.52 | 0.00 | 0.00 | 18.52 | 0.97 | 0.97 |
| 11 | Generators | 17.59 | - | 0.00 | 17.59 | 16.71 | 0.00 | 0.00 | 16.71 | 0.88 | 0.88 |
| 12 | Lab Equipment | 6.77 | - | 0.00 | 6.77 | 6.25 | 0.01 | 0.00 | 6.26 | 0.51 | 0.52 |
| | Total | 24011.91 | 333.40 | 0.00 | 24345.31 | 13372.03 | 1080.88 | 0.00 | 14452.91 | 9892.40 | 10639.88 |
| (B) | Capital work in progress | 4.31 | 4.52 | 0.00 | 8.83 | 0.00 | 0.00 | 0.00 | 0.00 | 8.83 | 4.31 |
| 3. | Other Intangible Assets | | | | | | | | | | |
| | Computer Software | 189.87 | 11.90 | 0.00 | 201.77 | 105.89 | 23.27 | 0.00 | 129.16 | 72.61 | 83.98 |



(₹ In Lakhs)

| | As at 31st March 2020 | As at 31st March 2019 |
|--|--------------------------|--------------------------|
| 4. Other financial assets | | |
| Consumption Deposit with CPDCL | 471.35 | 471.35 |
| Margin Money Deposits with Banks for a period more than 12 months | | |
| - Margin money Deposits | 244.44 | 321.95 |
| - In Term Deposits | | |
| Total | 715.79 | 793.30 |
| Fixed deposit receipts for Rs. 179.35 (31.03.2019 - Rs.156.81 lakhs are held by the bankers with a lien marked in their favour towards overdraft sanctioned by the bank. | | |
| 5. Other non - current assets (Unsecured, considered good) | | |
| Advances for Capital items | 606.66 | 596.87 |
| Voltage Surcharge paid under protest | 72.06 | 72.06 |
| Sales Tax paid under protest ^ | 57.44 | 55.07 |
| Excise Duty & Service tax under protest | - | 20.00 |
| IND AS Prepaid lease rent | - | 10.80 |
| Total | 736.16 | 754.80 |
| 6. Inventories | | |
| Raw materials | 246.00 | 254.70 |
| Stores and spares | 589.03 | 637.34 |
| Coal | 210.14 | 361.35 |
| Packing Material | 7.49 | 20.73 |
| Work-in-progress | 159.99 | 77.42 |
| Finished goods | 181.82 | 182.66 |
| Scrap (discarded assets) | 8.35 | 8.35 |
| Total | 1402.82 | 1542.55 |
| 7. Investments | | |
| Investments at fair value through profit or loss | | |
| Quoted | | |
| In units of Mutual Funds | 218.81 | 144.09 |
| Total | 218.81 | 144.09 |



(₹ In Lakhs)

| | As at 31 st March 2020 | As at 31st March 2019 |
|---|---------------------------|--------------------------|
| 8. Trade Receivables | | |
| Trade Receivables | 351.08 | 350.78 |
| Receivables from related parties | - | - |
| Trade Receivables which have significant increase in credit risk | - | - |
| Trade Receivables - Credit Impaired | - | - |
| Less: Allowance for doubtful trade receivables | - | - |
| Total Trade Receivables | 351.08 | 350.78 |
| Break up of security details | | |
| Secured, considered good | - | - |
| Unsecured, Considered good | 351.08 | 350.78 |
| Doubtful | - | - |
| Total | 351.08 | 350.78 |
| Allowance for doubtful trade receivables | - | - |
| Total Trade Receivables | 351.08 | 350.78 |
| 9. Cash and cash equivalents | | |
| Balances with banks | | |
| - In current accounts | 239.47 | 16.41 |
| - In term deposits (with original maturity of 3 months or less) | - | - |
| Cash on hand | 3.33 | 1.15 |
| Total | 242.80 | 17.56 |
| 10. Other Bank Balances | | |
| - In term deposits with balance maturity of period more than 3 months and less than 12 months | - | - |
| - Unclaimed dividends - Earmarked balances with banks | 15.60 | 7.69 |
| - In margin money deposits with balance maturity of period less than 12 months | 84.97 | 79.09 |
| Total | 100.57 | 86.78 |
| Note: Note: Fixed receipts are with the bankers with alien marked in their favour towards the overdraft/bank guarantee limits sanctioned by them. | | |
| 11. Loans and Advances | | |
| Advances to staff (Unsecured, considered good) | 1.63 | 1.50 |
| Total | 1.63 | 1.50 |
| 12. Other financial assets (Unsecured, considered good) | | |
| Sundry deposits | 1.48 | 2.29 |
| Interest accrued | 37.56 | 50.42 |
| Rent Receivable | - | 0.19 |
| Total | 39.04 | 52.90 |
| 13. Current tax assts (net) | | |
| Advance Income tax & TDS Receivable (Net of Provisions) | 138.82 | 186.35 |
| Total | 138.82 | 186.35 |



