

**Keerthi Industries Limited**

***Chairperson's Speech  
at***

***The 35<sup>th</sup> Annual General Meeting  
on***

***Saturday, 29<sup>th</sup> September, 2018***

***Mellacheruvu, Suryapet District,  
Telangana***

## **Dear Shareholders,**

A very warm good morning to each and every one of you. It gives me immense pleasure in welcoming you to the 35<sup>th</sup> Annual General Meeting of the Company. The Company's accounts for the year ended March 31, 2018, along with the Directors' and Auditors' report, a Letter to the Shareholders, and Management's Discussion and Analysis, have already been circulated to you. I take this opportunity to brief you about the Company's performance in the Financial Year 2017-18 and the prospects for the years ahead.

### **INDIAN ECONOMY**

India's economy has shown considerable resilience to the transitory effects of demonetisation and implementation of Goods and Services Tax (GST). The economy posted a seven-quarter high GDP growth of 7.7% in the exist quarter of FY 18 and a GDP growth of 6.7% for the full year. India's macroeconomic indicators are encouraging. The fiscal deficit has been cut to 3.5% of GDP.

#### **1. Cement Industries**

The Indian cement industry witnessed a pick-up in demand and after seven years' is likely to achieve good growth. The Government's thrust on infrastructure development remains the key growth driver. The revival of rural housing demand, and the accelerated pace of execution under the low cost housing program have supported strong volume off-take. Still, FY 2017-18 was a year of challenges. The ban on sand mining and on the use of pet-coke in major States impacted construction activity. The hike in import duty on pet coke from 2.5 percent to 10 percent and the increase in diesel prices, pushed freight cost upwards. This resulted in higher operating costs. It impacted margins. Growth in the cement sector is estimated at around 8% in FY 2018-19. Indeed, very good, as compared to the trends of the last few years. Telangana is undertaking major irrigation projects and Andhra Pradesh is committed to building a new capital city by FY 2021-22 which give a major boost to cement industries in Southern India.

#### **2. Electronic & PCB Industries**

PCB industry is witnessing sizeable growth in the consumer electronics sector. In the coming years, the market in these segments is expected to grow around 40% to 50% as compare to the current scenario. Your company intends to reap benefits from this growth and accordingly, the turnover of PCB business may increase further.

#### **3. Power Industries**

India has the fifth largest power generation capacity in the world. The country ranks third globally in terms of electricity production. Renewable energy is fast emerging as a major source of power in India. Wind energy is the largest source of renewable energy in India. It accounts for an estimated 60 % of total installed capacity (21.1GW). There are plans to double wind power generation capacity to 20GW by 2022. India has also raised the solar power generation capacity addition target by five times to 100GW by 2022.

### **PERFORMANCE OF OUR COMPANY**

#### **1. During fiscal year 2018, we recorded:**

- **Overall revenue** at Rs 19259.33 Lakhs is reduced by 2.86% (Rs. 19827.33 Lakhs in 2016-2017)
- **Operating profit** at Rs. 1095.35 Lakhs is reduced by 39.49% (Rs. 1810.05 Lakhs in 2016-2017) and

- **Net profit** for the year at Rs. 763.39 Lakhs is also reduced by 34.38% (Rs. 1163.35 Lakhs in 2016-2017).

Thus, the overall performance of the Company both in terms of revenue and earnings has been reduced due to lower in production and increase in cost of coal. However the company shall make its best efforts to position in robust condition so as to keep the bottleneck at bay.

2. The Overall production also remained satisfactory. During fiscal year 2018, we recorded:

**I. In Cement Division:**

- Production of Cement were 4,79,663 MTS as against (4,85,637MTS during the previous year ended 31<sup>st</sup> March, 2017).
- Production of Clinker 4,48,635 MTS as against (4,40,730 MTS during the previous year ended 31<sup>st</sup> March, 2017).

**II. In Electronic Division**

- The Company has produced 2,096 sq. mts of Printed Circuit Boards as against 1,796 sq. mts during the previous year.

The division is continuously growing well and has established a loyal customer base.

We are sure that the division will definitely continue to keep strengthen the PCB edge. The Company is taking the necessary steps to streamline the operations and expects to improve the performance by further increasing the sales volumes in the coming years.

**III. In Wind Power Division:**

- The Company has generated 27,59,112 units as against 31,11,983 units during the previous year.

**3. WASTE HEAT RECOVERY PROJECT:**

Due to some technical problems the waste heat recovery project was not operated from August 2017 to December 2017. The details of the unit generated for the FY 2017-18 are mentioned below:

|                            |             |
|----------------------------|-------------|
| Total generated units      | : 42,69,500 |
| Less: Auxiliary Cumulative | : 4,83,609  |
| Net Units                  | : 37,85,931 |

**KEERTHI INDUSTRIES LTD: IN PERSPECTIVE**

We are working extensively on the people front from last couple of years and I am happy to state that at the management level we have built a quality bench strength.

Your Company continues to concentrate on cost reduction measures in all areas of production and distribution to protect and improve its profitability. Despite of few adverse conditions, your Directors are hopeful that the performance of the company would achieve another level of milestone in producing the cement.

### **SOCIALLY COMMITTED**

Your Company has been forefront of inclusive growth and since inception it has been undertaking projects for improving the quality of life of the society at large. The core areas of CSR activities has been promoting preventive healthcare, education, rural development and welfare of the society at large, particularly in the areas around Company's manufacturing facilities. During the FY 2017-18 the co. has spent Rs.34.66 Lakhs for Rural Development and Training to promote rural sports.

We are continuing and strengthening our initiatives on improving livelihood, education, health and water quality for sustainable development in the areas we operate in.

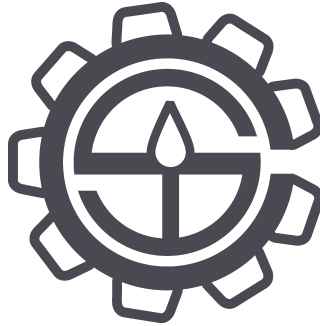
### **TO CONCLUDE**

I would like to take this opportunity to convey my appreciation for the valuable guidance provided by my fellow Directors on the Board. I place on record the excellent cooperation from the state and central government departments, customers, suppliers, bankers' auditors and those living around our units and offices. I would particularly like to acknowledge the dedication, tireless support and commitment of the employees in the forward march of the Company.

Before I conclude, I on my own and on Behalf of the Board, would like to thank each one of you, our valued shareholders, for your unstinted faith and support in our endeavours. We from the Board of Directors, assure you of good governance in all the business activities of the company

**Thanking You,**

**S/d-  
J Triveni  
EXECUTIVE CHAIRPERSON**



**Keerthi**  
***Industries Limited***  
(Formerly known as Suvarna Cements Limited)

**35<sup>th</sup>**  
***Annual Report 2017 - 2018***



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## CORPORATE INFORMATION

### 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  |
| 6. *Sri. E. Siva Sankaram       | Independent Director  |

\*Sri. E. Siva Sankaram  
(Resigned w.e.f. 14-09-2017)

### Chief Financial Officer (CFO)

- |   |   |
|---|---|
| Sri. J. S. Rao<br>(Appointed w.e.f. 28.01.2017)<br>(Resigned w.e.f. 31-03-2018) | Sri. Y. Sadasiva Rao<br>(Appointed w.e.f. 30-04-2018) |
|---|---|

### Company Secretary

- |  |  |
|--|--|
| Mr. Rajesh Kumar Yadav<br>(Resigned w.e.f. 30.06.2018) | Ms. Akriti Sharma<br>(Appointed w.e.f. 09.08.2018) |
|--|--|

### Committees of the Board

#### I. Audit Committee

- |                                 |  |
|---------------------------------|--|
| 1. Sri. J. Sivaram Prasad       | Chairman (Appointed w.e.f. 14-09-2017) |
| 2. Sri. K. Harishchandra Prasad | Member                                 |
| 3. Sri. Boddu Venkata Subbaiah  | Member                                 |
| 4. Sri. J. S. Rao               | Member                                 |
| 5. Sri. E. Siva Sankaram.       | Chairman (Resigned w.e.f. 14-09-2017)  |

#### II. Remuneration & Nomination Committee

- |                                 |                                     |
|---------------------------------|-------------------------------------|
| 1. Sri. K. Harishchandra Prasad | Chairman                            |
| 2. Sri. Boddu Venkata Subbaiah  | Member                              |
| 3. Sri. J. Sivaram Prasad       | Member                              |
| 4. Sri. E. Siva Sankaram        | Member (Resigned w.e.f. 14-09-2017) |

#### 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 Govardhini | Member                              |
| 4. Sri. E. Siva Sankaram     | Member (Resigned w.e.f. 14-09-2017) |

### Registered Office & Factory (Cement Division)

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

### Administrative Office & Factory (Electronic Division)

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

### Bankers

Axis Bank Ltd

### Statutory Auditors

**M/s. Brahmayya & Co,**  
Chartered Accountants  
#403 & 404, Golden Green Apartments,  
Irrum Manzil Colony,  
Hyderabad – 5000082  
Ph: (040) 23370002/4  
Email: [hydbrahmayya@gmail.com](mailto: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](mailto:rao_bhogadi@yahoo.co.in)

### Secretarial Auditor

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

### Registrar & Share Transfer Agents (RTA)

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

### ISIN

INE145L01012



## NOTICE

NOTICE is hereby given that the 35<sup>th</sup> Annual General Meeting of Shareholders of the Company will be held on Saturday the 29<sup>th</sup> September, 2018 at 11:00 AM at the Registered Office of the Company situated at Mellacheruvu (Village & Mandal), Suryapet District-508246, Telangana, to transact the following business:

### **ORDINARY BUSINESS:**

#### 1. ADOPTION OF FINANCIAL STATEMENTS FOR THE FY 2017-18

To consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2018, the Statement of Profit and Loss Account and cash flow statement for the year ended

“RESOLVED THAT a final dividend @ 9% on 9% Cumulative Redeemable Preference Shares capital for the financial year ended 31<sup>st</sup> March, 2018 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 entitle to receive | % of dividend per share | Dividend Per share (In Rs.) |
|--------------|--------------------------------------|--------------------|---|-------------------------|-----------------------------|
| 1.           | 5,00,000                             | 70/-               | 31,50,000                                   | 9%                      | 6.30/-                      |
| 2.           | 2,70,100                             | 100/-              | 24,30,900                                   | 9%                      | 9.00/-                      |
| 3.           | 2,68,340                             | 81.37/-            | 19,65,134                                   | 9%                      | 7.32/-                      |
| <b>Total</b> | <b>10,38,440</b>                     |                    | <b>75,46,034</b>                            |                         |                             |

#### 4. DECLARATION OF FINAL DIVIDEND ON EQUITY SHARES FOR THE FINANCIAL YEAR 2017-18

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 profit of the Company for the financial year ended 31<sup>st</sup> March 2018 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.”

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 herself 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**

### **SPECIAL BUSINESS:**

#### 5. RE-APPOINTMENT OF SMT. J. TRIVENI AS EXECUTIVE CHAIRPERSON AND WHOLE-TIME DIRECTOR OF THE COMPANY

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

“RESOLVED THAT pursuant to the provisions of sections 196,197,203 and other applicable provisions of the Companies Act 2103 read with its schedule V of the Act subject to approvals, if any as may be required from financial institutions and other authorities concerned, if any, and based on the recommendations of the Nomination and Remuneration Committee and the Board of Directors, approval of the members be and is hereby accorded for the re-appointment of Smt. J. Triveni as



Executive Chairperson and Whole-time Director of the Company subject to retirement by rotation for a period of 3 (three) years with effect from 10<sup>th</sup> May, 2018 on the salary and perquisites as set out below;

1. **Period of Appointment:** The Appointment is for a period of 3 years with effect from 10<sup>th</sup> May 2018.
2. **Salary:** Salary will be Rs. 6,00,000/- per month which includes Basic, DA, and all other allowances by whatever name called.
3. **Commission:** such amount or such percentage of profits for each accounting year as may be decided by the Committee/Board subject to the overall limit(s) of 5% of Net profits as stated in Section 197 of the Companies Act, 2013.
4. **Perquisites:** Perquisites as mentioned below and shall be valued in terms of the provisions of Income Tax Act, 1961.
  - i) **Medical Reimbursement:** Reimbursement of medical expenses incurred for self and family at actual.
  - ii) **Leave Travel Concession:** Leave Travel Concession for self and family once in a year.  
Explanation: Family for (i) and (ii) above shall mean spouse, dependant children and dependant parents.
  - iii) **Club Fees:** Fees for two clubs and no admission and life membership fee shall be paid;
  - iv) **Personal Accident Insurance:** Personal Accident Insurance premium shall be as per the rules of the Company;
  - v) **Reimbursement of expenses for utilities** such as gas, electricity, water, furnishings, air conditioning and repairs, all of which may be hired or owned;
  - vi) **Housing:** Furnished House accommodation with one domestic servant.
  - vii) **Use of Company's car for official duties** and telephones at residence (including long distance calls) and Cell Phone shall not be considered as perquisites;
  - viii) **Earned Leave:** Encashment of leave at the end of the tenure is as per the rules of the Company.
  - ix) **Contribution to the provident fund,**

superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961; and

- x) **Gratuity** payable at the rate not exceeding half a month's salary for each completed year of service.

The Perquisites mentioned above can be interchangeable within the overall ceiling of not exceeding **2 (Two) month's salary**.

5. **Minimum Remuneration:** Where, in any financial year, the Company has no profits or its profits are inadequate, during the currency of tenure of the Executive Chairperson, the Company shall pay Rs. 6,00,000/- per month as minimum remuneration subject to such approvals, if any, as may be required under Schedule V of the Companies Act, 2013."

"RESOLVED FURTHER THAT any Director or Company Secretary of the Company be and are hereby authorized severally to take necessary steps as may be required for giving effect to this resolution.

#### 6. RE-APPOINTMENT OF SRI. J. S. RAO AS MANAGING DIRECTOR OF THE COMPANY

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

"RESOLVED THAT pursuant to the provisions of sections 196, 197, 203 and other applicable provisions of the Companies Act 2013 read with its schedule V of the Act subject to approvals, if any as may be required from financial institutions and other authorities concerned, if any, and based on the recommendations of the Nomination and Remuneration Committee and the Board of Directors, approval of the members be and is hereby accorded for the re-appointment of Sri. J. S. Rao as the Managing Director of the Company subject to retirement by rotation for a period of 3 (three) years with effect from 10<sup>th</sup> May, 2018 on the salary and perquisites as set out below;

1. **Period of Appointment:** The Appointment is for a period of 3 years with effect from 10<sup>th</sup> May 2018.
2. **Salary:** Salary will be Rs. 6,00,000/- per



month which includes Basic, DA, and all other allowances by whatever name called.

3. **Commission:** such amount or such percentage of profits for each accounting year as may be decided by the Committee/Board subject to the overall limit(s) of 5% of Net profits as stated in Section 197 of the Companies Act, 2013.
4. **Perquisites:** Perquisites as mentioned below and shall be valued in terms of the provisions of Income Tax Act, 1961.
  - i) **Medical Reimbursement:** Reimbursement of medical expenses incurred for self and family at actual.
  - ii) **Leave Travel Concession:** Leave Travel Concession for self and family once in a year.  
Explanation: Family for (i) and (ii) above shall mean spouse, dependent children and dependent parents.
  - iii) **Club Fees:** Fees for two clubs and no admission and life membership fee shall be paid;
  - iv) **Personal Accident Insurance:** Personal Accident Insurance premium shall be as per the rules of the Company;
  - v) **Reimbursement of expenses for utilities** such as gas, electricity, water, furnishings, air conditioning and repairs, all of which may be hired or owned;
  - vi) **Housing:** Furnished House accommodation with one domestic servant.
  - vii) **Use of Company's car for official duties** and telephones at residence (including long distance calls) and Cell Phone shall not be considered as perquisites;
  - viii) **Earned Leave:** Encashment of leave at the end of the tenure is as per the rules of the Company.
  - ix) **Contribution to the provident fund, superannuation fund or annuity fund** to the extent these either singly or put together are not taxable under the Income Tax Act, 1961; and
  - x) **Gratuity payable at the rate not**

exceeding half a month's salary for each completed year of service.

The Perquisites mentioned above can be interchangeable within the overall ceiling of not exceeding **2 (Two) month's salary**.

5. **Minimum Remuneration:** Where, in any financial year, the Company has no profits or its profits are inadequate, during the currency of tenure of the Managing Director, the Company shall pay Rs. 6,00,000/- per month as minimum remuneration subject to such approvals, if any, as may be required under Schedule V of the Companies Act, 2013."

"RESOLVED FURTHER THAT any Director or Company Secretary of the Company be and are hereby authorized severally to take necessary steps as may be required for giving effect to this resolution.

#### 7. **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 30-05-2018 the remuneration payable during the year 2018-19 to M/s. BVR & Associates (FRN: 000453), Cost Accountants, to conduct the audit of the cost records of the Company for the financial year 2018-19, amounting to Rs. 55,000/- (Rupees Fifty Five Thousand only) plus re-imbursement 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."



### 8. SHIFTING OF REGISTERED OFFICE OF THE COMPANY

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

“RESOLVED THAT pursuant to the provisions of Section 12 and all other applicable provisions, if any, of the Companies Act, 2013 read with the relevant Rules thereunder, the Registered Office of the Company be shifted from “Mellacheruvu (Village & Mandal), Suryapet Dist, Telangana-508246” to “**PLOT NO. 40, IDA, BALANAGAR, HYDERABAD-500037, TELANGANA**” within the State of Telangana.”

“RESOLVED FURTHER THAT any Sri. J. S. Rao, the Managing Director or the Company Secretary of the Company be and are hereby authorized severally to file the e-forms with the Registrar of Companies, Hyderabad, being the notice for change in situation of the Registered Office of the Company and to take all such actions and do all such acts, deeds and things as may be deemed prudent in this regard from time to time.”

**By Order of the Board of Directors**

Sd/-

Place: Hyderabad

(J. S. Rao)

Date: 30-05-2018

Managing Director

DIN:00029090

### NOTES:

1. The Statement pursuant to section 102 (1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. In terms of Section 105 of the Companies Act, 2013 read with Rule 19 of the Companies (Management and Administration) Rules, 2014 a person can act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the company carrying voting rights.  
A member holding more than 10% of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other shareholder.
4. The Instrument appointing the Proxy, duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A Proxy form for the AGM is enclosed.
5. The Securities and Exchange Board of India (SEBI) has mandated the submission of PAN by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit their PAN to the Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company or RTA.
6. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the company/ Registrar and transfer agents for consolidation into a single folio.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Monday 24<sup>th</sup> September, 2018 to Saturday 29<sup>th</sup> September, 2018, both days inclusive, in terms of Section 91 of the Companies Act, 2013 in connection with declaration of dividend.
8. Final dividend of Re. 0.90/- per equity share of Rs. 10/- each has been recommended for the financial year ended 31<sup>st</sup> March, 2018.
9. The Dividend, after declaration, will be paid to those shareholders whose names stand on the Register of Members as on 22<sup>nd</sup> September, 2018 (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 22<sup>nd</sup> September, 2018.