(₹ In Lakhs)

| | As at 31st March 2020 | As at 31st March 2019 |
|--|--------------------------|--------------------------|
| 14. Other current assets (Unsecured, considered good) | | |
| Sundry deposits | 0.20 | 0.20 |
| Vendor advances | 145.85 | 860.78 |
| Prepaid expenses | 75.69 | 97.54 |
| Goods & Service Tax Input Credit | 139.97 | 3.52 |
| Total | 361.71 | 962.04 |
| 15. Equity Share Capital | | |
| a. Authorised: | | |
| 2,73,00,000 Equity Shares of Rs.10/- each | 2,730.00 | 2,730.00 |
| b. Issued, subscribed and fully paid: | 801.67 | 801.67 |
| 80,16,738 Equity Shares of Rs.10/- each | | |

| a. Reconciliation of Equity Shares outstanding at the end of the reporting period (₹ In Lakhs) | | | | |
|--|-----------------------|--------|-----------------------|--------|
| Particulars | As at 31st March 2020 | | As at 31st March 2019 | |
| | No. of shares | Amount | No. of shares | Amount |
| Shares outstanding at the beginning of the year | 80,16,738 | 801.67 | 80,16,738 | 801.67 |
| Add: Shares issued during the year | - | - | - | - |
| Shares outstanding at the end of the year | 80,16,738 | 801.67 | 80,16,738 | 801.67 |

b. Terms/ rights attached to equity shares

- (i) The Company has only one class of equity shares having a face value of Rs. 10 per share.
- (ii) Each holder of equity share is entitled to one vote per share.
- (iii) The dividends recommended by the Board of Directors if any, are subject to the approval the shareholders in the ensuing Annual General Meeting.
- (iv) 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 claims, in proportion to the number of shares held.

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 2020 | | As at 31 March 2019 | |
|--------------------------------|--------------------------|-----------|--------------------------|-----------|
| | Number of Shares held | % holding | Number of Shares held | % holding |
| Equity Shares of Rs.10/- each: | | | | |
| Sri. J S Rao | 36,96,825 | 46.11 | 36,96,825 | 46.11 |
| Smt. J Triveni | 21,95,379 | 27.38 | 21,95,379 | 27.38 |



Keerthi Industries Limited

(₹ In Lakhs)

| Particulars | Non-current portion | | Current Maturities | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | As at 31st March 2020 | As at 31st March 2019 | As at 31st March 2020 | As at 31st March 2019 |
| 16. Borrowings | | | | |
| Secured | | | | |
| Term loans from banks: | | | | |
| - Andhra Bank | - | - | - | - |
| - Axis Bank | 153.17 | 420.31 | 360.00 | 360.00 |
| - ICICI Bank | 17.54 | 30.55 | 13.02 | 12.02 |
| - Kotak Mahindra Bank | - | - | - | 3.82 |
| - Kotak Mahindra-Ex200 | 17.03 | 29.35 | 12.31 | 11.23 |
| Unsecured | | | | |
| 9% Cumulative redeemable Preference shares (Issued to Related parties, at amortised cost) | | | | |
| 5,00,000 Shares of Rs.35/- each | - | 175.00 | - | - |
| 2,70,100 Shares of Rs. 35/- each | 94.53 | 189.07 | - | - |
| 2,68,340 Shares of Rs.44.10077/- each | 118.35 | 168.34 | - | - |
| Deferred payment Liabilities | | | | |
| Sales Tax Deferment | 609.95 | 1,165.80 | - | - |
| Total | 1,010.57 | 2,178.42 | 385.33 | 387.07 |

- 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 loan Axis Bank is secured by: (a) First charge on the fixed assets of the Company, (b) Second Charge on Current Assets of the Company and (c) Pledge of equity shares of the company held by the promoters equivalent to 30% of the equity shares of the company. The said charges and the pledge are on pari passu basis.
- C. The term loan obtained from the bank(other than vehicle loans) are guaranteed by two of the directors of the Company in their individual capacities.
- D. The term loan - from Axis Bank Rs. 1418 Lakhs with repayment of 16 installments. In that 15 installments are 90 Lakhs per each quarter and 68 Lakhs for the last installment.

| Particulars | Rate of Interest | As at 31st March 2020 | | As at 31st March 2019 | |
|--|------------------|------------------------------------|---------------------|------------------------------------|---------------------|
| | | Number of installments outstanding | Amount Rs. in lakhs | Number of installments outstanding | Amount Rs. in lakhs |
| Secured: | | | | | |
| Term loans: | | | | | |
| Axis Bank | 9.15% | 6 | 518.00 | 9 | 788.00 |
| ICICI Bank (Vehicle Loan) | 8.01% | 27 | 0.00 | 39 | 42.57 |
| Kotak Mahendra Bank (EX200 Loading equipment) | 8.40% | 20 | 0.00 | 32 | 40.58 |

- E. Redemption terms of the above Preference Shares :

| No. of shares | Date of allotment | Terms |
|--------------------------------|-------------------|---|
| 2,70,100 of Rs.35/- each | 31.10.2002 | Redeemable at par at the end of 13th year from the date of allotment and the amount payable per share is Rs.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 18th year from the date of allotment. |
| 2,68,340* of Rs.44.1008/- each | 13.06.2001 | Redeemable at par at the end of 19th year Rs.50,00,000 per year and at the end of 20th year Rs.68,34,000 |
| 5,38,440 | | |

*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.



- F. F.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 Rs.1590.43 lac 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 (Rs. in lac) |
|------------|---------------------|
| 01.04.2021 | 80.84 |
| 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 (Rs. in lac) |
|------------|---------------------|
| 01.04.2016 | 80.84 |
| 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 orders of Deputy Commissioner, Commercial Taxes, Nalgonda.

17. Provisions

(₹ In Lakhs)

| Provision for employee benefits | Non-current portion | | Current Maturities | |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | As at 31st March 2020 | As at 31st March 2019 | As at 31st March 2020 | As at 31st March 2019 |
| Gratuity | 21.69 | 47.08 | 21.20 | 5.52 |
| Compensated absences | 51.04 | 61.23 | 14.44 | 2.90 |
| Total | 72.73 | 108.31 | 35.64 | 8.42 |

18. Deferred Tax

(₹ In Lakhs)

| Particulars | As at 31st March 2020 | Recognised in Statement of Profit & Loss | Recognised in Other Comprehensive Income | MAT Credit utilised | As at 31st March 2019 | Recognised in Statement of Profit & Loss | Recognised in Other Comprehensive Income |
|--|-----------------------|--|--|---------------------|-----------------------|--|--|
| Deferred Tax Liabilities | | | | | | | |
| Property, Plant & Equipment & Intangible assets | 1,251.89 | (9.58) | - | - | 1,261.47 | (408.80) | - |
| Fair Value adjustments of financial liabilities | (24.85) | (19.77) | - | - | (5.08) | (13.60) | - |
| | 1,227.04 | (29.35) | - | - | 1,256.39 | (422.40) | - |
| Deferred Tax Assets | | | | | | | |
| Unused Tax Losses | - | (1.59) | - | - | 1.59 | - | - |
| Employee Benefits & Statutory Liabilities allowed on Payment Basis | 66.57 | 9.11 | (0.38) | - | 57.84 | (22.43) | (5.18) |
| MAT Credit entitlement | 1,181.98 | - | - | (96.71) | 1,278.69 | 90.87 | - |
| | 1,248.55 | 7.52 | (0.38) | (96.71) | 1,338.12 | 68.44 | (5.18) |
| Net Deferred Tax Liability/(Asset) | (21.51) | (36.87) | 0.38 | 96.71 | (81.73) | (490.84) | 5.18 |



Keerthi Industries Limited

(₹ In Lakhs)

| | As at 31 st March 2020 | As at 31st March 2019 |
|--|---------------------------|--------------------------|
| 19. Other non-current liabilities | | |
| Deferred Government Grant | 344.38 | 459.17 |
| Total | <u>344.38</u> | <u>459.17</u> |
| 20. Short-term borrowings | | |
| Canara Bank - Cash Credit | - | - |
| Axis Bank - Cash Credit | 823.84 | 700.81 |
| State Bank of India - Overdraft | - | 67.89 |
| Total (a) | <u>823.84</u> | <u>768.70</u> |
| B. Unsecured | | |
| From Related parties | | |
| i) Inter Corporate Deposits | 3,335.51 | 2,806.69 |
| Trade and Rent Deposits | 6.47 | 6.47 |
| Total (b) | <u>3,341.98</u> | <u>2,813.16</u> |
| Total (a+b) | <u>4,165.82</u> | <u>3,581.86</u> |
| a. Secured: (i) Cash Credit from Axis Bank sanctioned limit of Rs.7.00 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 the Company individually. (ii) Overdraft from State Bank of India was secured by Fixed Deposit Receipt of Rs.202.39 Lakhs. | | |
| b. Unsecured: Inter corporate deposits carry an interest of 10% per annum and is repayable on demand. | | |
| 21. Trade payables | | |
| Trade payables [Refer Note below] | - | - |
| Amounts due to related parties | - | - |
| Total outstanding dues of micro enterprises and small enterprises | - | - |
| Others | 1,088.43 | 1429.74 |
| Total | <u>1,088.43</u> | <u>1429.74</u> |

Note : Dues to MICRO and SMALL Enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

| | | |
|--|---|---|
| a) The principal amount remaining unpaid to any supplier at the end of the year | - | - |
| b) Interest due remaining unpaid to any supplier at the end of the year | - | - |
| c) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year | - | - |
| d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006 | - | - |
| e) The amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006 | - | - |

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payment made during the year or on balance brought forward from previous year.



| | (₹ In Lakhs) | |
|--|---------------------------|--------------------------|
| | As at 31 st March 2020 | As at 31st March 2019 |
| 22. Other financial liabilities | | |
| i. Current maturities of long-term debt (Refer Note -16) | 385.33 | 387.07 |
| ii. Interest accrued but not due | 6.45 | - |
| iii. Outstanding expenses | 309.55 | 365.23 |
| iv. Creditors for capital goods | 13.00 | 75.15 |
| v. Employee benefits payable | 204.57 | 179.78 |
| vi. Other creditors | 0.47 | 1.76 |
| vii. Interest on Preference Shares Payable (including DDT) | 19.16 | 71.66 |
| Total | 938.53 | 1,080.65 |
| 23. Other current liabilities | | |
| i. Advances from customers | 725.90 | 630.83 |
| ii. Statutory remittances | 401.66 | 583.84 |
| iii. Unclaimed Dividend(Equity) | 15.60 | 7.69 |
| Total | 1,143.16 | 1,222.36 |



Keerthi Industries Limited

(₹ In Lakhs)