- (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 22<sup>nd</sup> September, 2018.
- (c) The Dividend will be paid on or before 27<sup>th</sup> October, 2018.
10. As per SEBI circular No. CIR/MRD/DP/10/2013 dated March 21, 2013, dividend payments to investors are made electronically through ECS. Shareholders are requested to update their bank details with the depositories to ensure that dividend is credited promptly. Those shareholders who hold shares in physical form are requested to communicate their Full Name, Bank account number, Name of the Bank, IFSC Code and address to our RTA: [xlfield@gmail.com](mailto:xlfield@gmail.com) for necessary action at our end.
11. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hour of the Company, provided that not less than 3 days notice in writing is given to the Company.
12. Members / proxies should bring the duly filed Attendance Slip enclosed herewith to attend the meeting.
13. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
14. 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.
15. Copies of Annual Report 2017-2018 are being sent by electronic mode only to those members whose email addresses are registered with the Company/Depository participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2017-2018 are being sent by the permitted mode.
16. The Notice of 35<sup>th</sup> AGM and instructions for e-voting, along with the Attendance Slip and Proxy Forms, is being sent by electronic mode to all members whose email addresses are registered with the Company/ Depository Participant(s), unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.
17. Members may also note that the Notice of 35<sup>th</sup> AGM and the Annual Report 2017-2018 will be available on the Company's website [www.keerthiindustries.com](http://www.keerthiindustries.com). The Physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hour on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at: [kilinvestorservices@gmail.com](mailto:kilinvestorservices@gmail.com).
18. Shareholders are requested to kindly bring their copies of Annual Report to the Meeting.
19. 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.
20. A Member desirous of receiving any information on the accounts or operations of the company is requested to forward his/her queries to the company at least 7 working days prior to the meeting, so that the required information can be made available at the meeting.
21. Members, who hold shares in de-materialized form, are requested to bring their Client ID and DP IDs for easier identification of attendance at the meeting.





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  | 2016-17 | 2017-18 |
|-------|--|---------|---------|
| 1     | Number of shareholders outstanding at the beginning of the year  | 1538    | 1533    |
| 2     | Outstanding shares in the DEMAT suspense account at the beginning of the year                                      | 8895    | 8875    |
| 3     | Number of shareholders who approached the company for transfer of shares from the suspense account during the year | 5       | 1       |
| 4     | Number of shareholders to whom shares was transferred from the suspense account during the year                    | 5       | 1       |
| 5     | Aggregate number of shareholders outstanding at the end of the year  | 1533    | 1532    |
| 6     | Outstanding shares in the suspense account lying at the end of the year  | 8875    | 8851    |

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

23. The Notice is being sent to all members through permitted modes, whose names appear in the Register of Members, as on 31<sup>st</sup> August, 2018.
24. For any assistance or information about shares, etc. members may contact the Company's Registrar and Share Transfer Agent, as follows:

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



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

#### ITEM NO. 5

#### RE-APPOINTMENT AND REMUNERATION OF SMT. J. TRIVENI AS EXECUTIVE CHAIRPERSON AND WHOLE-TIME DIRECTOR

##### History

Smt. J Triveni was re-appointed as Executive Chairperson and Whole-time Director of the Company for a period of three years from 10<sup>th</sup> May, 2015 to 09<sup>th</sup> May, 2018, at a remuneration of Rs 4.00 Lakhs per month plus certain allowances and perquisites, as per the approval of the Board of Directors in its meeting held on 14<sup>th</sup> February, 2015 and further approved by the shareholders of the Company through postal ballot proceeding held on 23<sup>rd</sup> April, 2015.

##### Present

The Board of Directors, at the recommendation of the Nomination and Remuneration committee at their respective meetings held on 05-02-2018, has re-appointed Smt. J. Triveni as Executive Chairperson and Whole-time Director of the Company for a period of three years from 10<sup>th</sup> May, 2018 to 09<sup>th</sup> May, 2021 at an increased remuneration of Rs. 6.00 lacs (Rupees Six lakhs only) per month plus certain allowances and perquisites, as approved by the members in the ensuing AGM.

Smt. Jasti Triveni (age 57 years) is a graduate in Commerce and is the driving force behind the success of organization. She is having 30 years of vast experience in cement and Electronic Printed circuit Board Industries.

The overall remuneration being drawn by the Executive Chairperson and Whole-time Director would be subject to overall ceiling limit of 5% of net profits of the Company as provided under Section 197 of the Companies Act, 2013.

The above resolution may also be treated as an abstract under the terms of contract/agreement entered into between the Company and Smt. J. Triveni Executive, Chairperson and Whole-time Director.

None of the Directors (except, Sri. J. S. Rao, J. Triveni and their relatives) and Key Managerial Personnel of the Company neither their relatives are concerned or interested, financially or otherwise, in the said resolution.

#### ITEM NO. 6

#### RE-APPOINTMENT AND REMUNERATION OF SRI. J. S. RAO AS MANAGING DIRECTOR

##### History

Sri. J S. Rao was re-appointed as Managing Director of the Company for a period of three years from 10<sup>th</sup> May, 2015 to 09<sup>th</sup> May, 2018, at a remuneration of Rs 4.00 Lakhs per month plus certain allowances and perquisites, as per the approval of the Board of Directors in its meeting held on 14<sup>th</sup> February, 2015 and further approved by the shareholders of the Company through postal ballot proceeding held on 23<sup>rd</sup> April, 2015.

##### Present

The Board of Directors, at the recommendation of the Nomination and Remuneration committee at their respective meetings held on 05-02-2018, has re-appointed Sri. J S. Rao as the Managing Director of the Company for a period of three years from 10<sup>th</sup> May, 2018 to 09<sup>th</sup> May, 2021 at an increased remuneration of Rs. 6.00 lacs (Rupees Six lakhs only) per month plus certain allowances and perquisites, as approved by the members in the ensuing AGM.

Sri. J. S Rao (age 64 years) is an Engineering graduate having 30 years of vast experience in cement and Electronic Printed circuit Board Industries.

The overall remuneration being drawn by Sri. J. S Rao would be subject to overall ceiling limit of 5% of net profits of the Company as provided under Section 197 of the Companies Act, 2013.

The above resolution may also be treated as an abstract under the terms of contract/agreement entered into between the Company and Sri. J. S Rao, the Managing Director.

None of the Directors (except, Sri. J. S. Rao, J. Triveni and their relatives) and Key Managerial Personnel of the Company neither their relatives are concerned or interested, financially or otherwise, in the said resolution.

As per the provisions of the Companies Act, 2013, read with schedule V, thereof, approval of shareholders is required for the purpose.

Hence, the Board recommends the resolution for your approval by way of special resolution.





## Keerthi Industries Limited

The statement as required under Section II, Part II of the Schedule V of the Companies Act, 2013 with reference to the item no(s). 5 and 6 are as follows:

### I. GENERAL INFORMATION:

- (1) **Nature of Industry:** Manufacturing of Cement and printed circuit Boards
- (2) **Date or expected date of commencement of**

**commercial production :** Existing Company,

- (3) *In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. : Existing Company, not applicable.*
- (4) **Financial performance based on given indicators:**

| Sl. No | Particulars                                      | Audited Figure for the FY ended 31.03.2018 (Rs. in lacs) | Audited Figure for the FY ended 31.03.2017 (Rs. in lacs) | Audited Figure for the FY ended 31.03.2016 (Rs. in lacs) |
|--------|--|--|--|--|
| 1      | Net sales/Income from operations                 | 19259.33   | 19827.30   | 18,256.65  |
| 2      | Other Income                                     | 295.01   | 191.25   | 118.65   |
| 3      | <b>Total Revenue</b>                             | <b>19554.34</b>  | <b>20018.55</b>  | <b>18375.30</b>  |
| 4      | <b>Total Expenditure</b>                         | <b>18378.74</b>  | <b>18208.50</b>  | <b>15563.06</b>  |
| 5      | Profit / (loss) before Exceptional items and Tax | 1175.59  | 1810.05  | 2,812.24   |
| 6      | Exceptional items                                | (80.24)  | -  | 162.56   |
| 7      | Provision for Tax                                |  |  |  |
|        | a) Current Tax                                   | 240.86   | 414.21   | 634.88   |
|        | b) Deferred Tax                                  | 213.34   | 256.57   | 973.57   |
|        | c) MAT Credit Write Down/ (Entitlement)          | -  | -  | (634.88)   |
|        | d) Income Tax for earlier year                   | (154.16)   | -  | 10.07  |
| 11     | <b>Net Profit/(loss)</b>                         | <b>763.39</b>  | <b>1163.35</b>   | <b>1991.16</b>   |

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

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

### II. INFORMATION ABOUT APPOINTEES:

#### 1. Information about the Chairperson:

|   |                        |  |
|---|------------------------|--|
| 1 | Background details     | Smt. Jasti Triveni (age 57 years) is a graduate in Commerce and She is having 35 years of vast experience in the cement Industry. During her tenure, the operations of the company had turnaround and from the sick company status the Company has made tremendous progress due to her efforts. She is one among the promotor of KAKATIYA CEMENT SUGAR & INDUSTRIES LTD. Kakatya Cement and Sugar Industries Limited |
| 2 | Past remuneration      | Salary Rs.4,00,000/- per month plus such percentage of commission & perquisites.   |
| 3 | Recognition or awards: | During her tenure as Chairperson of Keerthi Industries Ltd, the Company was awarded the best turnaround / revival of sick industry small / medium scale for the year 2002-03 by FAPCCI from the hands of the then Hon'ble Chief Minister of Andhra Pradesh in reorganization of successful efforts in reviving sick unit.  |



|   |   |  |
|---|---|--|
| 4 | Job profile and her suitability   | Subject to the supervision and control of the Board of Directors, she functions as the Executive Chairperson and Whole-time Director of the Company. She has been participating in strategizing the company's growth trajectory besides overseeing of Board process and striking balance among the stakeholders.<br>Smt. J Triveni is instrumental in the development of the Company. As a second generation entrepreneur and having long standing experience in the industry, she has hands-on experience to discharge her functions effectively. |
| 5 | Remuneration proposed   | The proposed remuneration is mention in the above resolution. In the event of inadequacy of profits in any financial year, she will be paid Rs. 6,00,000/- per month as Salary inclusive of all the allowances & perquisites.  |
| 6 | Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case expatriates the relevant details would be w.r.t. the country of his origin) | The remuneration of the Key Managerial Personnel in different companies in the industry have been fixed depends on divergent factors which are unknown to us; hence, could not be comparable. Further it is commensurate with the qualification and experience and in accordance with the high competitive business scenario.  |
| 7 | Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any   | Smt. J. Triveni is a Promoter Director holding 21,95,379 shares consisting of 27.38% of the paid-up capital of the Company. Apart from receiving remuneration as stated above and dividend as a member of the Company, she does not receive any emoluments from the Company. However Shri J S Rao (Managing Director) and Ms. Sharada Govardhini (COO) are the relatives of the Chairperson.   |

## 2. Information about the Managing Director:

|   |                                 |  |
|---|---------------------------------|--|
| 1 | Background details              | Shri J. S. Rao, 64, Post Graduate in Engineering, is the Managing Director of Keerthi Industries Limited. Under his able leadership and supervision, the company has undertaken many expansion activities and became the reputed corporate group.  |
| 2 | Past remuneration               | Salary Rs.4,00,000/- per month plus such percentage of commission & perquisites as approved by the members.  |
| 3 | Recognition or awards:          | He is associated with various reputed institutions and had elected as president of federation of Andhra Pradesh chambers of commerce and industry (FAPCCI). Several recognitions and accolades were under his credit for his achievements and outstanding performance.   |
| 4 | Job profile and her suitability | Subject to the supervision and control of the Board of Directors, he oversees the operations of the Company and actualizes the operational plans into tangible results. Mr. J. S. Rao played a key role in expanding Keerthi Industries Ltd up to 1900 TPD after taking over from the old management. He has vast experience of above 30 years in cement and electronic industry and successfully handled the marketing, finance, purchase and human resource divisions. |



|   |   |   |
|---|---|---|
| 5 | Remuneration proposed   | The proposed remuneration is mention in the above resolution. In the event of inadequacy of profits in any financial year, he will be paid Rs. 6,00,000/- per month as Salary inclusive of all the allowances & perquisites.  |
| 6 | Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case expatriates the relevant details would be w.r.t. the country of his origin) | The remuneration of the key Managerial Personnel in different companies in the industry have been fixed depends on divergent factors which are unknown to us; hence, could not be comparable. Further it is commensurate with the qualification and experience and in accordance with the high competitive business scenario.   |
| 7 | Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any   | Smt. J S Rao is a Promoter Director holding 37,01,559 shares consisting of 46.17% of the paid-up capital of the Company. Apart from receiving remuneration as stated above and dividend as a member of the Company, he does not receive any emoluments from the Company. However, Shri J Triveni (Executive Chairperson and Whole-time Director) and Ms. Sharada Govardhini (COO) are the relatives of the Managing Director. |

### III. OTHER INFORMATION:

#### 1. Reasons for inadequacy of profits:

The cement industry for the last couple of years entered a phase of deceleration with the demandslackening due to the impact of demonetization and GST which resulted in the short-term general slowdown in the infrastructure and real estate sectors. The lending rates across all loans also becoming costlier leading to a fall in demand. Increase of power and fuels cost which constitutes 53% in the cost structure is also a prime reason for likely inadequacy of profits.

#### *Steps taken or proposed to be taken for improvement:*

- The company has already enhanced the capacity to 594000 tons per annum and is well equipped to participate in the future growth.
- In order to circumvent the shortage / uncertainty of power supply in Telangana, the company has entered an agreement with power traders as a supplement to TSCPDCL for purchase of power at lower cost.

- The Company has installed 2.24 MW Waste Heat Recovery Power Plant (WHRP) which reduces the cost of power to a great extent.
- Approvals are in place for firing the substitute raw materials like pharma wastes/ sludge in the kiln as a fossil fuel.
- Dealer's network has been improved and overreached the bulky used industrial customers.

The above measures yielded improved results and the company has been slowly recovering and regaining its strengths.

#### 2. Expected increase in productivity and profits in measurable terms:

With steps taken by the Company on operations front in improving the operating parameters by increasing the efficiency through up gradation wherever feasible, fuel supply at relatively cheaper prices through the strategy of importing coal in bulk quantity and utilization of cheaper combusting materials as a fusil fuels, and the installed waste heat recovery plant, the cost of production will



come down and resulting in increase in the profitability of the Company.

### **ITEM NO. 7**

#### **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, 2018, 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. 5 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. 8**

#### **SHIFTING OF REGISTERED OFFICE OUTSIDE THE LOCAL LIMIT OF SAME CITY TOWN AND VILLAGE OF SAME STATE AND REGISTRAR OF COMPANIES**

As per provisions of Section 110 of the Companies Act, 2013 read with Rule 22 (16) (c), shifting of registered office of a company outside the local limits of any city or town requires approval of the Members by way of Special Resolution passed through Postal Ballot.

However, the Companies (Amendment) Act, 2017 has inserted a proviso to Section 110 (1) which states that any item of business required to be transacted by means of postal ballot under clause (a) of Section 110 (1) may be transacted at a general meeting by a company which is required to provide the facility to members to vote by electronic means under section 108, in the manner provided in that section.

Your Company is a listed Company hence Section 108 of the Companies Act, 2013 is applicable to the Company. Hence, your company is providing facility to vote electronically. Accordingly, approval of shareholders for shifting of registered office of a company outside the local limits of any city or town can be given in this Annual General Meeting.

The Registered Office of the Company is presently situated at "Mellacheruvu (Village & Mandal), Suryapet Dist, Telangana- 508246". With a view to improve the operational efficiency, the Board of Directors considered and subject to approval of the Members, approved the proposal for shifting the registered office to "**PLOT NO. 40, IDA, BALANAGAR, HYDERABAD-500037, TELANGANA**". The proposed location is outside the local limits of Mellacheruvu (Village & Mandal) and therefore requires approval of the Members by way of special resolution. If approved, the Registered Office will be moved to "**PLOT NO. 40, IDA, BALANAGAR, HYDERABAD-500037, TELANGANA**" w.e.f. 31<sup>st</sup> August, 2018

The resolution at item no. 8 of the accompanying Notice, which your Board recommends for your approval as Special 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.



## (Annexure I)

ADDITIONAL INFORMATION PURSUANT TO Regulation 36 (3) of the SEBI (LODR) Regulation, 2015 FOR ITEM NO. 5 AND 6 OF THE NOTICE:

| Name of the Director   | Sri. J. S. Rao<br>(ITEM NO. 2, 6)  | Smt. J. Triveni<br>(ITEM NO. 5)   |
|--|--|---|
| Date of Birth  | 18-07-1953   | 06-12-1961  |
| Qualification  | Post Graduate in Engineering   | Smt. Jasti Triveni (age 55 years) is a graduate in Commerce and She is having 34 years of vast experience in the cement Industry. During her tenure, the operations of the company had turnaround from sick company to a profit making Company and has made tremendous progress due to her efforts. |
| Name of other companies in which the appointee also hold Directorships         | 1. Triveni Capital Leasing Investments Pvt. Ltd.                                 | 1. Triveni Capital Leasing Investments Pvt. Ltd.  |
|  | 2. Kakatiya Cement Sugar and Industries Limited                                  | 2. Hyderabad Bottling Co Ltd.   |
|  | 3. Hyderabad Bottling Co Ltd.  | 3. Vijaya Estate and Holdings Pvt Ltd.  |
|  | 4. Vijaya Estate and Holdings Pvt Ltd.   | 4. JSK Holdings Private Limited.  |
|  | 5. JSK Holdings Private Limited.   | 5. IOU Projects (India) Pvt. Ltd.   |
|  | 6. IOU Projects (India) Pvt. Ltd.  |   |
|  | 7. DCS Sporting Private Limited  |   |
| Name of other Companies in which the appointee hold Board Committee membership | Kakatiya Cement Sugar and Industries Limited                                     | -----NIL-----   |
| Shareholding in Keerthi Industries Limited                                     | 37,01,559 equity shares (46.17 % of paid up equity share capital of the Company) | 21,95,379 equity shares (27.38 % of paid up equity share capital of the Company)  |
| Relationship with other Directors  | Spouse of Smt. J. Triveni, Executive Chairperson                                 | Spouse of Sri. J. S. Rao, Managing Director & CFO   |

### 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 35<sup>th</sup> AGM to be held on Saturday, September 29, 2018 at 11.00 a.m. The Company has engaged the service of Central Depository Services (India) Limited to provide the e-voting facility. The e-voting facility is available on the link <https://www.evotingindia.com>.
- II. Evoting or electronic voting (wherever appears in this notice) shall mean "remote-evoting". Remote-evoting means the facility of casting votes by a member using an electronic voting system from a place other than venue of General meeting. The members may also note that the company is not providing any electronic voting system at the venue of AGM. The Voting at the venue of AGM shall be cast by polling papers which will be supplied to the shareholders at the Venue of AGM.