| Particulars | Current Year | Previous Year |
|--|------------------|---------------|
| 24. Revenue from operations | | |
| Sale of cement | 16,160.23 | 17446.16 |
| Sale of printed circuit boards* | 929.24 | 902.96 |
| Sale of Wind Power | 91.06 | 91.99 |
| Total | 17,180.53 | 18441.11 |
| 25. Other Income | | |
| Interest Income | 53.16 | 65.88 |
| Miscellaneous income | 90.10 | 234.86 |
| Gain from foreign exchange fluctuations (Net) | 0.03 | 2.77 |
| Government Grants | 114.79 | 114.79 |
| Total | 258.08 | 418.30 |
| 26. Raw materials consumed | | |
| Opening Stock | 254.70 | 258.30 |
| Add: Purchases during the year | 2,236.40 | 2,196.45 |
| | 2,491.10 | 2,454.75 |
| Less: Closing Stock | 246.00 | 254.70 |
| Total | 2,245.10 | 2,200.05 |
| Details of raw materials consumed | | |
| Lime stone | 772.54 | 767.31 |
| Fly Ash | 257.54 | 182.87 |
| Gypsum | 433.82 | 448.10 |
| Laterite | 150.92 | 244.88 |
| Others | 275.31 | 282.05 |
| Electronic Division | 354.97 | 274.84 |
| Total | 2,245.10 | 2,200.05 |
| 27. Changes in inventories of finished goods and work-in-progress | | |
| Opening Stock: | | |
| Finished Goods | 182.67 | 133.44 |
| Work-in-process | 77.41 | 467.75 |
| Scrap | 8.35 | 8.35 |
| | 268.43 | 609.54 |
| Less: Closing Stock: | | |
| Finished Goods | 181.82 | 182.67 |
| Work-in-process | 159.99 | 77.41 |
| Scrap | 8.35 | 8.35 |
| (Increase)/ Decrease in stocks | (81.73) | 341.11 |
| 28. Employee Benefits Expense | | |
| Salaries and Wages | 1460.57 | 1348.41 |
| Contribution to provident and other funds | 77.77 | 77.98 |
| Gratuity, bonus and incentives | 68.37 | 67.44 |
| Staff welfare expenses | 48.36 | 53.79 |
| Total | 1655.07 | 1547.62 |



| Particulars | (₹ In Lakhs) | |
|--|-----------------|-----------------|
| | Current Year | Previous Year |
| 29. Finance Costs | | |
| Interest expense: | | |
| Working capital loans | 31.11 | 42.87 |
| Term loans | 73.60 | 116.16 |
| Unsecured loans | 302.85 | 258.86 |
| Others | 14.57 | 26.00 |
| Unwinding of interest on sales tax deferment | 163.21 | 143.17 |
| Dividend on redeemable preference shares (including DDT) | 19.16 | 71.81 |
| Total | 604.50 | 658.87 |
| 30. Other Expenses | | |
| Consumption of stores | 678.28 | 564.30 |
| Repairs to : buildings | | |
| : plant and machinery | 171.12 | 193.46 |
| : others | 10.20 | 9.89 |
| Taxes & Duties | 46.20 | 66.20 |
| Insurance | 25.04 | 26.84 |
| Auditors remuneration - Audit fee | 1.50 | 1.50 |
| - Tax Audit | 0.50 | 0.50 |
| - Certification | 0.75 | 0.20 |
| Sugar Division Expenses | - | 117.28 |
| Loss on Financial Instruments through Profit or Loss | 25.28 | |
| Rent | 0.60 | 0.60 |
| Miscellaneous Expenses | 452.36 | 487.56 |
| Total | 1,411.83 | 1,468.33 |
| 31. Exceptional item | | |

Exceptional Income includes an amount of Rs.719.06 Lakhs (Previous year Nil) disbursed as industrial incentive by Industries Department, Govt. of Telengana and the same has been adjusted by Department of Commercial Tax, Govt. of Telengana against the Outstanding Sales Tax Deferment payable by the Company.



Explanatory Notes & Other Disclosures

32.1 a) Contingent Liabilities & Commitments (Claims/Demands not acknowledged as debt): (Rs. In Lakhs)

| | | As at 31.03.2020 | As at 31.03.2019 |
|-----|----------------|------------------|------------------|
| (i) | Bank Guarantee | 279.76 | 277.69 |

- (ii) A.P. General Sales Tax liability of Rs. 18.77 lakhs (Upto 31.03.2019 – Rs. 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 Rs. 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 Rs.19.09 lakhs around 50% of the demand which is grouped under Other Non-Current assets. On Company's Appeal to the Sales Tax Appellate Tribunal, the Tribunal has set aside the demand and remanded the matter to assessing authorities. No provision is made in the accounts for the disputed tax of Rs. 39.25 lakhs.
- (iv) Karnataka Sales Tax demand of Rs. 6.20 lakhs (Upto 31.03.2020 – Rs. 6.20 lakhs,) for the accounting year 1993-94 as the company preferred an appeal in the Hon'ble High Court of Karnataka.
- (v) a) **Voltage surcharge:** In the year 2003-04, Central Power Distribution Company of A.P. Ltd. had levied Voltage Surcharge of Rs. 130.29 lakhs for getting the energy through general lines over and above the contracted load instead of dedicated lines. As getting the energy through dedicated 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 pass an order staying the collection of the said levy. However, the Company has paid Rs. 72.06 lakhs (31.03.2017 – Rs. 72.06 lakhs, 31.03.2016 – Rs. 72.06 lakhs) under protest and shown under Other Non current assets 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 Rs. 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.
- (vi) Commercial tax department, Government of Telangana has issued demand notice for the payment of entry tax Rs. 46.99 lakhs pertaining to financial year 2012-13 to 2019-20. Company has filed appeals before the Appellate Deputy Commissioner (CT), Hyderabad Rural Division by paying 35% of the disputed tax. As the appeals are dismissed by the Appellate Deputy Commissioner(CT), Company is preferring to file writ petition before Hon'ble Court of Telangana.
- (vii) In the year 2016, the Assistant Commissioner, Commercial Taxes, Vijayawada passed VAT Assessment Order levying tax of Rs.87.75 lakhs for the tax period June 2014 to June 2016, stating the selling price of cement for certain months in that period was lower than the Transferred Price.
The Company had filed an appeal by depositing Rs.21.94 lakhs before Appellate Deputy commissioner (A.D.C.), Vijayawada. The A.D.C. had remanded the appeal to the Assessing Officer for reconsideration. The Assessing Officer has reconfirmed the Order. Now, the Company has filed an appeal before the A.D.C.
No provision is made in the accounts for the disputed tax of Rs. 87.75 lakhs.
- (viii) Estimated amount of contracts to be executed on capital account – Rs.14.77 Lakhs (Net of advances)

32.2 The Company could not obtain confirmation of balances as at 31st March 2020 in respect of Loans and advances Rs. 591.92 lakhs and the Company hopes that they would be collected, adjusted and paid.