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

| Commencing of e-voting | End of e-voting        |
|------------------------|------------------------|
| 25-09-2018 (9.00 a.m.) | 28-09-2018 (5.00 p.m.) |

During this period, members' of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off date of 22<sup>nd</sup> September, 2018**, 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: <a href="http://www.evotingindia.com">www.evotingindia.com</a> .  |
| Step 2  | : | Now, click on "Shareholders" to cast your vote(s).   |
| Step 3  | : | Now, fill up the following details in the appropriate boxes (also refer Section C (v), below).   |
| User - ID   | : | a) For account holders in CDSL: Your 16 digits beneficiary ID.<br>b) For account holders in NSDL: Your 8 Characters DP ID and followed by 8 digits Client ID.  |
| Character Displayed   | : | Please enter the 'Character Displayed' in the Box provided for the same and click on login.  |
| Shareholder voted earlier for any company                                   | : | If you are holding shares in demat form and had logged on to <a href="http://www.evotingindia.com">www.evotingindia.com</a> and voted on an earlier voting of any company, then your existing password is to be used.  |
| Shareholder voting for the first time                                       | : | If you are a first time user follow the steps given below:   |
| PAN   | : | Enter your 10 digits alpha-numeric PAN issued by Income Tax Department. Shareholders who have not updated their PAN with the Depository Participant are requested to use the first two letters of their name in Capital Letter followed by 8 digit CDSL client id. For example: CDSL Account holder name is Rahul Mishra and Demat A/c No. is 12058700 00001234 then default value of PAN is 'RA00001234'. NSDL Account holder name is Rahul Mishra and DP ID. is IN300000 and client ID 12345678 then default value of PAN is 'RA123445678'.. |
| DOB *   | : | Enter the date of birth recorded in your demat account for the said demat account under which you are going to vote in DD/MM/YYYY format.  |
| Dividend Bank Details   | : | Enter the Dividend Bank Details as recorded in your demat account for the said demat account. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository please enter the client id 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: <a href="http://www.evotingindia.com">www.evotingindia.com</a> .  |
| Step 2                                    | : | Now, click on "Shareholders" to cast your vote(s).   |
| Step 3                                    | : | Now, fill up the following details in the appropriate boxes :  |
| <b>User - ID</b>                          | : | Folio Number registered with the Company.  |
| Character Displayed                       | : | Please enter the 'Character Displayed' in the Box provided for the same and click on login.  |
| Shareholder voted earlier for any company | : | If you are holding shares in demat form and had logged on to <a href="http://www.evotingindia.com">www.evotingindia.com</a> and voted on an earlier voting of any company, then your existing password is to be used.  |
| Shareholder voting for the first time     | : | If you are a first time user follow the steps given below:   |
| <b>PAN</b>                                | : | Enter your 10 digits alpha-numeric PAN issued by Income Tax Department. Shareholders who have not updated their PAN with the Company are requested to use the first two letters of their name in Capital Letter followed by 8 digits folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the folio number. Eg. If your name is Ramesh Kumar with folio number 1234 then enter RA00001234 in the PAN field. |
| <b>DOB *</b>                              | : | Enter the date of birth recorded in the company records for the said folio under which you are going to vote in DD/MM/YYYY format.   |





|                       |   |   |
|-----------------------|---|---|
| Dividend Bank Details |   | Enter the Dividend Bank Details as recorded in the company records for the said folio.<br>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 " <b>SUBMIT</b> " tab.   |
| Step 5                | : | You will then reach directly the Selection Screen.<br>For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.   |
| Step 6                | : | Click on the relevant EVSN for the "Keerthi Industries Limited" on which you choose to vote.  |
| Step 7                | : | On the voting page, you will see resolution description and against the same, the option "YES / NO" for voting. Select the relevant option as desired YES or NO and click on " <b>SUBMIT</b> ".   |
| Step 8                | : | Click on the Resolution File Link if you wish to view the Notice.   |
| Step 9                | : | After selecting the resolution, you have decided to vote on, click on " <b>SUBMIT</b> ". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly, modify your vote.          |
| Step 10               | : | Once you "CONFIRM", your vote on the resolution, you will not be allowed to modify your vote.   |
| Step 11               | : | You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.   |

- 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](http://www.evotingindia.com) and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
- After receiving the login details, they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

## OTHER E-VOTING INSTRUCTIONS:

- If you are holding Shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and casted your vote earlier for EVSN of any company, then your existing login ID and password are to be used.
- 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.
- The voting rights of Shareholders shall be in proportion in their Shares of the paid-up Equity Share Capital of the Company as on the **cut-off date of 22<sup>nd</sup> September, 2018**.
- 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 22<sup>nd</sup> September, 2018**, may obtain the login ID and password by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or RTA.

- (v). A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting / voting at the AGM through polling paper.
- (vi). Sri. Ch. Veeranjanyulu, Practicing Company Secretary (Membership No.: 6121 & CP No. : 6392), partner of M/s. VCSR & Associates (Address: 305 A & B, Pancom, Business Centre, Ameerpet, Hyderabad, Telangana- 500073), has been appointed as the Scrutinizer to scrutinize the e-Voting process in the fair and transparent manner.
- (vii). Copy of the notice has been placed on the website of the Company viz. [www.keerthiindustries.com](http://www.keerthiindustries.com) and the website of CDSL.
- (viii). If Demat Account holder has forgotten his password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (ix). The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- (x). The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 3 (three) days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, on the resolutions to the Chairperson or a person authorized by her in writing, who shall countersign the same

and declare the result of the voting forthwith.

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

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

By Order of the Board of Directors

Place: Hyderabad  
Date: 30-05-2018

Sd/-  
**(J. S.Rao)**  
Managing Director  
DIN:0002909



## DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

Your Directors have pleasure in presenting their 35<sup>th</sup> Annual Report for the Financial Year 2017-18 together with the Audited Balance Sheet as at 31<sup>st</sup> March, 2018 and the Profit & Loss Account for the year ended on that date.

### 1. FINANCIAL RESULTS:

(Rs. In Lakhs)

| Particulars  | 2017-18  | 2016-17  |
|--|----------|----------|
| Net Operational Income   | 19259.33 | 19827.30 |
| Other income   | 295.01   | 191.25   |
| Profit before interest and depreciation                        | 2925.46  | 3391.15  |
| Less: Interest   | 691.63   | 702.34   |
| Less: Depreciation   | 1058.25  | 878.76   |
| Profit/(Loss) before taxation                                  | 1095.35  | 1810.05  |
| Less : Provision for taxation including deferred tax liability | 454.20   | 670.78   |
| Less: short provision of earlier years                         | (154.16) | -        |
| Total Comprehensive Income                                     | 763.39   | 1163.35  |

### OPERATIONS:

In the Financial year 2017-18, the Company continued its strong growth momentum due to its ability to satisfy its customers and the rigor in following strong internal processes.

Revenue growth in the year has increase because the Company has, from July and onwards, started selling cement at F.O.R. rates (till June 2017 at ex-factory rate). The Operating and the net profit is also satisfactory.

The Overall revenue for the year 2017-2018 at Rs 19259.33 Lakhs is reduced by 2.86% (Rs. 19827.30 Lakhs in 2016-2017), operating profit at Rs. 1175.59 Lakhs is reduced by 35.05% (Rs. 1810.05 Lakhs in 2016-2017) and the **net profit (after other comprehensive income)** for the year at Rs. 763.39 Lakhs is also reduced by 34.38% (Rs. 1163.35 Lakhs in 2016-2017).

**Cement Division:** Production of Cement and Clinker were 4,79,663 MTS and 4,48,635 MTS respectively during the twelve months ended 31<sup>st</sup> March, 2018

as against were 4,85,637 MTS and 4,40,730 MTS respectively during the previous year ended 31<sup>st</sup> March, 2017.

During the year under review 81% of the installed capacity of the Company was utilized as against 82% during the previous year ended 31<sup>st</sup> March, 2017.

**Wind Power:** The Company has generated 27,59,112 units as against 31,11,983 units during the previous year.

**Electronic Division:** The Company has produced 2,096 sq. mts of Printed Circuit Boards as against 1,796 sq. mts during the previous year.

### CURRENT YEAR OUTLOOK:

#### CEMENT DIVISION:

India's Cement Industry is a vital part of its economy, providing employment to more than a million people, directly or indirectly. India is the second largest producer of cement in the world. Some of the recent major government initiatives such as development of 98 smart cities are expected to provide a major boost to the sector. A significant factor which aids the growth of this sector is the ready availability of the raw materials for making cement, such as limestone and coal.

The 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%.

India's total cement production capacity is nearly 430 million tonnes as on 31<sup>st</sup> March, 2018. The cement industry has registered a flat growth of 5% in 2018 because of the government's focus on infrastructural development. The industry is currently producing 280 MT for meetings its domestic demand and 5 MT for exports requirement. The country's per capita consumption stands at around 225 kg.

This capacity addition is disproportionately high in South India. During the last 7 years, South Indian cement capacity alone has increased by approximately 80 million tons. This has resulted in significant pressure on capacity utilization and price realization, as well.

India's cement production capacity is expected to reach 550 million tonnes by 2025. Telangana is undertaking major irrigation projects and Andhra Pradesh is committed to building a new capital city by FY 2019-



20 which give a major boost to cement industries in Southern India.

With the split of Andhra Pradesh into two states, which required the establishment of a new government in the new state of Telangana, demand has pick up and expected to pick up further and utilization to improve on the back of fresh demand for housing, urban and infrastructure development from the new states.

In the Hyderabad market, the prices were on a declining trend and reached around Rs 265 per bag in November 2017, after which they increased by Rs 20 per bag to Rs 285 per bag in December 2017 and sustained at the same level until February 2018. Your Company continues to concentrate on cost reduction measures in all areas of production and distribution to protect and improve its profitability. Despite of few adverse conditions, your Directors are hopeful that the performance of the company would achieve another level of milestone in producing the cement.

## ELECTRONICS DIVISION:

The PCB industries in India manufacture and market mainly single sided, double sided & multi-layered PCBs. Keerthi Industries Limited (Electronic Division) is engaged in the manufacturing of flexible, rigid and rigid flex PCBs of double sided and multilayer varieties. The major market for your company for this division comes from the Healthcare and Defense Sectors. During the year 2017-18, the segment wise contributions to the total PCB business is as under:

| Sl. No.      | Segment   | Contribution<br>(In Rs.) | % of total<br>contribution |
|--------------|---|--------------------------|----------------------------|
|              | Automobile                                      | 8,11,304                 | 1.00%                      |
|              | Defense   | 1,39,39,904              | 17.27%                     |
|              | Health Care                                     | 6,10,10,048              | 75.59%                     |
|              | Consumer<br>Electronics and<br>telecom products | 49,48,724                | 6.13%                      |
| <b>Total</b> |   | <b>8,07,09,980</b>       | <b>100%</b>                |

Further, the industry is witnessing sizeable growth in the market for PCBs for consumer electronics and telecom products. In the coming years, the market in these segments is expected to grow around 40% to 50% as compared to the current scenario. Your company intends to reap benefits from this growth and accordingly, the turnover of PCB business may increase.

The sales turnover of electronics division is satisfactory. Development of prototypes for new customers in the telecom and defense sectors was done during the year. The division expects to improve its customer base in different segments in the years to come. Supply of PCBs for BDL Konkurs missile program is completed and repeat order was placed to increase the quantities. The division is exploring further opportunities in the defense sector to improve business in the near future.

## SUGAR DIVISION:

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

## 2. DIRECTORS:

- 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:
  - Smt. J. Triveni**  
Executive Chairperson & Whole-time Director
  - Sri. J. S. Rao**  
Managing Director
  - Sri. J. Sivaram Prasad**  
Independent Director
  - Sri. K. Harishchandra Prasad**  
Independent Director
  - Sri. Boddu Venkata Subbaiah**  
Independent Director
- In accordance with the provisions of Companies Act, 2013, Sri. J. S. Rao, the Managing Director of the Company would retire by rotation and, being eligible, offer himself for re-appointment. The Board of Directors recommends his re-appointment at the ensuing Annual General Meeting.
- 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 **Four (4)** Board Meetings and **Four (4)** Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

## 4. **DIVIDEND:**

### (a) **9% Cumulative Redeemable Preference Shares**

Your Board has recommended payment of final dividend @ 9% on 9% Cumulative Redeemable Preference Shares for the financial year 2017-18. The same is tabulated hereunder:

| Sl. No       | No of 9% Cumulative Preference Share | Per share (in Rs.) | Total amount of Dividend entitle to receive | % of dividend per share | Dividend Per share (In Rs.) |
|--------------|--------------------------------------|--------------------|---|-------------------------|-----------------------------|
| 1.           | 5,00,000                             | 70/-               | 31,50,000                                   | 9%                      | 6.30/-                      |
| 2.           | 2,70,100                             | 100/-              | 24,30,900                                   | 9%                      | 9.00/-                      |
| 3.           | 2,68,340                             | 81.37/-            | 19,65,134                                   | 9%                      | 7.32/-                      |
| <b>Total</b> | <b>10,38,440</b>                     |                    | <b>75,46,034</b>                            |                         |                             |

### (b) **Equity Shares**

During the financial year ended 31<sup>st</sup> March, 2018, your directors have recommended a dividend @ 9% i.e. Rs. 0.90/- per equity shares of Rs. 10/- each amounting Rs. 86.92 Lakhs including dividend tax of Rs. 14.77 Lakhs as against a dividend of NIL in the previous year.

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

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

Sri. J. S. Rao, the Managing Director, has been given additional charge of CFO w.e.f. 28.01.2017 untill a suitable candidate is appointed in the office of CFO. Sri. J. S. Rao (Managing Director and CFO), has resigned from the office of CFO w.e.f. 31-03-2018 and is acting as Managing Director w.e.f. 31.03.2018. Sri. Y. Sadasiva Rao has been appointed as CFO w.e.f. 30.04.2018

Further. Mr. Rajesh Kumar Yadav has been resigned as Company Secretary and Compliance Officer of the Company w.e.f. 30.06.2018 and Ms. Akriti Sharma has been appointed as Company Secretary and Compliance Officer w.e.f. 09.08.2018.



### 5. RESERVE AND SURPLUS

During the financial year 2017-18 Rs.50 Lakhs has been transferred to Capital Redemption Reserve Account.

### 6. 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:**

During the period under review, the 1<sup>st</sup> Installment of Rs. 50.00 lakhs has been redeemed against the 2,68,340 9% Cumulative Redeemable Preference Shares of Rs. 100/- each. The Paid up share Capital of the Company as on 31<sup>st</sup> March, 2018 is Rs. 16,40,11,380/- divided into 80,16,738 Equity shares of Rs. 10/- each aggregating Rs. 8,01,67,380/- and 10,70,000 9% Cumulative Redeemable Preference Shares (5,00,000 of Rs. 70 each, 270100 of Rs. 100 each and 268340 of Rs. 81.37 each) aggregating Rs. 8,38,44,000/-.

### 7. 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.

### 8. DEMAT OF SHARES:

The Equity Shares of your Company have been admitted by CDSL / NSDL for dematerialization. All the Shareholders whose shares are in physical mode are requested to dematerialize their share holding through their depository participants so that it will improve the liquidity of our stock. The Board pleased to inform that in compliance with Regulation 39 of the 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.

### 9. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (a) That the directors in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures.
- (b) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the Company for that period.
- (c) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and deleting fraud and other irregularities.
- (d) That the directors had prepared the annual accounts on the going concern basis.
- (e) That the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 10. PUBLIC DEPOSITS:

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

### 11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The company has not given any loans or guarantees covered under the provisions of Section 186 of the



Companies Act, 2013.

## 12. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

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

## 13. INTERNAL FINANCIAL CONTROL:

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

were observed. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

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

## 14. RELATED PARTY TRANSACTIONS:

All transactions entered by the Company with related party were in the ordinary course of the business. The Audit Committee granted approval of the same. There were no materially significant transactions with Related Parties during the financial year 2017-18 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 | Amount of discount (In Rs.) |
|-------|--|-----------------|---|---|---|------------------|-----------------------------|
| 1.    | Sell of Cement to DCS Sporting Pvt Ltd | 94,500          | 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 14-09-2017<br>Board Approval - 14-09-2017 | 23.10.2017       | 11,250                      |
| 2.    | Sell of Cement to DCS Sporting Pvt Ltd | 90,000          | 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 14-09-2017<br>Board Approval - 14-09-2017 | 15.11.2017       | 11,250                      |





|              |  |                 |   |   |   |            |                 |
|--------------|--|-----------------|---|---|---|------------|-----------------|
| 3.           | Sell of Cement to DCS Sporting Pvt Ltd | 92,250          | 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 14-09-2017<br>Board Approval - 14-09-2017 | 28.11.2017 | 11,250          |
| 4.           | Sell of Cement to DCS Sporting Pvt Ltd | 92,250          | 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 14-09-2017<br>Board Approval - 14-09-2017 | 15.12.2017 | 11,250          |
| 5.           | Sell of Cement to DCS Sporting Pvt Ltd | 92,250          | 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 14-09-2017<br>Board Approval - 14-09-2017 | 10.03.2018 | 11,250          |
| 6.           | Sell of Cement to DCS Sporting Pvt Ltd | 94,500          | 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 14-09-2017<br>Board Approval - 14-09-2017 | 28.03.2018 | 11,250          |
| 7.           | Sell of Cement to DCS Sporting Pvt Ltd | 90,000          | 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 14-09-2017<br>Board Approval - 14-09-2017 | 11.04.2018 | 11,250          |
| 8.           | Sell of Cement to DCS Sporting Pvt Ltd | 90,000          | 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 14-09-2017<br>Board Approval - 14-09-2017 | 22.04.2018 | 11,250          |
| 9.           | Sell of Cement to DCS Sporting Pvt Ltd | 90,000          | 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 14-09-2017<br>Board Approval - 14-09-2017 | 02.05.2018 | 11,250          |
| 10           | Sell of Cement to DCS Sporting Pvt Ltd | 90,000          | 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 14-09-2017<br>Board Approval - 14-09-2017 | 14.05.2018 | 11,250          |
| <b>TOTAL</b> |  | <b>9,15,750</b> |   |   |   |            | <b>1,12,500</b> |



15. **COST AUDITORS:**

Cost Audit records have been maintained by the company for the F.Y.2017-18. 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. 2018-19.

16. **AUDITORS:**

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

17. **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.

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

Your Company has duly constituted CSR Committee on 29-05-2014. The Annual Report on CSR activities is annexed herewith as: **(Annexure III)**

19. **SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s VCSR & Associates, Company Secretaries in Whole-time Practice, to carry out Secretarial Audit for the financial year 2017-2018. The Secretarial Audit report is annexed herewith as "**(Annexure IV)**" & "**(Annexure IV.I)**"

20. **EXTRACT OF ANNUAL RETURN:**

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

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

Refer "**(Annexure VI)**".

22. **HEALTH AND SAFETY/ INDUSTRIAL RELATIONS:**

The company continues to accord high priority to health and safety of employees at manufacturing

locations. During the year under review, the company conducted safety training programmes for increasing disaster preparedness and awareness among all employees at the plants. Training programmes and mock drills for safety awareness were also conducted for all employees at the plants. Safety Day was observed with safety competition programmes with aim to imbibe safety awareness among the employees at the plant.

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

23. **RISK MANAGEMENT:**

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Regulation 21 of the Listing Regulation, the company has constituted a risk management committee on its Board Meeting held on 29<sup>th</sup> May, 2015. The details of the committee and its terms of reference are set out in the corporate governance report forming part of the Boards report.

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

24. **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.

25. **ACKNOWLEDGEMENTS:**

Your Directors are thankful to Canara Bank, MID Corporate Branch Somajiguda, Andhra Bank, SCF Branch and Indian Bank, Main Branch, Koti for their continued support during the year under review and acknowledge with gratitude the help extended by the Central Government and Government of Telangana & Andhra Pradesh. Your directors also wish to place on record their appreciation of the services rendered and co-operation extended by the Workmen, Staff, Dealers, Customers and other concerned.





**(Annexure II)**

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

**FORM - A**

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

| Particulars                                |                                       | Current Year |                     |            | Previous year |                     |            |
|--|---------------------------------------|--------------|---------------------|------------|---------------|---------------------|------------|
| <b>A. Power and Fuel Consumption:</b>      |                                       | Cement       | Electronic Division | Wind Power | Cement        | Electronic Division | Wind Power |
| <b>1</b>                                   |                                       |              |                     |            |               |                     |            |
| a)   | Purchased Units (Nos)                 | 39647535     | 458724              | NIL        | 43088955      | 506808              | NIL        |
|  | Amount (Rs.)                          | 266999720    | 4034593             | NIL        | 274230970     | 4333081             | NIL        |
|  | Rate/unit (Rs.)                       | 6.73         | 8.79                | NIL        | 6.36          | 8.54                | NIL        |
|  |                                       |              |                     |            |               |                     |            |
| b)   | Own Generation:                       |              |                     |            |               |                     |            |
| i)   | Through Diesel Generator Units (Nos.) | 7920         | 5148                | NIL        | 13792         | 6054                | NIL        |
|  | Units per Ltr. of Diesel Oil          | 3.30         | 3.12                | NIL        | 3.00          | 3.02                | NIL        |
|  | Cost/Unit (Rs.)                       | 17.42        | 19.83               | NIL        | 18.21         | 19.90               | 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          | NIL                 | NIL        | NIL           | NIL                 | NIL        |
| <b>2</b>                                   | <b>Coal</b>                           |              |                     |            |               |                     |            |
|  | Quantity (M.T.)                       | 81786        | NIL                 | NIL        | 78791         | NIL                 | NIL        |
|  | Total Cost (Rs.)                      | 456522122    | NIL                 | NIL        | 378785358     | NIL                 | NIL        |
|  | Average Rate/M.T. (Rs.)               | 5582         | NIL                 | NIL        | 4807          | NIL                 | NIL        |
|  |                                       |              |                     |            |               |                     |            |
| <b>3</b>                                   | <b>Furnace Oil</b>                    | NIL          | NIL                 | NIL        | NIL           | NIL                 | NIL        |
|  |                                       |              |                     |            |               |                     |            |
| <b>4</b>                                   | <b>Others/Internal Generation</b>     | NIL          | NIL                 | NIL        | NIL           | NIL                 | NIL        |
|  |                                       |              |                     |            |               |                     |            |
| <b>B. Consumption per unit production:</b> |                                       |              |                     |            |               |                     |            |
|  | Electricity (Units)                   | 90.69        | 257.15              | NIL        | 88.73         | 285.51              | NIL        |
|  | Furnace Oil                           | NIL          | NIL                 | NIL        | NIL           | NIL                 | NIL        |
|  | Coal                                  | 0.18         | NIL                 | NIL        | 0.18          | NIL                 | NIL        |
|  | Others (Specify)                      | NIL          | NIL                 | NIL        | NIL           | NIL                 | NIL        |



### FORM - B

Information pursuant to Section 134 (3) (m) of the Companies Act, 2013  
Form for disclosure of particulars with respect to Technology Absorption:

|   |  |                                     |
|---|--|-------------------------------------|
| <b>Research and Development (R&amp;D):</b>            |  |                                     |
| 1.  | Specific areas in which R&D carried out by the Company   | NIL                                 |
| 2.  | Benefits derived as a result of the above R&D  | NIL                                 |
| 3.  | Future Plan of Action  |                                     |
| 4.  | Expenditure on R&D<br>a) Capital<br>b) Recurring<br>c) Total<br>d) Total R&D expenditure as a percentage of total turnover   | NIL                                 |
| <b>Technology absorption, adoption and innovation</b> |  |                                     |
| 1   | Efforts, in brief, made towards innovation   | NIL                                 |
| 2   | Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, production development, import substitution etc.  | NIL                                 |
| 3   | In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial Year), the following information may be furnished<br>a) Technology<br>b) Been imported<br>c) Year of import<br>d) Has technology been fully absorbed<br>e) If not fully absorbed, reasons therefore and future plans of action | NIL                                 |
| <b>Foreign Exchange Earnings &amp; Outgo:</b>         |  |                                     |
| i)  | Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans  |                                     |
| 1).   | Total foreign exchange outgo and earned<br>a) Foreign Exchange Outgo<br>b) Foreign Exchange Earned   | Rs. 364.00 Lakhs<br>Rs. 25.21 Lakhs |

By Order of the Board of Directors

Sd/-

Place: Hyderabad

Date: 30-05-2018

**(J. Triveni)**

Executive Chairperson

DIN: 00029107



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

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

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

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

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

- a). The Board of Directors consists of 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 31<sup>st</sup> March, 2018, 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 **Four (Four)** times during the year on 29.05.2017, 14.09.2017, 11.12.2017 and 05.02.2018, 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:



| S 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  | 5        | YES   | 5                   | -                      | -                         |
| 2.    | Mr. J. S. Rao                | Managing Director      | 5  | 5        | YES   | 8                   | 1                      | -                         |
| 3.    | Mr. J. Sivaram Prasad        | Non-Executive Director | 5  | 3        | YES   | 11                  | -                      | -                         |
| 4.    | Mr. K. Harish Chandra Prasad | Independent Director   | 5  | 5        | NO  | 6                   | 3                      | -                         |
| 5.    | Mr. B. V. Subbaiah           | Independent Director   | 5  | 5        | NO  | 1                   | 2                      | 0                         |
| 6.    | #Mr. E. Siva Sankaram        | Independent Director   | 5  | 5        | YES   | -                   | -                      | -                         |

\*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.

# Mr. E. Siva Sankaram, Independent Director, resigned from the Board of Directors of the Company w.e.f. 14-09-2017 due to his health issues.

## 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:

- 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.
- 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.
- The previous Annual General Meeting of the Company was held on 31<sup>st</sup> August, 2017 and Sri. E. Sivasankaram, Chairman of the Audit Committee, attended previous AGM.
- The composition of the Audit Committee and the attendance of each member of the Audit Committee are given below:



The Company has complied with all the requirements of section 177(4) of the Companies Act 2013 and Regulation 18 of the SEBI (LODR) Regulation, 2015 relating to the composition of the Audit Committee. During the financial year 2017-2018, **Four (4)** meetings of the Audit Committee were held on the 29.05.2017, 14.09.2017, 11.12.2017 and 05.02.2018.

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)  | 1                 |
| Sri. K. Harishchandra Prasad | Member      | NED (I)  | 4                 |
| Sri. B. V. Subbaiah          | Member      | NED (I)  | 3                 |
| Sri. J. S. Rao               | Member      | ED (P)   | 4                 |
| #Sri. E. Siva Sankaram       | Ex-Chairman | NED (I)  | 1                 |

NED (I) - Non-Executive Independent Director

ED (P) - Executive Promoter Director

The necessary quorum was present at all the meetings.

\*Sri. J. Sivaram Prasad, Independent Director was inducted as member of Audit committee on 14-09-2017. He has been elected as Chairman of Audit Committee on the same Audit committee meeting held on 11-09-2017.

#Sri. E. Siva Sankaram, Chairman of Audit Committee has resigned from the Board of Directors of the Company w.e.f. 14-09-2018 due to his health issues.

## 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 **One (1)** times on 05.02.2018 during the financial year ended March 31, 2018. 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)  | 1                       |
| Sri. B. V. Subbaiah          | Member      | NED (I)  | 1                       |
| Sri. J. Sivaram Prasad       | Member      | NED      | 1                       |

The details of remuneration paid to the Executive Directors for the financial year 2017-18 are given below:

| Name of Director | Designation           | Salary (in Lakhs) p.a. | Commission (in Lakhs) | Perquisites (in Lakhs) | Retirement Benefits (in Lakhs) |
|------------------|-----------------------|------------------------|-----------------------|------------------------|--------------------------------|
| Smt. J. Triveni  | Executive Chairperson | 48.00                  | 17.85                 | Nil                    | Nil                            |
| Sri. J. S. Rao   | Managing Director     | 48.00                  | 17.85                 | Nil                    | Nil                            |

The Company has paid sitting fees of Rs 1,62,500/- for attending Board Meeting and Committee meeting to Non-Executive Directors during the financial year 2017-18.



## PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS

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

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

### ➤ General Criteria:

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

### ➤ Specific Criteria:

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

The Attributes of Criteria of Performance Evaluation is attached.

| Factor                | Attributes  |
|-----------------------|---|
| 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:

The committee met **Four (4)** times on 29.05.2017, 14.09.2017, 11.12.2017 and 05.02.2018 during the financial year ended March 31, 2018. The details of composition and attendance record of the members at the meeting were as follows:

| Name                | Designation | Category | No. of Meetings |
|---------------------|-------------|----------|-----------------|
| Sri. B. V. Subbaiah | Chairman    | NED (I)  | 3               |
| Sri. J. S. Rao      | Member      | ED (P)   | 4               |
| Smt. J. Triveni     | Member      | ED (P)   | 4               |

#### ii. Powers:

The committee has been delegated with the following powers:

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

The Shareholders are requested to note that in compliance with the modified guidelines for share transfers under corporate governance rules, the routine transfer of physical shares of the Company has been delegated to XL Softech systems Ltd (RTA) and the share transfers has been completing within 30 days from the date of receipt of the valid transfer deeds. The other investor related complaints is reported to the Stakeholder's Relationship Committee.



The Company has designated an exclusive e-mail ID [kilinvestorservices@gmail.com](mailto:kilinvestorservices@gmail.com) for redressal of shareholders' complaints/grievances.

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

| S. No. | Description  | June'17 |          | Sept'17 |          | Dec'17  |          | Mar'18  |          | 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   | NIL     | NIL      | NIL     | NIL      | NIL     | NIL      | 1       | 1        | 1       | 1        |
| 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:**

As required under Section 135 of the Companies Act, 2013 the company has, on May29, 2014, formed a CSRcommittee consisting of the following members.

| 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)   |

The Annual Report on CSR activities carried out during the year 2017-18 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 riskevaluation/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:**

- formulate and recommend to the Board, Risk Management Policies.
- recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- monitor the Risk Management Policies of the company from time to time.
- 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 05, 2018, 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 |
|----------------|------------|----------|--|--------------------|
| 2016-17        | 31.08.2017 | 11:00 AM | Registered office at Mellacheruvu (Village & Mandal), Suryapet District 508246 Telangana | No                 |
| 2015-16        | 27.08.2016 | 11:00 AM | Registered office at Mellacheruvu (Village & Mandal), Nalgonda District 508246 Telangana | Yes                |
| 2014-15        | 28-09-2015 | 11:00 AM | Registered office at Mellacheruvu (Village & Mandal), Nalgonda District 508246 Telangana | Yes                |

**B. Extra Ordinary General Meeting:**

No EGM was held during the year under review,

**C. Postal Ballot:**

No Postal Ballot proceeding was held during the financial year 2017-18.



## 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](http://www.keerthiindustries.com).

## VI. GENERAL SHAREHOLDERS INFORMATION:

### a) 35th Annual General Meeting:

|               |  |
|---------------|--|
| Date and Time | Saturday, the 29 <sup>th</sup> September, 2018 at 11:00 AM                               |
| Venue         | Registered office at Mellacheruvu (Village & Mandal), Suryapet District 508246 Telangana |

b) Record Date: 22<sup>nd</sup>, September, 2018

c) Book Closure Date: 24<sup>th</sup> September, 2018 to 29<sup>th</sup> September, 2018 (Both days inclusive)

d) Financial Year and Calendar (Tentative) 2018-19:

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

| Financial Reporting for 2018-2019 (tentative) | On or before |
|---|--------------|
| Quarter Ending 30.06.2018                     | 14.08.2018   |
| Half year ending 30.09.2018                   | 14.11.2018   |
| Quarter Ending 31.12.2018                     | 14.02.2019   |
| Year ending 31.03.2019                        | 30.05.2019   |

Listing on Stock Exchanges:

i. The Bombay Stock Limited

e) Listing Fees: Listing Fees for Financial Year 2018-19 has been paid on 10<sup>th</sup> April, 2018.

f) Scrip Code: 518011

g) ISIN No: INE145L01012

h) Stock Price Data and performance:

| Month     | High   | Low    | Turnover    | Month    | High   | Low    | Turnover    |
|-----------|--------|--------|-------------|----------|--------|--------|-------------|
| Apr'2017  | 214.00 | 180.10 | 1,14,39,033 | Oct'2017 | 210.00 | 182.40 | 1,33,40,292 |
| May'2017  | 205.00 | 160.65 | 1,10,23,799 | Nov'2017 | 209.85 | 173.00 | 89,27,525   |
| Jun'2017  | 175.25 | 153.00 | 64,31,461   | Dec'2017 | 209.40 | 158.00 | 1,28,17,812 |
| Jul'2017  | 175.40 | 156.00 | 55,25,035   | Jan'2018 | 183.45 | 152.65 | 81,63,526   |
| Aug'2017  | 171.50 | 147.00 | 42,31,604   | Feb'2018 | 161.00 | 124.50 | 49,55,926   |
| Sept'2017 | 211.80 | 155.00 | 2,73,26,463 | Mar'2018 | 137.00 | 112.15 | 39,66,975   |



- 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 31<sup>st</sup> March 2018, 84.57% (84.07% in 2016-17) 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 March, 2018:

| 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       | 6006247            | 74.92                                     |
|      | <b>Sub- Total A</b>                         | <b>6006247</b>     | <b>74.92</b>                              |
| B    | Public Shareholding                         |                    |   |
| 1.   | Institutions                                | 9991               | 0.12                                      |
| 2.   | Non- Institution                            |                    |   |
| a)   | Body Corporate                              | 142131             | 1.77                                      |
| b)   | Indian Public and others                    | 1762864            | 21.99                                     |
| c)   | Any others                                  |                    |   |
|      | i) NRI's                                    | 94563              | 1.18                                      |
|      | ii) Clearing Members                        | 942                | 0.01                                      |
|      | <b>Sub- Total B</b>                         | <b>2010491</b>     | <b>25.08</b>                              |
|      | <b>Grand Total (A+B)</b>                    | <b>8016738</b>     | <b>100.00</b>                             |

- l) Distribution of shareholding of the Company by number of shares held as on 31<sup>st</sup> March, 2018 is as follows:

| Particulars    | Shareholders |               | Shareholding    |               |
|----------------|--------------|---------------|-----------------|---------------|
|                | Number       | %             | Value           | %             |
| UPTO – 5000    | 13853        | 96.48         | 11565050        | 14.43         |
| 5001 – 10000   | 321          | 2.24          | 2505180         | 3.12          |
| 10001 – 20000  | 110          | 0.77          | 1596940         | 1.99          |
| 20001 – 30000  | 31           | 0.22          | 773030          | 0.96          |
| 30001 – 40000  | 15           | 0.10          | 529100          | 0.66          |
| 40001 – 50000  | 9            | 0.06          | 411180          | 0.51          |
| 50001 – 100000 | 11           | 0.08          | 683290          | 0.85          |
| 100001 & ABOVE | 9            | 0.06          | 62103610        | 77.47         |
| <b>Total</b>   |              | <b>100.00</b> | <b>80167380</b> | <b>100.00</b> |



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 31<sup>st</sup> March, 2018, 67,80,054 equity shares are dematerialized which is 84.57 % of the paid up equity share capital of the company and out of which 17,74,969 shares (22.14%) are in CDSL and 50,05,085 shares (62.43%) are in NDSL and the balance i.e. 12,36,684 (15.43%) 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<br>Tel: 08683-226028 | Plot No. 40, IDA, Balanagar, Hyderabad, Telangana- 500037<br>Tel: 040-23076543 |

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

Plot No.40, I.D.A, Balanagar,  
Hyderabad-500 03.  
Tel: 040-23076543  
E-mail ID: [kilinvestorservices@gmail.com](mailto: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.
- 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.
- In the preparation of financial statements, no treatment materially different from that prescribed in Accounting Standards had been followed.
- Vigil Mechanism: We have established Whistle Blower policy, a mechanism for employees to report concerns about unethical behavior, fraud or violation of code of conduct of the company. It is hereby



affirmed that the mechanism provide direct access to the designated Ethics Counselor /Chairman of the Audit Committee for exceptional cases. All employees can also directly meet the Audit Committee members of the company.

- v. The Company has complied with the mandatory requirements within the allowed time and adopted, to the extent practicable to adopt, non-mandatory requirements as required under the SEBI (LODR) Regulation, 2015.
- vi. The Company does not have any subsidiary Company; hence the requirement for framing policy for determining 'material' subsidiaries is not required.
- vii. The Policy on dealing with related party transactions is disseminated in the website of the Company and is available at the weblink:  
<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. 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: 30.05.2018**



## (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.

6. 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.<br>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.  |
|        | Sports                                       | The Company focuses on providing Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports.<br>The Company will work with Non- profit organizations working in Setting up of infrastructural facilities, fitness center and allied equipment's for traning and coaching for sports students  |
| 3      | Education                                    | The Company s' focus on education will be on two fronts:<br>To train students from under privileged backgrounds in its various development centers.<br>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, 2018, the committee has met **One (1)** time on 14.09.2018 and has recommended the amendment in CSR policy and CSR budget 2017-18 for the approval of the Board of Directors.

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

(Rs. In Lakhs)

| Particulars  | 2014-2015      | 2015-2016 | 2016-2017 |
|--|----------------|-----------|-----------|
| Net Profit (as per section 198)<br>(which is primarily NPBT) | 1044.32        | 2974.80   | 1940.82   |
| <b>Average Net Profit (as per section 198)</b>               | <b>1986.65</b> |           |           |

## 4. Prescribed CSR Budget allocated for FY 2017-18 (2 % of the amount as in item 3 above):

- Rs. 39.73 Lakhs

## 5. Detail of CSR Amount to be spend for FY 2017-18

- a. Total CSR for the FY 2017-18 - Rs. 39.73 Lakhs
- b. Unspent amount of previous year 2016-17  
Carried forward to this year 2017-18 - Rs. 13.04 Lakhs  
Total CSR amount available in 2017-18 (a+b) - Rs. 52.77 Lakhs
- c. Amount spent during the year - Rs. 34.66 Lakhs
- d. Amount remaining unspent till FY 2017-18 - Rs. 18.11 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   |
|--------|--|-------------------|--------------------------------|---------------------------------|-----------------------------|---|---|
| 1      | Construction of Hostel for Orphan children and sponsorship of children | Rural Development | Dundigal, Hyderabad, Telangana | 5.00                            | 4.66                        | V Care, Registered Co-operative Society               | Rs. 2.50 lakhs on 09.06.2017 & Rs. 2.16 lakhs on 18.12.2017 |



|       |   |  |   |       |       |                                   |                               |
|-------|---|--|---|-------|-------|-----------------------------------|-------------------------------|
| 2     | Construction of compound wall, kitchen and dinning room, other repair and setting up of RO plants in the ZPHS Schools         | Rural Development  | Revuru village, situated in the Mellacheruvu (Block/Teshil), Suryapet District, Telangana | 20.00 | 10.00 | Direct                            | Rs. 10.00 Lakhs on 12.03.2018 |
| 3     | Setting up of infrastructural facilities, fitness center and allied equipment's for training and coaching for sports students | Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports | Hyderabad, Telangana  | 20.00 | 20.00 | Chetan Anand Badminton foundation | On 21.03.2018                 |
| TOTAL |   |  |   |       | 34.66 |                                   |                               |

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. 52.77 Lakhs (*including unspent amount of previous years*) allocated for the FY 2017-18, the Company has, as on 31.03.2018, spent Rs. 34.66 Lakhs in its CSR programs/activities/projects and Rs. 18.11 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 31.03.2018.

The amount Rs. 18.11 Lakhs which remained unspent due to the aforesaid circumstances, shall be added to the CSR budget of the Financial Year 2018-19.

## 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.

Sd/-

**B. V. Subbaiah**

**Chairman, CSR Committee**

Place: Hyderabad

Date: 30.05.2018

Sd/-

**J. S. Rao**

**Managing Director**





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

MR -3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

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 2017-18**. 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, 2018 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, 2018 ("Audit Period") according to the provisions of:
  - 1.1. The Companies Act, 2013 (the Act) and the rules made thereunder as applicable;
  - 1.2. The Securities Contract (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
  - 1.3. The Depositories Act, 1956 and the Regulations and the Bye-laws framed thereunder;
  - 1.4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
  - 1.5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
    - 1.5.1. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - 1.5.2. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015;
    - 1.5.3. 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;
    - 1.5.4. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 & Listing Agreement entered with BSE Limited;
  - 1.6. The Secretarial Standards on the Meetings of the Board of Directors, Committees and General Meetings issued by the Institute of Company Secretaries of India.
  - 1.7. We have also examined the compliance of other applicable laws as under:



- 1.7.1. Employees Provident Fund and Miscellaneous Provisions Act, 1952
  - 1.7.2. Employees State Insurance Act, 1948
  - 1.7.3. Employers Liability Act, 1938
  - 1.7.4. Environment Protection Act, 1986 and other environmental laws
  - 1.7.5. Equal Remuneration Act, 1976
  - 1.7.6. Factories Act, 1948
  - 1.7.7. Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rule, 2003
  - 1.7.8. Industrial Dispute Act, 1947
  - 1.7.9. Minimum Wages Act, 1948
  - 1.7.10. Payment of Bonus Act, 1965
  - 1.7.11. Payment of Gratuity Act, 1972
  - 1.7.12. 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. 52.77 Lakhs allocated for the FY 2017-18 (including unspent amount of previous years).***

Out of the total CSR budget of Rs. 52.77 Lakhs (*including unspent amount of previous years*) allocated for the FY 2017-18, the Company has, as on 31.03.2018, spent Rs. 34.66 Lakhs in its CSR programs/activities/projects and Rs. 18.11 Lakhs remain unspent.