32.3 The National Savings Certificate VIII issue (shown under non-current investments) has been pledged with Sales Tax Department towards Sales Tax Deposit by Electronics Division.

33. Foreign Exchange Earnings and Expenditure: (Rs. in lakhs)

| | | Current Year | Previous Year |
|----|--|--------------|---------------|
| a) | Value of Imports calculated on CIF basis | | |
| | i) Fixed Asset- Plant and Machinery | 30.72 | 16.53 |
| | ii) Raw Materials | 274.60 | 201.19 |
| | iii) Spares | 44.01 | 37.38 |
| b) | Expenditure in foreign currency on account of travelling | 6.27 | - |



- c) The value of consumption of imported and indigenously obtained raw materials and spare parts and the percentage of each to the total consumption:

| Particulars | Current Year (Rs. in lakhs) | | Previous Year (Rs. in lakhs) | |
|-------------|--------------------------------|---------------|---------------------------------|--------|
| | Amount | % | Amount | % |
| Indigenous | 1,982.53 | 88.30 | 2,527.79 | 91.44 |
| Imported | 262.57 | 11.70 | 236.55 | 8.56 |
| Total | 2,245.10 | 100.00 | 2,764.34 | 100.00 |

- d) Earnings in foreign Exchange:

| | Current Year (Rs. in lakhs) | Previous Year (Rs. in lakhs) |
|---|--------------------------------|---------------------------------|
| Export of goods calculated on F.O.B basis | 19.16 | 21.51 |

34. Capital Management

The company's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the company.

The company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and other long-term/short term borrowings.

The company's policy is aimed at combination of short term and long-term borrowings. The company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the company.

Gearing Ratio

(Rs. In lakhs)

| Particulars | As at 31.03.2020 | As at 31.03.2019 |
|----------------------------------|---------------------|---------------------|
| (a) Debt | 5,561.72 | 6,147.35 |
| (b) Cash & Cash Equivalents | 242.80 | 17.56 |
| (c) Net Debt (a) + (b) | 5,318.92 | 6,129.79 |
| (d) Total Equity | 5,515.59 | 5,633.69 |
| Net debt to equity ratio (c)/(d) | 0.96 | 1.09 |

35. Income Taxes

- (i) Reconciliation of Tax Expense and Accounting profit multiplied by Applicable tax rate (Rs. In lakhs)

| | Current Year | Previous Year |
|---|----------------|-----------------|
| (i) Tax expense recognized in Statement of Profit and loss | | |
| Current Tax | 114.89 | - |
| Deferred Tax (including MAT Credit Entitlement) | (36.87) | (461.56) |
| Income tax of earlier years | 42.52 | (79.31) |
| Total | 120.54 | (540.87) |
| (ii) Effective tax Reconciliation | | |
| (a) Profit/(loss) before tax | 88.42 | (533.83) |
| (b) Applicable tax rate | 27.82% | 26% |
| (c) Tax expense on Net profit (a*b) | 24.60 | - |
| (d) Increase/(decrease) in tax expenses on account of: | | |
| - Exempt Income | (0.82) | |
| - Expenses not allowed under income tax | 130.79 | - |
| - Income tax of earlier years | 42.52 | (79.31) |
| - Others | (76.55) | (461.56) |
| Total (d) | 95.94 | (540.87) |
| (e) Tax Expense as per Statement of Profit and loss (c+d) | 120.54 | (540.87) |



36. Employment Benefits

i. Contributions to Defined Contribution Plans

(Rs. In Lakhs)

| Particulars | Current Year | Previous Year |
|---|--------------|---------------|
| Contribution to Provident and other funds | 69.88 | 67.47 |
| Contribution to Employee State Insurance | 7.89 | 10.51 |
| Total | 77.77 | 77.98 |

ii) Defined Benefit Plan

The Company has defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

Disclosure for defined benefit plans based on actuarial reports:

(Rs. In Lakhs)

| Particulars | Current Year | Previous Year |
|---|---------------------|---------------|
| A Changes in Present Value of Defined Benefit Obligation | | |
| Opening defined benefit obligation | 300.61 | 300.00 |
| Interest cost | 21.83 | 23.20 |
| Current services cost | 19.15 | 17.74 |
| Benefits paid | (30.36) | (19.75) |
| Actuarial(gains)/losses on obligation | (2.98) | (20.58) |
| Closing defined benefit obligation | 308.25 | 300.61 |
| B Changes in Fair Value of Plan Assets | | |
| Opening Fair value of plan assets | 248.00 | 230.99 |
| Expected Return | 18.97 | 17.66 |
| Contributions | 30.36 | |
| Benefits paid | (30.36) | |
| Premium expenses | | (0.65) |
| Actuarial Gain/loss | (1.61) | |
| Closing fair value of plan assets | 265.36 | 248.00 |
| C Expenses recognized in statement of profit and loss | | |
| Current Service Cost | 19.15 | 17.72 |
| Interest Cost on benefit obligation | 21.83 | 23.21 |
| Expected return on plan assets | (18.97) | (17.66) |
| Premium Expenses | | (0.65) |
| Total | 22.01 | 22.62 |
| D Expenses recognized in Other Comprehensive Income | | |
| Actuarial(gains)/losses on obligation | (1.37) | (19.93) |
| Return on plan assets (greater)/lesser than discount rate | - | - |
| Total | (1.37) | (19.93) |
| E Actuarial Assumptions | | |
| Future Salary Rise | 5% | 5% |
| Rate of Discounting | 6.72% | 7.65% |
| Attrition rate | 1% | 1% |
| Mortality table | IALM 2011-14 | IALM 2011-14 |
| Expected rate of return on plan assets | 8.25% | 8.25% |
| Average Balance Service | 17.1 years | 17.1 years |