The Management has explained to us that 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 31.03.2018.

They explained that they will state the reason for not spending CSR amount in full, in the Board's Report as required pursuant to 2<sup>nd</sup> 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 2018-19.
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. **One Independent Director Sri. E. Sivasankaram has resigned from the Board w.e.f. 14-09-2017 and one Non-executive Director Sri. J. Sivaram Prasad has been appointed as Non-Executive Independent Director w.e.f. 29.05.2017.** 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/-**

**Place: Hyderabad**

**Date: 26.05.2018**

**Ch Veeranjanyulu  
Partner**

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

Note: This report is to be read with our letter of even date which is annexed as **(Annexure-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/-**

**Place: Hyderabad**

**Date: 26.05.2018**

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

**Annexure-V**

to Boards Report

**Form No. MGT-9****EXTRACT OF ANNUAL RETURN**as on the financial year ended on 31<sup>st</sup> March, 2018

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

**I. REGISTRATION AND OTHER DETAILS:**

| S. No | Particulars   | Details  |
|-------|---|--|
| 1     | CIN   | L26942TG1982PLC003492  |
| 2     | Registration Date   | 17 <sup>th</sup> May, 1982   |
| 3     | Name of the Company   | Keerthi Industries Limited   |
| 4     | Category / Sub-Category of the Company                            | Company Limited by Shares  |
| 5     | Address of the Registered office and contact details              | Mellacheruvu (Village & Mandal), Nalgonda District, Telangana-508246.<br>Tel: 08683-226028                                 |
| 6     | Whether listed company  | YES, BSE Limited   |
| 7     | Name, Address and Contact details of Registrar and Transfer Agent | M/s. XL Softech Systems Limited<br>3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034<br>Tel: 040-23545913/14 |

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

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

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1       | Cement   | 23941                            | 95.31 %                            |



## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES – N.A.

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

### i). Category-wise Share Holding

| Category of Shareholders   | No. of Shares held at the beginning of the year |              |                  |                   | No. of Shares held at the end of the year |              |                  |                   | %Change during the year |
|--|---|--------------|------------------|-------------------|---|--------------|------------------|-------------------|-------------------------|
|  | Demat   | Physical     | Total            | % of Total Shares | Demat                                     | Physical     | Total            | % of Total Shares |                         |
| <b>A. Promoters</b>  |   |              |                  |                   |   |              |                  |                   |                         |
| <b>(1) Indian</b>  |   |              |                  |                   |   |              |                  |                   |                         |
| a) Individual/HUF  | 60,01,513                                       | 4,334        | 60,05,847        | 74.92             | 60,01,513                                 | 4,734        | 60,06,247        | 74.92             | 0.00                    |
| b) Central Govt.   | Nil   | Nil          | Nil              | Nil               | Nil                                       | Nil          | Nil              | Nil               | Nil                     |
| c) State Govt. (s)   | Nil   | Nil          | Nil              | Nil               | Nil                                       | Nil          | Nil              | Nil               | Nil                     |
| d) Bodies Corp.  | Nil   | Nil          | Nil              | Nil               | Nil                                       | Nil          | Nil              | Nil               | Nil                     |
| e) Banks / FI  | Nil   | Nil          | Nil              | Nil               | Nil                                       | Nil          | Nil              | Nil               | Nil                     |
| f) Any Other....   | Nil   | Nil          | Nil              | Nil               | Nil                                       | Nil          | Nil              | Nil               | Nil                     |
| <b>Sub-total (A) (1):-</b>   | <b>60,01,513</b>                                | <b>4,334</b> | <b>60,05,847</b> | <b>74.92</b>      | <b>60,01,513</b>                          | <b>4,734</b> | <b>60,06,247</b> | <b>74.92</b>      | <b>0.00</b>             |
| <b>(2) Foreign</b>   |   |              |                  |                   |   |              |                  |                   |                         |
| a) NRIs - Individuals  | Nil   | Nil          | Nil              | Nil               | Nil                                       | Nil          | Nil              | Nil               | Nil                     |
| b) Other - Individuals   | Nil   | Nil          | Nil              | Nil               | Nil                                       | Nil          | Nil              | Nil               | Nil                     |
| c) Bodies Corp.  | Nil   | Nil          | Nil              | Nil               | Nil                                       | Nil          | Nil              | Nil               | Nil                     |
| d) Banks / FI  | Nil   | Nil          | Nil              | Nil               | Nil                                       | Nil          | Nil              | Nil               | Nil                     |
| e) Any Other....   | Nil   | Nil          | Nil              | Nil               | Nil                                       | Nil          | Nil              | Nil               | Nil                     |
| <b>Sub-total (A) (2):-</b>   | <b>Nil</b>                                      | <b>Nil</b>   | <b>Nil</b>       | <b>Nil</b>        | <b>Nil</b>                                | <b>Nil</b>   | <b>Nil</b>       | <b>Nil</b>        | <b>Nil</b>              |
| <b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>                | <b>60,01,513</b>                                | <b>4,334</b> | <b>60,05,847</b> | <b>74.92</b>      | <b>60,01,513</b>                          | <b>4,734</b> | <b>60,06,247</b> | <b>74.92</b>      | <b>0.00</b>             |
| <b>B. Public Shareholding</b>  |   |              |                  |                   |   |              |                  |                   |                         |
| <b>1. Institutions</b>   |   |              |                  |                   |   |              |                  |                   |                         |
| a) Mutual Funds  | Nil   | 250          | 250              | 0.00              | Nil                                       | 250          | 250              | 0.00              | 0.00                    |
| b) Central Govt.   | Nil   | Nil          | Nil              | Nil               | Nil                                       | Nil          | Nil              | Nil               | Nil                     |
| c) State Govt.(s)  | Nil   | Nil          | Nil              | Nil               | Nil                                       | Nil          | Nil              | Nil               | Nil                     |
| d) Financial Institutions/ Banks   | 6,667   | 3,074        | 9,741            | 0.12              | 6,667                                     | 3,074        | 9,741            | 0.12              | Nil                     |
| e) Venture Capital funds   | Nil   | Nil          | Nil              | Nil               | Nil                                       | Nil          | Nil              | Nil               | Nil                     |
| f) Insurance Companies   | Nil   | Nil          | Nil              | Nil               | Nil                                       | Nil          | Nil              | Nil               | Nil                     |
| g) FIIs  | Nil   | Nil          | Nil              | Nil               | Nil                                       | Nil          | Nil              | Nil               | Nil                     |
| h) Foreign Venture Capital Fund  | Nil   | Nil          | Nil              | Nil               | Nil                                       | Nil          | Nil              | Nil               | Nil                     |
| i) Others (specify)  | Nil   | Nil          | Nil              | Nil               | Nil                                       | Nil          | Nil              | Nil               | Nil                     |
| <b>Sub-total (B)(1):-</b>  | <b>6,667</b>                                    | <b>3,324</b> | <b>9,991</b>     | <b>0.12</b>       | <b>6,667</b>                              | <b>3,324</b> | <b>9,991</b>     | <b>0.12</b>       | <b>Nil</b>              |
| <b>2. Non-Institutions</b>   |   |              |                  |                   |   |              |                  |                   |                         |
| a) Bodies Corp.  |   |              |                  |                   |   |              |                  |                   |                         |
| i) Indian  | 88,531  | 63,683       | 1,52,214         | 1.90              | 79,390                                    | 63,683       | 1,43,073         | 1.78              | -6.01                   |
| ii) Overseas   | Nil   | Nil          | Nil              | Nil               | Nil                                       | Nil          | Nil              | Nil               | Nil                     |
| b) Individuals   |   |              |                  |                   |   |              |                  |                   |                         |
| i).Individual shareholders holding nominal share capital upto Rs. 1 lakh | 4,92,465  | 11,26,278    | 16,18,743        | 20.19             | 5,56,633                                  | 10,87,998    | 16,44,631        | 20.74             | 1.60                    |



## Keerthi Industries Limited

|   |                  |                  |                  |               |                  |                  |                  |               |              |
|---|------------------|------------------|------------------|---------------|------------------|------------------|------------------|---------------|--------------|
| ii). Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 1,38,233         | Nil              | 1,38,233         | 1.72          | 1,18,233         | Nil              | 1,18,233         | 1.47          | -14.47       |
| c) Others   |                  |                  |                  |               |                  |                  |                  |               |              |
| Clearing Members  | 1,777            | Nil              | 1,777            | 0.02          | 2,044            | NIL              | 2,044            | 0.03          | 15.03        |
| d) NRI's  | 10,830           | 79,103           | 89,933           | 1.12          | 15,574           | 76,945           | 92,519           | 1.15          | 2.88         |
| <b>Sub-total (B)(2):-</b>   | <b>7,31,836</b>  | <b>12,69,064</b> | <b>20,00,900</b> | <b>24.96</b>  | <b>7,71,874</b>  | <b>12,28,626</b> | <b>20,00,500</b> | <b>24.95</b>  | <b>33.04</b> |
| <b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>                                | <b>7,38,503</b>  | <b>12,72,388</b> | <b>20,10,891</b> | <b>25.08</b>  | <b>7,78,541</b>  | <b>12,31,950</b> | <b>20,10,491</b> | <b>25.95</b>  | <b>-0.02</b> |
| C. Shares held by Custodian for GDRs & ADRs                                       | Nil              | Nil              | Nil              | Nil           | Nil              | Nil              | Nil              | Nil           | Nil          |
| <b>Grand Total (A+B+C)</b>  | <b>67,40,016</b> | <b>12,76,722</b> | <b>80,16,738</b> | <b>100.00</b> | <b>67,80,054</b> | <b>12,36,684</b> | <b>80,16,738</b> | <b>100.00</b> | <b>Nil</b>   |

### ii). Shareholding of Promoters

| Sl. No. | Shareholder's Name        | Shareholding at the beginning of the year |                                  |   | Share holding at the end of the year |                                  |  | % change in share holding during the year |
|---------|---------------------------|---|----------------------------------|---|--------------------------------------|----------------------------------|--|---|
|         |                           | No. of Shares                             | % of total Shares of the company | % of Shares Pledge/encumbered to total shares | No. of Shares                        | % of total Shares of the company | % of Shares Pledged/encumbered to total shares |   |
| 1       | J. Seshagiri Rao          | 24,05,100                                 | 30.00                            | 65.06   | 37,01,559                            | 46.18                            | 64.98  | 16.18                                     |
| 2       | J. Triveni                | 21,95,379                                 | 27.38                            | NIL   | 21,95,379                            | 27.38                            | NIL  | NIL                                       |
| 3       | J. Venkata Krishna        | 87,347                                    | 1.09                             | NIL   | 87,347                               | 1.09                             | NIL  | NIL                                       |
| 4       | J. Sarada Govardhini      | 21,727                                    | 0.27                             | NIL   | 21,727                               | 0.27                             | NIL  | NIL                                       |
| 5       | J. Veeranna Choudary      | 235                                       | 0.00                             | NIL   | 235                                  | 0.00                             | NIL  | NIL                                       |
| 6       | J.S. Krishna Murthy (HUF) | 834                                       | 0.01                             | NIL   | 834                                  | 0.01                             | NIL  | NIL                                       |
| 7       | J. Bullemmai              | 3,500                                     | 0.04                             | NIL   | 3,500                                | 0.04                             | NIL  | NIL                                       |
|         | <b>Total</b>              | <b>60,05,847</b>                          | <b>74.92</b>                     | <b>NIL</b>                                    | <b>60,05,847</b>                     | <b>74.92</b>                     | <b>64.98</b>                                   | <b>16.18</b>                              |

### iii). Change in Promoters' Shareholding (please specify, if there is no change)- There is no change in shareholding of any of the promoter during the year.

| Sl. No. | Particulars              | 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       | Jasti Bullemmai          | 3,500                                     | 0.04                             | 0                                   | 0.00                             |
| 2       | J S Krishna Murthy (Huf) | 834                                       | 0.01                             | 0                                   | 0.00                             |
| 3       | Seshagiri Rao Jasti      | 0   | 0.00                             | 4,734                               | 0.07                             |



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 |
| 4.      | Udaya Bhaskara Rao Akkineni                               | 1,00,000                                  | 1.25                             | 1,00,000                            | 1.25                             |
| 5.      | Mecca Constructions Pvt Ltd                               | 50,000                                    | 0.62                             | 50,000                              | 0.62                             |
| 6.      | Stressed Assets Stabilization Fund                        | 27,778                                    | 0.35                             | 27,778                              | 0.35                             |
| 7.      | Atul Dinkerray Raval                                      | 18,233                                    | 0.23                             | 18,233                              | 0.23                             |
| 8.      | Golden Goenka Commerce Private Limited                    | 12,210                                    | 0.15                             | 13,072                              | 0.16                             |
| 9.      | Keerthi Industries Ltd - Unclaimed Secur                  | 8,875                                     | 0.11                             | 8,875                               | 0.11                             |
| 10.     | V C Brahmanna   | 7,100                                     | 0.09                             | 7,100                               | 0.09                             |
| 11.     | Andhra Pradesh Industrial Development Corporation Limited | 6,667                                     | 0.08                             | 6,667                               | 0.08                             |
| 12.     | Rajeev Jawahar  | 9,628                                     | 0.12                             | 9,628                               | 0.12                             |
| 13.     | Chereddi Ramachandra Naidu                                | 0   | 0.00                             | 5,713                               | 0.07                             |
|         | TOTAL   | 2,40,491                                  | 3.00                             | 2,43,826                            | 3.04                             |

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                                     | 36,96,825                                 | 46.11                            | -                                       | -                                |
|         | Date wise Increase / Decrease in Shareholding during the year:   | -   | -                                | 4,734                                   | 0.07                             |
|         | 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                                     | 21,95,379                                 | 27.38                            | -                                       | -                                |
|         | Date wise Increase / Decrease in Shareholding during the year:   | -   | -                                | -                                       | -                                |
|         | At the end of the year   | 21,95,379                                 | 27.38                            | 21,95,379                               | 27.38                            |
| 3       | Sivaram Prasad Jetty – Director                                  |   |                                  |   |                                  |
|         | At the beginning of the year                                     | -   | -                                | -                                       | -                                |





|   |  |   |   |   |   |
|---|--|---|---|---|---|
|   | Date wise Increase / Decrease in 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   | - | - | - | - |
| 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 | Rajesh Kumar Yadav - Company Secretary                         |   |   |   |   |
|   | At the beginning of the year                                   | - | - | - | - |
|   | Date wise Increase / Decrease in Shareholding during the year: | - | - | - | - |
|   | At the end of the year   | - | - | - | - |

#### V. INDEBTEDNESS (Rs. In Lakhs)

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

Rs. (In lakhs)

|  | Secured Loans<br>excluding deposits | Unsecured<br>Loans | Deposits    | Total<br>Indebtedness |
|--|-------------------------------------|--------------------|-------------|-----------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                     |                    |             |                       |
| i) Principal Amount  | 3599.46                             | 2744.21            | 5.22        | 6348.89               |
| ii) Interest due but not paid                              | Nil                                 | Nil                | Nil         | Nil                   |
| iii) Interest accrued but not due                          | 14.71                               | 128.31             | Nil         | 143.02                |
| <b>Total (i+ii+iii)</b>                                    | <b>3614.17</b>                      | <b>2872.52</b>     | <b>5.22</b> | <b>6491.91</b>        |
| <b>Change in Indebtedness during the financial year</b>    |                                     |                    |             |                       |
| Addition   | 159.63                              | 1311.60            | 0.27        | 1471.50               |
| Reduction  | 1905.37                             | 30.42              | Nil         | 1935.79               |
| <b>Net Change Indebtedness</b>                             | <b>(1745.74)</b>                    | <b>1281.18</b>     | <b>0.27</b> | <b>(464.29)</b>       |
| <b>At the end of the financial year</b>                    |                                     |                    |             |                       |
| i) Principal Amount  | 1868.43                             | 4153.70            | 5.49        | 6027.62               |
| ii) Interest due but not paid                              | Nil                                 | Nil                | Nil         | Nil                   |
| iii) Interest accrued but not due                          | Nil                                 | Nil                | Nil         | Nil                   |
| <b>Total (i+ii+iii)</b>                                    | <b>1868.43</b>                      | <b>4153.70</b>     | <b>5.49</b> | <b>6027.62</b>        |



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

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

*(Rs. In Lakhs)*

| Sl. No. | Particulars of Remuneration   | Name of MD/WTD/ Manager       |                                   | Total Amount<br>(Rs. In Lakhs) |
|---------|---|-------------------------------|-----------------------------------|--------------------------------|
|         |   | J. S. Rao & CFO<br>(MD & CFO) | J. Triveni<br>(Chairperson & WTD) |                                |
| 1       | Gross salary  |                               |                                   |                                |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 48.00                         | 48.00                             | 96.00                          |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | Nil                           | Nil                               | Nil                            |
|         | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | Nil                           | Nil                               | Nil                            |
| 2       | Stock Option  | Nil                           | Nil                               | Nil                            |
| 3       | Sweat Equity  | Nil                           | Nil                               | Nil                            |
| 4       | Commission<br>- as % of profit<br>- others, specify...                              | 17.85                         | 17.85                             | 35.70                          |
| 5       | Others, please specify  | Nil                           | Nil                               | Nil                            |
|         | Total (A)   | 65.85                         | 65.85                             | 131.70                         |
|         | Ceiling as per the Act  |                               |                                   | 131.70                         |

**B. Remuneration to other directors:**

*(Amount in Rs.)*

| Sl. No. | Particulars of Remuneration                  | Name of Directors      |              |                 |                  | Total Amount |
|---------|--|------------------------|--------------|-----------------|------------------|--------------|
|         |  | K Harishchandra Prasad | B V Subbaiah | E Siva Sankaram | J Sivaram Prasad |              |
| 1       | <b>Independent Directors</b>                 |                        |              |                 |                  |              |
|         | Fee for attending board / committee meetings | 57,500                 | 52,500       | 12,500          | 40,000           | 1,62,500     |
|         | Commission                                   | Nil                    | Nil          | Nil             | Nil              | Nil          |
|         | Others, please specify                       | Nil                    | Nil          | Nil             | Nil              | Nil          |
|         | Total (1)                                    | 57,500                 | 52,500       | 12,500          | 40,000           | 1,62,500     |
| 2       | <b>Other Non-Executive Directors</b>         |                        |              |                 |                  |              |
|         | Fee for attending board/ committee meetings  | —                      | —            | —               | —                | —            |
|         | Commission                                   | —                      | —            | —               | —                | —            |
|         | Others, please specify                       | —                      | —            | —               | —                | —            |
|         | Total (2)                                    | —                      | —            | —               | —                | —            |
|         | Total =(1+2)                                 | 57,500                 | 52,500       | 12,500          | 40,000           | 1,62,500     |
|         | Total Remuneration                           |                        |              |                 |                  | 1,62,500     |
|         | Ceiling as per the Act                       |                        |              |                 |                  | 1,62,500     |



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

| Sl. No. | Particulars of Remuneration   | KEY MANAGERIAL PERSONNEL                          | Total Amount    |
|---------|---|---|-----------------|
|         |   | <b>Company Secretary<br/>(Rajesh Kumar Yadav)</b> |                 |
| 1       | Gross salary  |   |                 |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 6,27,003  | 6,27,003        |
|         | (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<br>- as % of profit<br>- others, specify...                              | Nil   | Nil             |
| 5       | Others, please specify  | Nil   | Nil             |
|         | <b>Total</b>  | <b>6,27,003</b>                                   | <b>6,27,003</b> |

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

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

**NIL**



## Annexure-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)             | 23.05:1  |
| 2.     | Sri J. S. Rao ( Managing Director)                  | 23.05:1  |
| 3.     | Sri. K. Harishchandra Prasad (Independent Director) | 0.19:1   |
| 4.     | Sri. B V Subbaiah (Independent Director)            | 0.18:1   |
| 5.     | Sri. J. Sivaram Prasad (Independent Director)       | 0.14:1   |
| 6.     | Sri. E. Sivasankaram (Independent Director) *       | 0.04:1   |

\* Sri. E. Sivasankaram who was serving in the Company as Chairman of Audit Committee (Non-Executive Independent Director) has resigned from the Board of the Directors of the Company w.e.f. 14-09-2017.

- (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)                 | NIL                        |
| 2.     | Smt. J. Triveni (Executive Chairperson)             | NIL                        |
| 3.     | Sri. J. Sivaram Prasad (Independent Director)       | NIL                        |
| 4.     | Sri. B V Subbaiah (Independent Director)            | NIL                        |
| 5.     | Sri. K. Harishchandra Prasad (Independent Director) |                            |
| 6.     | Sri. E. Sivasankaram (Independent Director)*        | NIL                        |
| 7.     | Mr. Rajesh Kumar Yadav (Company Secretary)          | 26.16                      |
| 8.     | Sri. Y Sadasiva Rao. (CFO) #                        | NIL                        |

\* E. Sivasankaram (Independent Director) has resigned from the office w.e.f. 14-09-2017.

# Sri. J. S. Rao, the Managing Director has been given additional charge of CFO w.e.f. 28.01.2017 until a suitable candidate is identified. Sri. J. S. Rao has resigned as CFO w.e.f. 31.03.2018 and Sri. Y. Sadasiva Rao has been appointed as CFO w.e.f. 30.-04-2018.

- (iii) The percentage increase in the median remuneration of employees in the financial year  
17.24%
- (iv) The number of permanent employees on the rolls of company  
249
- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial



## remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

Average percentile increase in the salaries of employees is 19.10%. During the financial year ended 31<sup>st</sup> March, 2018, there are two whole time Directors viz., Managing Director and Executive Chairperson and there was no increment made 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 has been paid Rs. 17.85 Lakhs each as commission on the Net profits for the Financial year 2017-18 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, Commission is the only key variable component of remuneration availed by 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)         | 65,84,705                             | Contractual          | B. Com (Hons)                              | 25-04-2005                         | 57  | Hyderabad Bottling Co Ltd - Director                | 27.38   | -   |
| 2      | Sri. J. S. Rao - (Managing Director)    | 65,84,705                             | Contractual          | M. Tech                                    | 30-09-1999                         | 64  | Hyderabad Bottling Co Ltd - Managing Director       | 46.17   | -   |
| 3      | Smt. J. Sarada Govardhini - (COO)       | 33,60,264                             | Permanent            | LLM  | 14-02-2011                         | 33  | -   | 0.00  | Daughter of Chairperson and Managing Director                   |
| 4      | Shri. M. Vasantha kumar - V.P.(W)       | 24,04,176                             | Permanent            | MSc  | 11-01-2016                         | 57  | -   | 0.00  | -   |
| 5      | Sri. J. Srinivasa Rao - Sr. D.G.M(P&QC) | 15,12,528                             | Permanent            | MSc  | 10-04-2017                         | 55  | -   | 0.00  | -   |
| 6      | Shri. C. Joginadham - G.M.(O)           | 12,69,768                             | Permanent            | MSc  | 02-11-1996                         | 58  | -   | 0.00  | -   |



|        |   |          |                |                       |            |    |                         |      |   |
|--------|---|----------|----------------|-----------------------|------------|----|-------------------------|------|---|
| 7      | V. Venkateswara Rao- Sr. Manager (PNP)  | 8,34,528 | Perma-<br>nent | BSc                   | 06-07-2017 | 56 | My Homes Industries Ltd | 0.00 | - |
| 8      | Shri. G. Argun Reddy - A.G.M.(Pyro)   | 7,23,576 | Perma-<br>nent | Bsc                   | 23-03-2016 | 58 | -                       | 0.00 | - |
| 9      | N. Veerabhadram-Manager (instrumentation)   | 7,20,000 | Perma-<br>nent | Polytechnic (Diploma) | 22-01-2018 | 38 | Donate Industries Ltd   | 0.00 | - |
| 10     | D. Jwannes Reddy-Manager (Mines)  | 7,78,176 | Perma-<br>nent | Polytechnic (Diploma) | 22-07-2016 | 35 | Andhra Cements Ltd      | 0.00 | - |
| Notes: |   |          |                |                       |            |    |                         |      |   |
| 1      | 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 other 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 commissioned a 2.24 megawatt ("MW") Waste-Heat Recovery Power Plant ("WHR Power Plant") at its existing Cement Plant in Nalgonda District of Telangana, India in December 2016. The WHR Power Plant has stabilized and started delivering the planned savings.

#### (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. We are looking forward for few Bulk requirement orders to enhance the operating profit of the segment. The segment has good improvement in its operations during 2017-18 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 equipments.

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

Cement demand in India is expected to increase due to government’s push for large infrastructure projects, leading to 50 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:**

The electronics market of India is one of the largest in the world and the market is projected to grow at a compound annual growth rate (CAGR) of 24.40 % during 2012-2020. Total production of electronics hardware goods in India is estimated to reach US\$ 104 billion by 2020. The communication and broadcasting equipment segment constituted 31 %, which is the highest share of total production of electronic goods in India, followed by consumer electronics at 23 %.



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.

## 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.

### 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.

We have examined the compliances of requirements of Corporate Governance by **KEERTHI INDUSTRIES LIMITED**, for the year ended on 31<sup>st</sup> March, 2018 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.



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

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

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

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.

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

**For VCSR & Associates  
Company Secretaries**

Sd/-

Place: Hyderabad

Date: 26.05.2018

**Ch Veeranjanyulu**

**Partner**

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

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

To,

The Members of Keerthi Industries Limited

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

Pursuant to Clause D of Schedule V of the SEBI (LODR) Regulation, 2015, I hereby declare that all Board members and Senior Management personnel have affirmed compliance with the Code for the financial year ended March 31, 2018.

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

Sd/-

Place: Hyderabad

Date: 30.05.2018

(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
  - c. no significant changes in internal controls over financial reporting during the year;
  - d. 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;
  - e. 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**

Place: Hyderabad  
Date: 30.05.2018

**Sd/-**

**Y. Sadasiva Rao**  
**CFO**

Place: Hyderabad  
Date: 30.05.2018



## **INDEPENDENT AUDITORS' REPORT**

**To the Members of KEERTHI INDUSTRIES LIMITED, HYDERABAD.**

### **Report on the Indian Accounting Standards (Ind AS) Financial Statements**

We have audited the accompanying financial statements of KEERTHI INDUSTRIES LIMITED, ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information

### **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 Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS 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 accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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



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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Other Matter

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor who expressed an unmodified opinion vide reports dated May 29, 2017 and May 28, 2016 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of above matter.

### 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 paragraphs 3 and 4 of the Order.
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), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect of adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".



- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There 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

Place: Hyderabad  
Date: 30.05.2018

**(K.SHRAVAN)**  
Partner  
Membership No. 215798

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### **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, HYDERABAD, for the year ended March 31, 2018.,

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, 2018 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.) | 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   | SalesTax Appellate Authority    |
| Central Sales Tax Act               | Central Sales Tax       | 39,25,213 #  | FY 2000-01, the Order was passed during FY2007-08               | AP Sales Tax Tribunal#          |
| Commercial tax Dept karnataka       | Central sales Tax       | 6,20,112     | FY 1993-94  | Hon'ble High Court of Karnataka |
| Central Excise Act                  | Central Excise          | 1,90,02,358* | Feb2006- August2010Show cause Notice was received on 10.11.2010 | CESTAT Hyderabad                |



# against the demand of Rs. 39,25,213 the Company has paid Rs. 19,08,835. However during 2016-17, the Tribunal has set aside the demand and remanded the matter to assessing authorities.

\*against the demand of Rs. 1, 90, 02, 358, Rs.20, 00,000 paid under protest.

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

**(K.SHRAVAN)**  
Partner  
Membership No. 215798

Place: Hyderabad  
Date: 30.05.2018





## ***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, HYDERABAD ("the Company") as of 31st March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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 Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud 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 is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal



financial control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and 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, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with 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 and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, 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

**(K.SHRAVAN)**  
Partner  
Membership No. 215798

Place: Hyderabad  
Date: 30.05.2018



# Keerthi Industries Limited

## Balance Sheet as at 31 March 2018

(All amounts rupees in lakhs, unless otherwise stated)

| Particulars  | Note No. | As at<br>31 March 2018 | As at<br>31 March 2017 | As at<br>01 April 2016 |
|--|----------|------------------------|------------------------|------------------------|
| <b>ASSETS</b>  |          |                        |                        |                        |
| <b>(1) Non-current assets</b>  |          |                        |                        |                        |
| (a) Property, Plant and Equipment  | 2(A)     | 11,321.27              | 12,084.56              | 10,172.44              |
| (b) Capital Work-in-progress   | 2(B)     | -                      | 0.00                   | 2,050.96               |
| (c) Other Intangible assets  | 3        | 37.67                  | 47.87                  | 1.27                   |
| (d) Financial Assets   |          |                        |                        |                        |
| (i) Investments  |          | 0.06                   | 0.06                   | 0.06                   |
| (ii) Other financial assets  | 4        | 685.09                 | 854.16                 | 509.50                 |
| (e) Deferred Tax Assets (net)  | 19       | -                      | -                      | 51.47                  |
| (f) Other non-current assets   | 5        | 821.11                 | 773.28                 | 757.04                 |
| <b>(2) Current assets</b>  |          |                        |                        |                        |
| (a) Inventories  | 6        | 2,076.82               | 1,934.16               | 2,066.53               |
| (b) Financial Assets   |          |                        |                        |                        |
| (i) Investments  | 7        | 130.85                 | -                      | -                      |
| (ii) Trade Receivables   | 8        | 334.85                 | 266.56                 | 226.17                 |
| (iii) Cash and cash equivalents  | 9        | 557.39                 | 753.44                 | 15.91                  |
| (iv) Bank balances other than (ii) above   | 10       | 215.57                 | 229.23                 | 178.46                 |
| (v) Loans  | 11       | 1.42                   | 1.12                   | 3.07                   |
| (vi) Others  | 12       | 130.51                 | 123.69                 | 66.05                  |
| (c) Current Tax Assets (Net)   | 13       | 143.23                 | 34.36                  | -                      |
| (d) Other current assets   | 14       | 601.48                 | 492.71                 | 477.05                 |
| <b>Total Assets</b>  |          | <b>17,057.32</b>       | <b>17,595.20</b>       | <b>16,575.98</b>       |
| <b>EQUITY AND LIABILITIES</b>  |          |                        |                        |                        |
| <b>Equity</b>  |          |                        |                        |                        |
| (a) Equity Share capital   | 15       | 801.67                 | 801.67                 | 801.67                 |
| (b) Other Equity   |          | 4,897.22               | 4,133.83               | 2,970.48               |
| <b>Liabilities</b>   |          |                        |                        |                        |
| <b>(1) Non-current liabilities</b>   |          |                        |                        |                        |
| (a) Financial Liabilities  |          |                        |                        |                        |
| (i) Borrowings   | 17       | 2,666.53               | 3,516.27               | 5,311.32               |
| (b) Provisions   | 18       | 107.95                 | 49.36                  | 94.77                  |
| (c) Deferred Tax Liability (net)   | 19       | 414.30                 | 217.85                 | -                      |
| (d) Other non-current liabilities  | 20       | 573.96                 | 688.76                 | -                      |
| <b>(2) Current liabilities</b>   |          |                        |                        |                        |
| (a) Financial Liabilities  |          |                        |                        |                        |
| (i) Borrowings   | 21       | 3,185.42               | 2,426.64               | 2,724.75               |
| (ii) Trade payables  |          |                        |                        |                        |
| - total outstanding dues of micro enterprises and small enterprises; and                 |          | -                      | -                      | -                      |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | 22       | 1,727.06               | 1,615.21               | 1,502.57               |
| (iii) Other financial liabilities  | 23       | 1,156.09               | 2,862.44               | 2,460.92               |
| (b) Other current liabilities  | 24       | 1,524.27               | 1,280.32               | 672.87                 |
| (c) Provisions   | 18       | 2.85                   | 2.85                   | 2.57                   |
| (d) Current Tax Liabilities (Net)  | 25       | -                      | -                      | 34.06                  |
| <b>Total Equity and Liabilities</b>  |          | <b>17,057.32</b>       | <b>17,595.20</b>       | <b>16,575.98</b>       |
| <b>Significant Accounting policies</b>   | 1        |                        |                        |                        |
| <b>Explanatory Notes &amp; Other Disclosures</b>   | 34       |                        |                        |                        |

As per our report of even date  
for **BRAHMAYYA & CO.**  
Chartered Accountants  
Firms' Registration No.: 000513S

For and on behalf of Board of Directors

Sd/-  
**(K Shravan)**  
Partner

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

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

Place: Hyderabad  
Date: 30.05.2018

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

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



# Keerthi Industries Limited

## Statement of Profit and Loss for the year ended 31 March 2018

₹ in Lakhs

| Particulars  | Note No.  | Current year     | Previous year    |
|--|-----------|------------------|------------------|
| <b>I. Revenue from operations</b>                                  | <b>26</b> | <b>19,259.33</b> | <b>19,827.30</b> |
| <b>II. Other income</b>  | <b>27</b> | <b>295.01</b>    | <b>191.25</b>    |
| <b>III.Total Revenue (I+II)</b>                                    |           | <b>19,554.34</b> | <b>20,018.55</b> |
| <b>IV. Expenses</b>  |           |                  |                  |
| (i) Cost of materials consumed                                     | 28        | 2,066.20         | 1,947.01         |
| (ii) Changes in inventories of finished goods and work-in-progress | 29        | (159.45)         | 63.51            |
| (iii) Employee benefits expense                                    | 30        | 1,439.73         | 1,404.74         |
| (iv) Finance costs   | 31        | 691.63           | 702.33           |
| (v) Depreciation and amortization expense                          | 2,3       | 1,058.25         | 878.76           |
| (vi) Other expenses  | 32        | 13,282.39        | 13,212.15        |
| <b>Total expenses</b>  |           | <b>18,378.75</b> | <b>18,208.50</b> |
| <b>V.Profit / (Loss) before Exceptional Items (III-IV)</b>         |           | <b>1,175.59</b>  | <b>1,810.05</b>  |
| <b>VI. Exceptional Items</b>                                       | <b>33</b> | <b>(80.24)</b>   | <b>-</b>         |
| <b>VII.Profit / (Loss) before tax ( V+ VI )</b>                    |           | <b>1,095.35</b>  | <b>1,810.05</b>  |
| <b>VIII.Tax expense:</b>   |           |                  |                  |
| (1) Current tax  |           | 240.85           | 414.21           |
| (2) Deferred tax   |           | 213.34           | 256.57           |
| (3) Income tax of earlier year                                     |           | (154.16)         | -                |
| <b>IX.Profit / (Loss) after tax (VII-VIII)</b>                     |           | <b>795.32</b>    | <b>1,139.27</b>  |
| <b>X.Other Comprehensive Income</b>                                |           |                  |                  |
| A Items that will not be reclassified to profit or loss            |           |                  |                  |
| - Actuarial gains/(losses) of defined benefit plans                |           | (48.82)          | 36.82            |
| - Tax impacts on above   |           | 16.89            | (12.74)          |
| B Items that will be reclassified to profit or loss                |           |                  | -                |
| <b>Other comprehensive income for the year (net of tax)</b>        |           | <b>(31.93)</b>   | <b>24.08</b>     |
| <b>XI.Total Comprehensive Income for the period (IX+X)</b>         |           | <b>763.39</b>    | <b>1,163.35</b>  |
| <b>XII. Earnings per equity share (face value of Rs.10/-)</b>      |           |                  |                  |
| Basic & Diluted  |           | <b>9.92</b>      | <b>14.21</b>     |

**Significant Accounting policies**

**1**

**Explanatory Notes & Other Disclosures**

**34**

As per our report of even date  
for **BRAHMAYYA & CO.**  
Chartered Accountants  
Firms' Registration No.: 000513S

For and on behalf of Board of Directors

Sd/-  
(K Shravan)  
Partner

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

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

Place: Hyderabad  
Date: 30.05.2018

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

Sd/-  
(Rajesh Kumar Yadav)  
Company Secretary



# Keerthi Industries Limited

## Cash Flow Statement for the year ended 31st March 2018

₹ in Lakhs

| Particulars  | Year ended<br>31st March 2018 | Year ended<br>31st March 2017 |
|--|-------------------------------|-------------------------------|
| <b>A Cash flow from Operating Activities:</b>  |                               |                               |
| Profit Before tax  | 1,095.35                      | 1,810.05                      |
| Adjustments for:   |                               |                               |
| Depreciation and Amortisation  | 1,058.25                      | 878.76                        |
| Actuarial Gain/(loss) on Defined Benefit plans   | (48.82)                       | 36.82                         |
| Interest Income  | (140.36)                      | (67.63)                       |
| Dividend Income on Mutual Funds  | (10.26)                       |                               |
| Fair Value (Gains)/losses on restatement of investments  | (0.85)                        |                               |
| (Gain)/loss on sale of investments (net)   | 0.18                          | -                             |
| Government Grants - Non cash   | (114.79)                      | (114.79)                      |
| Finance Costs  | 691.63                        | 702.34                        |
|  | 2,530.33                      | 3,245.55                      |
| <b>Operating profit before working capital changes</b>   |                               |                               |
| Adjustments for (increase)/decrease in operating assets  |                               |                               |
| Inventories  | (142.66)                      | 132.38                        |
| Trade Receivables  | (68.29)                       | (40.39)                       |
| Other financial assets - current   | 10.41                         | (119.66)                      |
| Other financial assets - Non current   | 169.08                        | (85.85)                       |
| Other non financial assets - current   | (108.77)                      | (15.66)                       |
| Other non financial assets - Non current   | (4.42)                        | (21.34)                       |
| Adjustments for increase/(decrease) in operating liabilities   |                               |                               |
| Trade Payables   | 111.86                        | 112.63                        |
| Other financial liabilities  | 8.78                          | 87.36                         |
| Short term provisions  | -                             | 0.28                          |
| Long term provisions   | 58.58                         | (45.41)                       |
| Other Non financial liabilities  | 243.94                        | 607.46                        |
| <b>Cash generated from operations</b>  | 2,808.84                      | 3,857.35                      |
| Income tax paid  | (195.56)                      | (482.62)                      |
| <b>Net Cash flow from/(used in) operating activities</b>   | 2,613.28                      | 3,374.73                      |
| <b>B Cash flow from Investing Activities:</b>  |                               |                               |
| Purchase of Property, plant and Equipment & Intangible assets and Capital Advances & Capital Creditors | (359.85)                      | (740.30)                      |
| Fixed Deposits made  |                               | (258.82)                      |
| Purchase of Investments  | (530.00)                      |                               |
| Proceeds from sale of Investments  | 399.81                        |                               |
| Dividend Received  | 10.27                         |                               |
| Interest income Received   | 136.48                        | 80.84                         |
| <b>Net Cash flow from/(used in) investing activities</b>   | (343.29)                      | (918.28)                      |
| <b>C Cash flow from Financing Activities:</b>  |                               |                               |
| Proceeds / (Repayments) of short term borrowings   | 788.64                        | (365.17)                      |
| Proceeds from Long term borrowings   | 1,181.09                      | 326.14                        |
| Repayment of Long term borrowings  | (2,448.93)                    | (1,257.05)                    |
| Interest and other borrowing costs paid  | (1,956.98)                    | (489.90)                      |
| <b>Net Cash flow from/(used in) financing activities</b>   | (2,436.18)                    | (1,785.98)                    |
| <b>Net Increase in Cash and Cash equivalents (A+B+C)</b>   | (166.19)                      | 670.47                        |
| <b>Cash and Cash equivalents at the beginning of the year</b>  | 683.67                        | 13.20                         |
| <b>Cash and Cash equivalents at the beginning of the year</b>  | 517.48                        | 683.67                        |
| <b>Components of Cash and Cash Equivalents</b>   |                               |                               |
| a.Cash on hand   | 5.27                          | 1.36                          |
| b.Balances with banks  |                               |                               |
| - In current accounts  | 552.12                        | 752.08                        |
| - In term deposits (with original maturity of 3 months or less)  | -                             | -                             |
| <b>Cash and Cash Equivalents as per Balance Sheet (Note no. 9)</b>                                     | 557.39                        | 753.44                        |
| c.Bank Overdraft   | (39.91)                       | (69.77)                       |
| <b>Total Cash and Cash Equivalents in Cash Flow Statement</b>  | 517.48                        | 683.67                        |