F. Sensitivity Analysis

The financial results are sensitive to the actuarial assumptions. The changes to the Defined Benefit Obligations for increase/decrease of 1% from assumed salary escalation, withdrawal and discount rates are given below:

| Particulars | 31st March 2020 Rs. In Lakhs | |
|---------------------|------------------------------|----------|
| | Increase | Decrease |
| Salary escalation | 22.68 | 20.26 |
| Attrition rate | 3.03 | (3.47) |
| Rate of Discounting | (21.29) | 24.35 |

ii. Leave Encashment (unfunded)

(Rs. In Lakhs)

| Particulars | Current Year | Previous Year |
|---|---------------------|---------------|
| A Changes in Present Value of Defined Benefit Obligation | | |
| Opening defined benefit obligation | 64.13 | 41.78 |
| Interest cost | 4.29 | 2.97 |
| Current services cost | 9.46 | 9.83 |
| Benefits paid | (16.19) | (9.30) |
| Actuarial(gains)/losses on obligation | 3.79 | 18.85 |
| Closing defined benefit obligation | 65.48 | 64.13 |
| B Expenses recognized in statement of profit and loss | | |
| Current Service Cost | 9.46 | 9.84 |
| Interest Cost on benefit obligation | 4.29 | 2.97 |
| Total | 13.75 | 12.81 |
| C Expenses recognized in Other Comprehensive Income | | |
| Actuarial(gains)/losses on obligation | 3.79 | 17.96 |
| Total | 3.79 | 17.96 |
| D Actuarial Assumptions | | |
| Future Salary Rise | 5% | 5% |
| Rate of Discounting | 6.72% | 7.65% |
| Attrition rate | 1% | 1% |
| Mortality table | IALM 2011-14 | IALM 2011-14 |

37. Related Party Disclosures

| Name of Related Parties | Nature of Relationship |
|---|--|
| a. Hyderabad Bottling Co Ltd. | Enterprises over which key managerial personnel have significant influence |
| b. Triveni Capital Leasing & Investments Pvt Limited | |
| c. IOU Projects Limited | |
| d. DCS SPORTING PRIVATE LIMITED | |
| e. Mr. J Venkata Krishna | Relatives of Key Management Personnel |
| f. Mrs. J Sharada Govardhini | |
| g. Mr. B Chetan Anand | |
| h. Mrs. J. Triveni (Executive Chairperson) | Key Management Personnel |
| i. Mr. J.S. Rao (Managing Director) | |
| j. Mr. Y. Sadasiva Rao (Chief Financial Officer) | |
| k. Miss. Akriti Sharma (Company Secretary) | |
| l. Mr. J. Sivaram Prasad (Independent Director) | |
| m. Mr. K. Harishchandra Prasad (Independent Director) | |
| n. Mr. E. Siva Sankaram (Independent Director) | |
| o. Mr. Boddu Venkata Subbaiah (Independent Director) | |



(i) Transaction with Enterprises over which key managerial personnel have significant influence:

(Rs. in Lakhs)

| Nature of transactions | Current Year | Previous Year |
|---|------------------|---------------|
| Inter-Corporate Deposits Received | 320.00 | 175.00 |
| Inter Corporate Deposit Repaid | 121.46 | 99.80 |
| Interest Accrued | 330.12 | 259.74 |
| Balance as at year end Receivable / (Payable) | (3335.52) | (2806.86) |

(ii) Transactions with Relatives of Key Management Personnel

(Rs. In Lakhs)

| Nature of transactions | Current Year | Previous Year | Receivable/ (Payable) as on 31.03.2020 | Receivable/ (Payable) as on 31.03.2019 |
|------------------------|--------------|---------------|--|--|
| Remuneration | 46.37 | 37.89 | (3.76) | (2.86) |
| Sale of Cement | 2.10 | 17.60 | 0.80 | 0 |
| Rent | 0.83 | 3.00 | 0 | (0.25) |

(iii) Transactions with Key Management Personnel

a. Executive Chairperson & Managing Director

(Rs. In Lakhs)

| Nature of transactions | Current Year | Previous Year | Receivable/ (Payable) as on 31.03.2020 | Receivable/ (Payable) as on 31.03.2019 |
|-------------------------------------|---------------|---------------|--|--|
| Unsecured loan (including interest) | 0 | 0 | 0 | 0 |
| Remuneration | 156.00 | 141.33 | (4.77) | (13.24) |
| Contribution to P.F. | 5.19 | 5.19 | 0 | 0 |

b. Others

(Rs. In Lakhs)

| Nature of transactions | Current Year | Previous Year | Receivable/ (Payable) as on 31.03.2020 | Receivable/ (Payable) as on 31.03.2019 |
|------------------------|--------------|---------------|--|--|
| Remuneration | 57.31 | 47.09 | (4.77) | (3.08) |
| Sitting Fees | 0.98 | 0.70 | - | - |

38. Earnings per share

(Rs. In Lakhs)

| Particulars | Current Year | Previous Year |
|--|------------------|---------------|
| (a) Profit/(loss) after tax | (31.13) | 21.78 |
| (b) Number of shares outstanding (face value of Rs. 10 each) | 80,16,738 | 80,16,738 |
| (c) Earnings Per Share (in Rupees) | (0.39) | 0.27 |

39. Financial Instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to level 3 as described below.

Level 1 - Quoted prices in an active market:

This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of mutual fund investments.