As per our report of even date  
for **BRAHMAYYA & CO.**  
Chartered Accountants  
Firms' Registration No.: 000513S

Sd/-  
(K Shravan)  
Partner

Place: Hyderabad  
Date: 30.05.2018

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/-  
(Rajesh Kumar Yadav)  
Company Secretary



# Keerthi Industries Limited

## Statement of Changes in Equity for the year ended 31 March 2018

### A. Equity Share Capital

(All amounts in Lakhs, unless otherwise stated)

| Particulars                                     | As at           |                 |                 |
|---|-----------------|-----------------|-----------------|
|   | 31st March 2018 | 31st March 2017 | 01st April 2016 |
| 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

| Particulars   | Reserves and Surplus |                                |                   | Items of Other Comprehensive Income         | Total    |
|---|----------------------|--------------------------------|-------------------|---|----------|
|   | Capital Reserve      | Other Reserves (Refer Note 16) | Retained Earnings | Remeasurements of net defined benefit plans |          |
| Balance as at 01st April 2016                                 | 939.55               | 150.00                         | 1,880.93          | -   | 2,970.48 |
| Total Comprehensive Income for the year ended 31st March 2017 | -                    | -                              | 1,139.27          | 24.08                                       | 1,163.35 |
| Transfers from Retained earnings to Other Reserves            |                      | 50.00                          | (50.00)           | -   |          |
| Balance as at 31st March 2017                                 | 939.55               | 200.00                         | 2,970.20          | 24.08                                       | 4,133.83 |
| Total Comprehensive Income for the year ended 31st March 2018 | -                    | -                              | 795.32            | (31.93)                                     | 763.39   |
| Balance as at 31st March 2018                                 | 939.55               | 200.00                         | 3,765.52          | (7.85)                                      | 4,897.22 |

As per our report of even date  
for **BRAHMAYYA & CO.**  
Chartered Accountants  
Firms' Registration No.: 000513S

Sd/-  
(K Shravan)  
Partner

Place: Hyderabad  
Date: 30.05.2018

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/-  
(Rajesh Kumar Yadav)  
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 Mallacheruvu Village & Mandal, Nalgonda district, Telangana – 508246.

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. 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.

These financial statements are the first financial statements of the company under Ind AS. The financial statements up to year ended 31st March 2017 were prepared in accordance with the Accounting Standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. The financial statements for the year ended 31st March 2017 and the opening Balance Sheet as at 01st April 2016 have been restated in accordance with Ind AS for comparative information.

The Company has consistently applied the accounting policies used in the preparation of opening balance sheet as at 01st April 2016 throughout all periods presented in these financial statements, as if these policies had always been in effect and are covered by Ind AS 101 "First-time adoption of Indian Accounting Standards". The transition was carried out from accounting principles generally accepted in India ("Previous GAAP") as defined in Ind AS 101. The reconciliation of effects of the transition as required by Ind AS 101 is disclosed in Note No. 34.6.11 to these financial statements.

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.

#### 1.2. 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.

#### 1.3. Significant accounting policies:

##### 1.3.1 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.

- **Transition to Ind AS**

On Transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognized as at 31 March 2016 measured as per previous GAAP and use that carrying value as its deemed cost.

- **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.

### 1.3.2 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.



### 1.3.3 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.

### 1.3.4 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.

### 1.3.5 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).

**i) 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.

**ii) 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

**iii) 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.

#### **1.3.6 Government Grants**

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.

### 1.3.7 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 inclusive of excise duty 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.

### 1.3.8 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. In respect of assets taken on operating lease, lease rentals are recognized as an expense in the Statement of Profit and Loss on straight line basis.

### 1.3.9 Prior period items

In case prior period adjustments are material in nature the Company prepares the restated financial statement as required under Ind AS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors". Immaterial items pertaining to prior periods are shown under respective items in the Statement of Profit and Loss.

### 1.3.10 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.

### 1.3.11 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.

### 1.3.12 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.

### 1.3.13 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.

### 1.3.14 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.

### 1.3.15 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".

### 1.3.16 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.



**Notes forming part of the Financial Statements for the year ended 31st March, 2018**

**2. Property, Plant and Equipment**

(All amounts in Lakhs, unless otherwise stated)

| Sl. No | Particulars                           | GROSS BLOCK         |           |           |                     | DEPRECIATION       |              |              | NET BLOCK          |                     |                     |
|--------|---------------------------------------|---------------------|-----------|-----------|---------------------|--------------------|--------------|--------------|--------------------|---------------------|---------------------|
|        |                                       | As at 31 March 2017 | Additions | Deletions | As at 31 March 2018 | Upto 31 March 2017 | For the year | On Deletions | Upto 31 March 2018 | As at 31 March 2018 | As at 31 March 2017 |
| (A)    | <u>Property, Plant and Equipment:</u> |                     |           |           |                     |                    |              |              |                    |                     |                     |
| 1      | Land:                                 |                     |           |           |                     |                    |              |              |                    |                     |                     |
|        | Freehold: Cement Division             | 743.75              |           |           | 743.75              | -                  |              |              | -                  | 743.75              | 743.75              |
|        | Sugar Division                        | 475.19              | 22.40     |           | 497.59              | -                  |              |              | -                  | 497.59              | 475.19              |
| 2      | Buildings:                            | -                   |           |           |                     |                    |              |              |                    |                     |                     |
|        | Factory                               | 3,444.76            | 23.44     |           | 3,468.21            | 1,072.30           | 115.04       |              | 1,187.34           | 2,280.87            | 2,372.46            |
|        | Factory (Wind Power)                  | 57.55               | -         |           | 57.55               | 17.89              | 1.79         |              | 19.69              | 37.86               | 39.66               |
|        | Non Factory                           | 337.96              | -         |           | 337.96              | 108.17             | 9.68         |              | 117.85             | 220.11              | 229.79              |
| 3      | Plant & Machinery                     | 13,848.83           | 119.56    |           | 13,968.39           | 7,890.92           | 550.03       |              | 8,440.95           | 5,527.44            | 5,957.91            |
|        | Plant & Machinery (Wind Power)        | 860.45              | -         |           | 860.45              | 499.85             | 25.42        |              | 525.27             | 335.18              | 360.60              |
| 4      | Electrical Installations              | 3,239.60            | 0.04      |           | 3,239.63            | 1,407.56           | 304.37       |              | 1,711.92           | 1,527.71            | 1,832.04            |
| 5      | Furniture & Fixtures                  | 75.66               | -         |           | 75.66               | 56.57              | 4.14         |              | 60.71              | 14.95               | 19.09               |
| 6      | Office equipment                      | 54.73               | 1.11      |           | 55.84               | 49.41              | 1.50         |              | 50.91              | 4.93                | 5.32                |
| 7      | Vehicles                              | 93.05               | 72.87     | 17.56     | 148.36              | 52.97              | 27.81        | 16.69        | 64.10              | 84.26               | 40.08               |
| 8      | Other Assets                          | 17.95               | -         |           | 17.95               | 17.05              | -            |              | 17.05              | 0.90                | 0.90                |
| 9      | Data Processing Equipment             | 82.03               | 46.21     |           | 128.24              | 76.44              | 8.27         |              | 84.70              | 43.54               | 5.59                |
| 10     | Effluent Treatment Plant              | 19.49               | -         |           | 19.49               | 18.52              | -            |              | 18.52              | 0.97                | 0.97                |
| 11     | Generators                            | 17.59               | -         |           | 17.59               | 16.71              | -            |              | 16.71              | 0.88                | 0.88                |
| 12     | Lab Equipment                         | 6.57                | -         |           | 6.57                | 6.24               | -            |              | 6.24               | 0.33                | 0.33                |
|        | TOTAL (A)                             | 23,375.16           | 285.63    | 17.56     | 23,643.23           | 11,290.60          | 1,048.05     | 16.69        | 12,321.96          | 11,321.27           | 12,084.56           |
| (B)    | Capital Work-in-progress              |                     |           |           | -                   | -                  |              |              | -                  | -                   | -                   |
|        | Total (B)                             | -                   | -         | -         | -                   | -                  | -            | -            | -                  | -                   | -                   |
|        | Total                                 | 23,375.16           | 285.63    | 17.56     | 23,643.23           | 11,290.60          | 1,048.05     | 16.69        | 12,321.96          | 11,321.27           | 12,084.56           |





(All amounts in Lakhs, unless otherwise stated)

| Sl. No | Particulars                           | GROSS BLOCK         |           |           | DEPRECIATION        |                    |              | NET BLOCK    |                    |                     |                     |
|--------|---------------------------------------|---------------------|-----------|-----------|---------------------|--------------------|--------------|--------------|--------------------|---------------------|---------------------|
|        |                                       | As at 01 April 2016 | Additions | Deletions | As at 31 March 2017 | Upto 01 April 2016 | For the year | On Deletions | Upto 31 March 2017 | As at 31 March 2017 | As at 01 April 2016 |
| (A)    | <u>Property, Plant and Equipment:</u> |                     |           |           |                     |                    |              |              |                    |                     |                     |
| 1      | Land:                                 |                     |           |           |                     |                    |              |              |                    |                     |                     |
|        | Freehold: Cement Division             | 699.19              | 44.55     |           | 743.74              |                    |              |              |                    | 743.74              | 699.19              |
|        | Sugar Division                        | 475.19              | -         | -         | 475.19              |                    |              |              |                    | 475.19              | 475.19              |
| 2      | Buildings:                            |                     |           |           |                     |                    |              |              |                    |                     |                     |
|        | Factory                               | 3,368.10            | 76.66     |           | 3,444.76            | 959.09             | 113.22       |              | 1,072.31           | 2,372.45            | 2,409.02            |
|        | Factory (Wind Power)                  | 57.55               | -         |           | 57.55               | 16.10              | 1.79         |              | 17.89              | 39.66               | 41.46               |
|        | Non Factory                           | 337.96              | -         | -         | 337.96              | 97.29              | 10.87        |              | 108.16             | 229.80              | 240.66              |
| 3      | Plant & Machinery                     | 12,165.75           | 1,683.08  | -         | 13,848.83           | 7,434.32           | 456.60       |              | 7,890.92           | 5,957.91            | 4,731.43            |
|        | Plant & Machinery (Wind Power)        | 860.45              | -         |           | 860.45              | 474.43             | 25.42        |              | 499.85             | 360.60              | 386.02              |
| 4      | Electrical Installations              | 2,275.22            | 964.37    | -         | 3,239.59            | 1,168.50           | 239.06       |              | 1,407.56           | 1,832.03            | 1,106.73            |
| 5      | Furniture & Fixtures                  | 69.42               | 6.24      | -         | 75.66               | 52.56              | 4.01         |              | 56.57              | 19.09               | 16.87               |
| 6      | Office equipment                      | 52.47               | 2.27      | -         | 54.74               | 47.99              | 1.42         |              | 49.41              | 5.33                | 4.47                |
| 7      | Vehicles                              | 85.92               | 7.13      | -         | 93.05               | 36.60              | 16.37        |              | 52.97              | 40.08               | 49.32               |
| 8      | Other Assets                          | 17.95               | -         | -         | 17.95               | 17.05              | -            |              | 17.05              | 0.90                | 0.90                |
| 9      | Data Processing Equipment             | 79.83               | 2.21      | -         | 82.04               | 70.82              | 5.62         |              | 76.44              | 5.60                | 9.00                |
| 10     | Effluent Treatment Plant              | 19.49               | -         | -         | 19.49               | 18.52              | -            |              | 18.52              | 0.97                | 0.97                |
| 11     | Generators                            | 17.59               | -         | -         | 17.59               | 16.71              | -            |              | 16.71              | 0.88                | 0.88                |
| 12     | Lab Equipment                         | 6.57                | -         | -         | 6.57                | 6.24               | -            |              | 6.24               | 0.33                | 0.33                |
|        | TOTAL (A)                             | 20,588.65           | 2,786.51  | -         | 23,375.16           | 10,416.22          | 874.38       | -            | 11,290.60          | 12,084.56           | 10,172.44           |
| (B)    | Capital Work-in-progress              | 2,050.96            | 507.26    | 2,558.21  | 0.00                |                    |              |              | -                  | 0.00                | 2,050.96            |
|        | Total (B)                             | 2,050.96            | 507.26    | 2,558.21  | 0.00                | -                  | -            | -            | -                  | 0.00                | 2,050.96            |
|        |                                       |                     |           |           |                     |                    |              |              |                    |                     |                     |
|        | Total                                 | 22,639.61           | 3,293.76  | 2,558.21  | 23,375.16           | 10,416.22          | 874.38       | -            | 11,290.60          | 12,084.56           | 12,223.40           |



(All amounts in Lakhs, unless otherwise stated)

**3. Other Intangible Assets**

| Sl. No | Particulars  | GROSS BLOCK         |           |           | DEPRECIATION        |                    |              | NET BLOCK    |                    |                     |                     |
|--------|--|---------------------|-----------|-----------|---------------------|--------------------|--------------|--------------|--------------------|---------------------|---------------------|
|        |  | As at 31 March 2017 | Additions | Deletions | As at 31 March 2018 | Upto 31 March 2017 | For the year | On Deletions | Upto 31 March 2018 | As at 31 March 2018 | As at 31 March 2017 |
|        | <u>Other Intangible Assets:</u><br>Computer Software | 123.69              | -         | -         | 123.69              | 75.83              | 10.20        | -            | 86.02              | 37.67               | 47.87               |
|        | <b>Total</b>   | <b>123.69</b>       | <b>-</b>  | <b>-</b>  | <b>123.69</b>       | <b>75.83</b>       | <b>10.20</b> | <b>-</b>     | <b>86.02</b>       | <b>37.67</b>        | <b>47.87</b>        |

| Sl. No | Particulars  | GROSS BLOCK         |              |           | DEPRECIATION        |                    |              | NET BLOCK    |                    |                     |                     |
|--------|--|---------------------|--------------|-----------|---------------------|--------------------|--------------|--------------|--------------------|---------------------|---------------------|
|        |  | As at 01 April 2016 | Additions    | Deletions | As at 31 March 2017 | Upto 01 April 2016 | For the year | On Deletions | Upto 31 March 2017 | As at 31 March 2017 | As at 01 April 2016 |
|        | <u>Other Intangible Assets:</u><br>Computer Software | 72.71               | 50.98        | -         | 123.69              | 71.44              | 4.38         | -            | 75.83              | 47.87               | 1.27                |
|        | <b>Total</b>   | <b>72.71</b>        | <b>50.98</b> | <b>-</b>  | <b>123.69</b>       | <b>71.44</b>       | <b>4.38</b>  | <b>-</b>     | <b>75.83</b>       | <b>47.87</b>        | <b>1.27</b>         |


**Notes forming part of the Financial Statements for the year ended 31st March, 2018**
**4 Other financial assets**
**(All amounts in Lakhs, unless otherwise stated)**

| Particulars   | As at                       |                             |                             |
|---|-----------------------------|-----------------------------|-----------------------------|
|   | 31 <sup>st</sup> March 2018 | 31 <sup>st</sup> March 2017 | 01 <sup>st</sup> April 2016 |
| Consumption Deposit with CPDCL                        | 471.35                      | 471.35                      | 385.50                      |
| Deposits with balance maturity of more than 12 months |                             |                             |                             |
| - Margin money deposits                               | 213.74                      | -                           | -                           |
| - In Term Deposits                                    | -                           | 382.81                      | 124.00                      |
| <b>Total</b>  | <b>685.09</b>               | <b>854.16</b>               | <b>509.50</b>               |

ii ) Fixed Deposit Receipts for Rs. \_\_\_\_ laksh ( 31.03.2017 - Rs. 156,81 lakhs, 31.03.2017 - 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)**
**In Lakhs**

| Particulars                               | As at                       |                             |                             |
|---|-----------------------------|-----------------------------|-----------------------------|
|   | 31 <sup>st</sup> March 2018 | 31 <sup>st</sup> March 2017 | 01 <sup>st</sup> April 2016 |
| Advances for Capital items                | 671.61                      | 628.19                      | 633.29                      |
| Voltage Surcharge paid under protest      | 72.06                       | 72.06                       | 72.06                       |
| Sales Tax paid under protest <sup>^</sup> | 46.04                       | 41.03                       | 19.09                       |
| Excise Duty & Service tax under protest   | 20.00                       | 20.00                       | 20.00                       |
| Prepaid Lease Rent (refer Note 34.2)      | 11.40                       | 12.00                       | 12.60                       |
| <b>Total</b>                              | <b>821.11</b>               | <b>773.28</b>               | <b>757.04</b>               |

<sup>^</sup> includes an amount of Rs. 21.94 lakhs, being 12.5% of the demand raised by the Asst.Commissioner (CT) , deposited while filing an Appeal against the said demand .The Appellate Authority set aside the demand and remanded the matter.