Level 2 - Valuation techniques with observable inputs:

This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).



Level 3 – Valuation techniques with significant unobservable inputs:

This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

40. Financial Risk Management Objectives and Policies

The company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, market risk, credit risk and liquidity risk. The company has a risk management policy which not only covers the foreign exchange risks, but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management framework aims to:

Financial Assets & Financial Liabilities :

(Rs. In Lakhs)

| Particulars | Carrying Amount | | | Fair Value Hierarchy | | | |
|--|-----------------|--------|--------|----------------------|---------|---------|---------|
| | Amortised cost | FVTPL | FVTOCI | Total | Level 1 | Level 2 | Level 3 |
| As at 31st March 2020 | | | | | | | |
| Financial Assets | | | | | | | |
| Investments (Refer note below) | 0.06 | 218.81 | | 218.87 | 218.81 | | |
| Trade Receivables | 351.08 | | | 351.08 | | | |
| Cash and cash equivalents | 242.80 | | | 242.80 | | | |
| Bank balances other than (ii) above | 100.56 | | | 100.56 | | | |
| Loans | 1.63 | | | 1.63 | | | |
| Others | 39.04 | | | 39.04 | | | |
| Financial Liabilities | | | | | | | |
| Borrowings | 5,176.39 | | | 5,176.39 | | | |
| Trade Payables | 1,088.43 | | | 1,088.43 | | | |
| Others | 938.53 | | | 938.53 | | | |
| As at 31st March 2019 | | | | | | | |
| Financial Assets | | | | | | | |
| Investments (Refer note below) | 0.06 | 144.09 | | 144.15 | 144.09 | | |
| Trade Receivables | 350.78 | | | 350.78 | | | |
| Cash and cash equivalents | 17.56 | | | 17.56 | | | |
| Bank balances other than (ii) above | 86.78 | | | 86.78 | | | |
| Loans | 1.50 | | | 1.50 | | | |
| Others | 52.90 | | | 52.90 | | | |
| Financial Liabilities | | | | | | | |
| Borrowings | 5760.28 | | | 5760.28 | | | |
| Trade Payables | 1429.74 | | | 1429.74 | | | |
| Others | 1080.65 | | | 1080.65 | | | |
| Note: Investments in Mutual funds are measured at FVTPL as mandatorily required by Ind AS 109 | | | | | | | |

1. Create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the company's business plan.
2. Achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

The following sections provide the details regarding the Company's exposure to the financial risks associated with financial instruments held in the ordinary course of business and the objectives policies and processes for the management of these risks.



(i) Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk, currency rate risk, interest rate risk and other price risks such as equity risk. Financial instruments affected by market risk include investments in mutual funds.

a. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Company and the Company's financial instruments will fluctuate because of changes in market interest rates. Since the Company has only fixed interest-bearing debts, exposure to interest rate risk is minimal.

b. Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Company has transactional currency exposures arising from goods supplied or received that are denominated in a currency other than the functional currency. The foreign currencies in which these transactions are denominated are mainly in US Dollars (\$). The Company's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The following table demonstrates the sensitivity in the USD to the Indian Rupee with all other variables held constant. The impact on the company's profit before tax due to changes in the fair value of monetary assets and liabilities is given below:

Rs.

| Particulars | Change in Rate | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
|-------------|----------------|------------------------------------|------------------------------------|
| USD | + 0.50% | (2705) | 864 |
| | - 0.50% | 2705 | (864) |

c. Other price risk

Other price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

The Company is exposed to price risk arising mainly from investments in Mutual Funds recognized at FVTPL.

Sensitivity analysis of 1% change in price of security as on reporting date.

(Rs. In Lakhs)

| Particulars | Impact on Profit & Loss | | Impact on OCI | |
|----------------------------------|-------------------------|---------|---------------|---------|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Mutual Fund (1% change in price) | 2.19 | 1.44 | 2.19 | 1.44 |
| Total | 2.19 | 1.31 | 2.19 | 1.44 |

(ii) Credit Risk:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk arises from its operation activity primarily from trade receivable and from its financial activity. Customer credit risk is controlled by analysis of credit limit and credit worthiness of the customer on a continuous basis to whom the credit has been granted.

Long outstanding receivable from customer are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivable.

(iii) Liquidity Risk:

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.



Keerthi Industries Limited

The company ensures that it has sufficient cash on demand to meet expected operational demands including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

(Rs. In Lakhs)

| Particulars | Total | On Demand | < 1 year | 1 to 5 years | > 5 years |
|-----------------------------|---------|-----------|----------|--------------|-----------|
| As at 31 March 2020 | | | | | |
| Borrowings – Non-Current | 1010.57 | | | 1010.57 | |
| Borrowings – Current | 4165.82 | 4165.82 | | | |
| Trade Payables | 1088.43 | | 1088.43 | | |
| Other financial liabilities | 938.53 | | 938.53 | | |
| As at 31 March 2019 | | | | | |
| Borrowings – Non-Current | 2178.42 | | | 2178.421 | |
| Borrowings – Current | 3581.86 | 3581.86 | | | |
| Trade Payables | 1429.74 | | 1429.74 | | |
| Other financial liabilities | 1080.65 | | 1080.65 | | |

41. Operating Segments

Factors used to identify the reportable segments

(Rs. in lakhs)

| Particulars | Cement Division | Wind Mill | Electronics Division | Unallocated | Total |
|--|-----------------|-----------|----------------------|-------------|-----------|
| External Sales: | | | | | |
| Current Year | 16,160.23 | 91.06 | 929.24 | | 17,180.53 |
| Previous Year | 17,418.19 | 92.00 | 902.96 | | 18,413.55 |
| Inter-segment Sales | Nil | Nil | Nil | | Nil |
| Total Revenue: | | | | | |
| Current Year | 16,160.23 | 91.06 | 929.24 | | 17,180.53 |
| Previous Year | 17,418.19 | 92.00 | 902.96 | | 18,413.15 |
| Segment Result Before Interest and Tax: | | | | | |
| Current Year | 258.14 | 33.67 | 143.03 | | 434.84 |
| Previous Year | (12.76) | 67.38 | 174.48 | | 229.10 |
| Less: Unallocated Expense: | | | | | |
| Current Year | | | | (259.07) | (259.07) |
| Previous Year | | | | 89.31 | 89.31 |
| Less: Interest Expenses: | | | | | |
| Current Year | | | | 604.50 | 604.50 |
| Previous Year | | | | 658.87 | 658.87 |
| Less: Income Taxes: | | | | | |
| Current Year | | | | 120.54 | 120.54 |
| Previous Year | | | | (540.86) | (540.86) |
| Profit / (Loss): | | | | | |
| Current Year | 260.41 | 33.67 | 143.03 | (465.97) | (31.13) |
| Previous Year | (12.76) | 67.38 | 174.48 | (207.31) | 21.79 |
| Segment Assets: | | | | | |
| Current Year | 12,190.15 | 318.61 | 1,281.76 | 524.33 | 14,314.85 |
| Previous Year | 13,410.38 | 370.47 | 1,385.17 | 536.60 | 15,702.62 |
| Segment Liabilities: | | | | | |
| Current Year | 8,385.26 | Nil | 170.56 | 243.43 | 8799.25 |
| Previous Year | 14,410.38 | Nil | 219.28 | 574.98 | 14,900.94 |



Keerthi Industries Limited

| | | | | | |
|--|----------|-------|-------|-------|----------|
| Depreciation: | | | | | |
| Current Year | 1,049.31 | 27.21 | 15.37 | 12.27 | 1,104.16 |
| Previous Year | 1,023.49 | 20.96 | 7.64 | 17.84 | 1,069.93 |
| Additions to Property, plant & equipment & Intangible assets: | | | | | |
| Current Year | 315.12 | Nil | 34.72 | Nil | 349.84 |
| Previous Year | 411.43 | Nil | 23.43 | Nil | 434.86 |

a. Information about Products and Services (Rs. In lakhs)

| Products | Revenues |
|---------------------------|------------------|
| a. Cement | 16,160.23 |
| b. Printed Circuit Boards | 929.24 |
| c. Wind Power | 91.06 |
| TOTAL | 17,180.53 |

b. Information about geographical areas (Rs. in lakhs)

| Geographical Location | Revenues | Non Current Assets other than financial instruments and deferred tax assets |
|-----------------------|-----------------|---|
| (A) Within India | 17161.37 | 11436.06 |
| (B) Outside India | | |
| - 11436.06 USA | 19.16 | |
| TOTAL | 17180.53 | 11436.06 |

c. Information about major customers

There are no revenues from transactions with a single customer amounting to 10% or more of the Company's total revenue during the current and previous year.

42. Subsequent Events.

Dividend proposed to be distributed (Rs. In Lakhs)

| Particulars | As at 31.03.2020 (Note below) | As at 31.03.2019 (Note below) |
|---|----------------------------------|----------------------------------|
| Dividend Proposed for Equity Shareholders | 72.15 | 72.15 |
| Dividend Tax | 0 | 14.85 |
| Total | 72.15 | 87.00 |

Note: Rs.0.90 per share for FY 2019-2020 and Rs.0.90 per share for FY 2018-19

43. Impact assessment of the Pandemic COVID 19 and related estimation uncertainty. The Company has suspended operations w.e.f. 23.03.2020 as per the directives of both. Central and State Governments in the wake of COVID -19 Pandemic. The Company's operations were impacted in the month of March 2020. The Company has made an assessment on measurement of assets and liabilities including recoverability of carrying value of its assets, liquidity position and ability to repay its debts for the next year, and concluded that no material adjustments are necessary. From 2nd May 2020, operations have commenced in a phased manner taking into account directives from the Government.

44. Previous Year's figures have been reclassified, wherever necessary so as to conform with those of Current Year.

As per our report of even date
for Brahmayya & Co.
Chartered Accountants
Firm's Registration No. 000513S
Sd/-
K. Shravan
Partner
Membership No. 215798
Place: Hyderabad
Date: 25.07.2020

For and on behalf of Board of Directors

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

Sd/-
(Y. Sadasiva Rao)
Chief Financial Officer

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

Sd/-
(Akriti Sharma)
Company Secretary

If undelivered, Please return to :

KEERTHI INDUSTRIES LIMITED

Administrative Office :

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

Hyderabad - 500 037.