**6 Inventories**

In Lakhs

| Particulars                                     | As at                       |                             |                             |
|---|-----------------------------|-----------------------------|-----------------------------|
|   | 31 <sup>st</sup> March 2018 | 31 <sup>st</sup> March 2017 | 01 <sup>st</sup> April 2016 |
| <b>At Cost</b>                                  |                             |                             |                             |
| Raw materials                                   | 258.31                      | 273.00                      | 266.25                      |
| <b>At lower of cost or Net Realisable Value</b> |                             |                             |                             |
| Work-in-progress                                | 467.75                      | 254.41                      | 332.46                      |
| Finished goods                                  | 133.44                      | 187.10                      | 172.55                      |
| <b>At Cost</b>                                  |                             |                             |                             |
| Stores and spares                               | 643.53                      | 631.91                      | 638.83                      |
| Coal  | 538.44                      | 566.06                      | 631.36                      |
| Packing Material                                | 27.00                       | 13.09                       | 16.49                       |
| <b>At Realisable Value</b>                      |                             |                             |                             |
| Srap (discarded assets)                         | 8.35                        | 8.59                        | 8.59                        |
| <b>Total</b>                                    | <b>2,076.82</b>             | <b>1,934.16</b>             | <b>2,066.53</b>             |

**7 Investments**

In Lakhs

| Particulars                 | As at                       |                             |                             |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                             | 31 <sup>st</sup> March 2018 | 31 <sup>st</sup> March 2017 | 01 <sup>st</sup> April 2016 |
| Investments in Mutual Funds | 130.85                      | -                           | -                           |
| <b>Total</b>                | <b>130.85</b>               | <b>-</b>                    | <b>-</b>                    |

| Particulars   | As at                       |                             |                             |
|---|-----------------------------|-----------------------------|-----------------------------|
|   | 31 <sup>st</sup> March 2018 | 31 <sup>st</sup> March 2017 | 01 <sup>st</sup> April 2016 |
| a. Aggregate amount of Quoted Investments                 | 130.85                      | -                           | -                           |
| Market Value of Quoted Investments                        | 130.85                      | -                           | -                           |
| b. Aggregate amount of Unquoted investments               | -                           | -                           | -                           |
| c. Aggregate amount of impairment in value of investments | -                           | -                           | -                           |

**8 Trade Receivables**

In Lakhs

| Particulars                | As at                       |                             |                             |
|----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                            | 31 <sup>st</sup> March 2018 | 31 <sup>st</sup> March 2017 | 01 <sup>st</sup> April 2016 |
| Unsecured, considered good | 334.85                      | 266.56                      | 226.17                      |
| <b>Total</b>               | <b>334.85</b>               | <b>266.56</b>               | <b>226.17</b>               |


**9 Cash and cash equivalents**

In Lakhs

| Particulars   | As at                       |                             |                             |
|---|-----------------------------|-----------------------------|-----------------------------|
|   | 31 <sup>st</sup> March 2018 | 31 <sup>st</sup> March 2017 | 01 <sup>st</sup> April 2016 |
| Balances with banks   |                             |                             |                             |
| - In current accounts   | 552.11                      | 752.08                      | 14.31                       |
| - In term deposits (with original maturity of 3 months or less) | -                           | -                           | -                           |
| Cash on hand  | 5.27                        | 1.36                        | 1.60                        |
| <b>Total</b>  | <b>557.39</b>               | <b>753.44</b>               | <b>15.91</b>                |

**10 Other Bank Balances**

In Lakhs

| Particulars  | As at                       |                             |                             |
|--|-----------------------------|-----------------------------|-----------------------------|
|  | 31 <sup>st</sup> March 2018 | 31 <sup>st</sup> March 2017 | 01 <sup>st</sup> April 2016 |
| Balances with Banks  |                             |                             |                             |
| - Margin money deposits with balance maturity of less than 12 months                 | 20.50                       | 229.23                      | 178.46                      |
| - In Term Deposits with balance maturity of more than 3 months & less than 12 months | 195.07                      | -                           | -                           |
| <b>Total</b>   | <b>215.57</b>               | <b>229.23</b>               | <b>178.46</b>               |

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

**11 Loans (Unsecured, considered good)**

In Lakhs

| Particulars       | As at                       |                             |                             |
|-------------------|-----------------------------|-----------------------------|-----------------------------|
|                   | 31 <sup>st</sup> March 2018 | 31 <sup>st</sup> March 2017 | 01 <sup>st</sup> April 2016 |
| Advances to staff | 1.42                        | 1.12                        | 3.07                        |
| <b>Total</b>      | <b>1.42</b>                 | <b>1.12</b>                 | <b>3.07</b>                 |

**12 Other financial assets (Unsecured, considered good)**

In Lakhs

| Particulars      | As at                       |                             |                             |
|------------------|-----------------------------|-----------------------------|-----------------------------|
|                  | 31 <sup>st</sup> March 2018 | 31 <sup>st</sup> March 2017 | 01 <sup>st</sup> April 2016 |
| Sundry deposits  | 75.34                       | 72.29                       | 1.51                        |
| Interest accrued | 54.98                       | 51.10                       | 64.31                       |
| Rent Receivable  | 0.19                        | 0.30                        | 0.23                        |
| <b>Total</b>     | <b>130.51</b>               | <b>123.69</b>               | <b>66.05</b>                |



## 13 Current tax assets (net)

In Lakhs

| Particulars  | As at                       |                             |                             |
|--|-----------------------------|-----------------------------|-----------------------------|
|  | 31 <sup>st</sup> March 2018 | 31 <sup>st</sup> March 2017 | 01 <sup>st</sup> April 2016 |
| Advance Income tax & TDS Receivable (Net of provision) | 143.23                      | 34.36                       | -                           |
| <b>Total</b>   | <b>143.23</b>               | <b>34.36</b>                | <b>-</b>                    |

## 14 Other current assets (Unsecured, considered good)

In Lakhs

| Particulars               | As at                       |                             |                             |
|---------------------------|-----------------------------|-----------------------------|-----------------------------|
|                           | 31 <sup>st</sup> March 2018 | 31 <sup>st</sup> March 2017 | 01 <sup>st</sup> April 2016 |
| Sundry Deposits           | 5.20                        | 5.20                        | 5.20                        |
| Vendor advances           | 502.68                      | 361.12                      | 137.66                      |
| Prepayments               | 85.36                       | 81.75                       | 45.15                       |
| CENVAT & VAT Input Credit | 8.24                        | 44.64                       | 289.04                      |
| <b>Total</b>              | <b>601.48</b>               | <b>492.71</b>               | <b>477.05</b>               |

## 15 Equity Share Capital

In Lakhs

| Particulars                                  | As at                       |                             |                             |
|--|-----------------------------|-----------------------------|-----------------------------|
|  | 31 <sup>st</sup> March 2018 | 31 <sup>st</sup> March 2017 | 01 <sup>st</sup> April 2016 |
| <b>a. Authorised:</b>                        |                             |                             |                             |
| 2,73,00,000 Equity Shares of Rs.10/- each    | 2,730.00                    | 2,730.00                    | 2,730.00                    |
| <b>b. Issued, subscribed and fully paid:</b> |                             |                             |                             |
| 80,16,738 Equity Shares of Rs.10/- each      | 801.67                      | 801.67                      | 801.67                      |

### a. Reconciliation of Equity Shares outstanding at the beginning and at the end of the reporting period

| Particulars                                     | As at                       |               |                             |               |                             |               |
|---|-----------------------------|---------------|-----------------------------|---------------|-----------------------------|---------------|
|   | 31 <sup>st</sup> March 2018 |               | 31 <sup>st</sup> March 2017 |               | 01 <sup>st</sup> April 2016 |               |
|   | No. of shares               | Amount        | No. of shares               | Amount        | No. of shares               | Amount        |
| Shares outstanding at the beginning of the year | 80.17                       | 801.67        | 80.17                       | 801.67        | 80.17                       | 801.67        |
| Add: Shares issued during the year              | -                           | -             | -                           | -             | -                           | -             |
| Shares outstanding at the end of the year       | <b>80.17</b>                | <b>801.67</b> | <b>80.17</b>                | <b>801.67</b> | <b>80.17</b>                | <b>801.67</b> |



## 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 of 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

In Lakhs

| Particulars                    | As at 31 <sup>st</sup> March 2018 |           | As at 31 <sup>st</sup> March 2017 |           | As at 01 <sup>st</sup> April 2016 |           |
|--------------------------------|-----------------------------------|-----------|-----------------------------------|-----------|-----------------------------------|-----------|
|                                | Number of Shares held             | % holding | Number of Shares held             | % holding | Number of Shares held             | % holding |
| Equity Shares of Rs.10/- each: |                                   |           |                                   |           |                                   |           |
| Sri. J S Rao                   | 36.97                             | 46.11     | 36.97                             | 46.11     | 36.97                             | 46.11     |
| Smt.J Triveni                  | 21.95                             | 27.38     | 21.95                             | 27.38     | 21.95                             | 27.38     |

## 16 Other Reserves

In Lakhs

| Particulars                | As at                       |                             |                             |
|----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                            | 31 <sup>st</sup> March 2018 | 31 <sup>st</sup> March 2017 | 01 <sup>st</sup> April 2016 |
| Capital Redemption Reserve | 200.00                      | 150.00                      | 150.00                      |
| <b>Total</b>               | <b>200.00</b>               | <b>150.00</b>               | <b>150.00</b>               |



**Notes forming part of the Financial Statements for the year ended 31st March, 2018**

**17 Borrowings**

(All amounts in Lakhs, unless otherwise stated)

| Particulars  | As at               |                    |                    |                    |                    |                    |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | Non-current portion |                    |                    | Current Maturities |                    |                    |
|  | 31st March<br>2018  | 31st March<br>2017 | 01st April<br>2016 | 31st March<br>2018 | 31st March<br>2017 | 01st April<br>2016 |
| <b><u>Secured</u></b>  |                     |                    |                    |                    |                    |                    |
| Term loans from banks:   |                     |                    |                    |                    |                    |                    |
| - Canara Bank (i)  | -                   | 791.07             | 1,244.00           | -                  | -                  | 245.68             |
| - Andhra Bank  | -                   | -                  | 1,248.00           | 2.19               | -                  | 9.05               |
| - Canara Bank (Power Project) (ii)                                     | -                   | 650.82             | 313.79             | -                  | 360.00             | 270.00             |
| - Canara Bank (iii)  | -                   | 250.21             | -                  | -                  | 315.00             | -                  |
| - Axis Bank  | 759.07              | -                  | -                  | 368.36             | -                  | -                  |
| - Kotak Mahendra Bank (Vehicle loan)                                   | 3.82                | 25.42              | -                  | 21.60              | 19.46              | -                  |
| - ICICI Bank (Vehicle loan)  | 42.57               | -                  | -                  | 11.09              | -                  | -                  |
| Term loans from other parties  |                     |                    |                    |                    |                    |                    |
| - Daimler Financial Services India Pvt Ltd (Vehicle loan)              | -                   | 13.26              | 26.65              | 12.09              | 13.39              | 12.36              |
| <b><u>Unsecured</u></b>  |                     |                    |                    |                    |                    |                    |
| Preference Shares (Issued to Related parties, at amortised cost)       |                     |                    |                    |                    |                    |                    |
| - 5,00,000 9% Cumulative Redeemable Preference shares of Rs.70/- each  | 350.00              | 350.00             | 350.00             | -                  | -                  | -                  |
| - 5,38,440 9% Cumulative Redeemable Preference shares of Rs.100/- each | 488.44              | 538.44             | 538.44             | -                  | -                  | -                  |
| Deferred Payment liabilities   |                     |                    |                    |                    |                    |                    |
| - Sales Tax Deferment  | 1,022.63            | 897.05             | 1,590.43           | -                  | -                  | -                  |
| <b>Total</b>   | <b>2,666.53</b>     | <b>3,516.27</b>    | <b>5,311.31</b>    | <b>415.33</b>      | <b>707.85</b>      | <b>537.09</b>      |





- A. All the installments falling due within 12 months from the date of Balance Sheet have been classified as current maturities, the aggregate amounts are shown under 'Other Current Liabilities'.
- B. The term loan from 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 last installment.

| Particulars   | Rate of Interest | As at 31st March 2018  |        | As at 31st March 2017  |        | As at 31st March 2016  |        |
|---|------------------|------------------------|--------|------------------------|--------|------------------------|--------|
|   |                  | No of Installments due | Amount | No of Installments due | Amount | No of Installments due | Amount |
| <b>Secured</b>  |                  |                        |        |                        |        |                        |        |
| Term loans from banks:                                    |                  |                        |        |                        |        |                        |        |
| - Canara Bank (i)   | 14.45%           | -                      | -      | 20                     | 791    | 24                     | 1,490  |
| - Andhra Bank   | 14.45%           | -                      | -      | -                      | -      | 24                     | 1,257  |
| - Canara Bank (Power Project) (ii)                        | 13.65%           | -                      | -      | 17                     | 1,011  | 20                     | 584    |
| - Canara Bank (iii)                                       | 13.80%           | -                      | -      | 21                     | 565    | -                      | -      |
| - Axis Bank   | 9.75%            | 13                     | 1,127  | -                      | -      | -                      | -      |
| - Kotak Mahendra Bank (Vehicle loan)                      | 10.51%           | 14                     | 25     | 26                     | 45     | -                      | -      |
| - ICICI Bank (Vehicle loan)                               | 8.01%            | 51                     | 54     | -                      | -      | -                      | -      |
| Term loans from other parties                             |                  |                        |        |                        |        |                        |        |
| - Daimler Financial Services India Pvt Ltd (Vehicle loan) | 8.03%            | 11                     | 12     | 23                     | 27     | 35                     | 39     |



## E. Redemption terms of the Preference Shares

| No of shares                | Date of allotment | Terms   |
|-----------------------------|-------------------|---|
| 5,00,000 of Rs. 70/- each   | 24.10.2001        | Redeemable at par at the end of 12th and 13th year from the date of allotment and the amount payable per share is Rs. 35 and 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 17th and 18th year from the date of allotment.                     |
| 2,70,100 of Rs. 100/- each  | 31.10.2002        | Redeemable at par at the end of 11th, 12th and 13th year from the date of allotment and the amount payable per share is Rs. 30, Rs. 35 and 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 16th, 17th and 18th year from the date of allotment. |
| 2,68,340* of Rs. 100/- each | 13.06.2001        | Redeemable at par at the end of 16th, 17th, 18th and 19th year Rs. 50 lakhs per year and at the end of 20th year Rs. 68.34 lakhs  |

\* 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. 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 lakhs over a period of ten years effective 01.04.2005 and repayable after fourteen years from the end of the relevant financial year. Due dates for repayment are given below.

| Due Date   | Amount (Rs. in lakhs) |
|------------|-----------------------|
| 01.04.2020 | 308.18                |
| 01.04.2021 | 491.73                |
| 01.04.2022 | 591.70                |
| 01.04.2023 | 198.82                |

Note: Deputy Commissioner (CI), Suryapet 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 avallment 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 lakhs) |
|------------|-----------------------|
| 01.04.2015 | 308.18                |
| 01.04.2016 | 491.73                |
| 01.04.2017 | 591.70                |
| 01.04.2018 | 198.82                |

However the Hon'ble High Court of A.P. has granted interim stay against the orders of Deputy Commissioner, Commercial Taxes, Suryapet.



**18 Provisions**

| Particulars                            | As at               |                 |                 |                    |                 |                 |
|--|---------------------|-----------------|-----------------|--------------------|-----------------|-----------------|
|  | Non-current portion |                 |                 | Current Maturities |                 |                 |
|  | 31st March 2018     | 31st March 2017 | 01st April 2016 | 31st March 2018    | 31st March 2017 | 01st April 2016 |
| <b>Provision for employee benefits</b> |                     |                 |                 |                    |                 |                 |
| Gratuity                               | 66.76               | 11.69           | 61.13           | 2.25               | 2.25            | 2.03            |
| Compensated absences                   | 41.18               | 37.67           | 33.64           | 0.60               | 0.60            | 0.54            |
| <b>Total</b>                           | <b>107.95</b>       | <b>49.36</b>    | <b>94.77</b>    | <b>2.85</b>        | <b>2.85</b>     | <b>2.57</b>     |

**19 Deferred Tax**

| Particulars  | As at<br>31 March<br>2018 | Recognised in<br>Statement of<br>Profit & Loss | Recognised<br>in Other Com-<br>prehensive<br>Income | As at<br>31 March<br>2017 | Recognised<br>in Statement<br>of Profit &<br>Loss | Recognised<br>in Other<br>Comprehen-<br>sive Income | As at<br>01 April 2016 |
|--|---------------------------|--|---|---------------------------|---|---|------------------------|
| <b>Deferred Tax Liabilities</b>                                    |                           |  |   |                           |   |   |                        |
| Property, Plant & Equipment & Intangible assets                    | 1,670.27                  | 86.21  |   | 1,584.06                  | 409.63  |   | 1,174.42               |
| Fair Value adjustments of financial liabilities                    | 8.53                      | (0.52)   |   | 9.04                      | (2.57)  |   | 11.62                  |
|  | 1,678.80                  | 85.69  | -   | 1,593.10                  | 407.06  | -   | 1,186.04               |
| <b>Deferred Tax Assets</b>   |                           |  |   |                           |   |   |                        |
| Unused Tax Losses  | 1.60                      | -  |   | 1.60                      | (195.05)  |   | 196.64                 |
| Employee Benefits & Statutory Liabilities allowed on Payment Basis | 75.08                     | 3.15   | (16.90)   | 55.04                     | (4.91)  | 12.74   | 72.70                  |
| MAT Credit entitlement   | 1,187.82                  | (130.80)                                       |   | 1,318.61                  | 350.45  |   | 968.17                 |
|  | 1,264.50                  | (127.65)                                       | (16.90)   | 1,375.25                  | 150.49  | 12.74   | 1,237.51               |
| <b>Net Deferred Tax Liability/(Asset)</b>                          | <b>414.30</b>             | <b>213.34</b>                                  | <b>16.90</b>  | <b>217.85</b>             | <b>256.57</b>                                     | <b>(12.74)</b>                                      | <b>(51.47)</b>         |


**20 Other non-current liabilities**

| Particulars               | As at           |                 |                 |
|---------------------------|-----------------|-----------------|-----------------|
|                           | 31st March 2018 | 31st March 2017 | 01st April 2016 |
| Deferred Government Grant | 573.96          | 688.76          | -               |
| <b>Total</b>              | <b>573.96</b>   | <b>688.76</b>   | <b>-</b>        |

**21 Short term Borrowings**

| Particulars                                  | As at           |                 |                 |
|--|-----------------|-----------------|-----------------|
|  | 31st March 2018 | 31st March 2017 | 01st April 2016 |
| <b><u>A. Secured (payable on demand)</u></b> |                 |                 |                 |
| Canara Bank - Cash Credit                    | -               | 699.33          | 264.77          |
| State Bank of India - Overdraft              | 39.90           | 69.77           | 2.71            |
| Foreign Supplier Credit - Power Project      | -               | 441.75          | 1,033.89        |
| Axis Bank - Cash Credit                      | 668.11          | -               | -               |
| <b>Total (a)</b>                             | <b>708.01</b>   | <b>1,210.85</b> | <b>1,301.37</b> |
| <b><u>B. Unsecured</u></b>                   |                 |                 |                 |
| From Related parties (payable on demand):    |                 |                 |                 |
| i) Inter Corporate Deposits                  | 2,471.92        | 1,132.70        | 1,089.43        |
| ii) Loan from Directors                      | -               | 77.87           | 328.73          |
| From Others (unsecured)                      |                 |                 |                 |
| Trade and Rent Deposits                      | 5.49            | 5.22            | 5.22            |
| <b>Total (b)</b>                             | <b>2,477.41</b> | <b>1,215.79</b> | <b>1,423.38</b> |
| <b>Total (a+b)</b>                           | <b>3,185.42</b> | <b>2,426.64</b> | <b>2,724.75</b> |

**A. Secured:**

- (i) Cash Credit from Axis Bank sanctioned limit of Rs. 700 lakhs, is secured by way of hypothecation of work-in-process, finished goods, raw materials, stores and spares, receivables both present and future and also by a second charge on the immovable properties and other fixed assets of the company. Further working capital loans are guaranteed by two of the directors of company individually and equitable mortgage against the residential property of a director of Company.
- (ii) Overdraft from State Bank of India was secured by Fixed Deposit Receipt of Rs. 156.81 lakhs

**B. Unsecured:**

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


**22. Trade payables**

In Lakhs

| Particulars                                    | As at           |                 |                 |
|--|-----------------|-----------------|-----------------|
|  | 31st March 2018 | 31st March 2017 | 01st April 2016 |
| Other than Micro, Small and Medium Enterprises | 1,727.06        | 1,615.21        | 1,502.57        |
| <b>Total (a)</b>                               | <b>1,727.06</b> | <b>1,615.21</b> | <b>1,502.57</b> |

**23. Other financial liabilities**

In Lakhs

| Particulars  | As at           |                 |                 |
|--|-----------------|-----------------|-----------------|
|  | 31st March 2018 | 31st March 2017 | 01st April 2016 |
| i. Current maturities of long-term debt (Refer Note - 14)  | 415.33          | 707.85          | 537.09          |
| ii. Interest accrued but not due                           | 0.00            | 14.71           | 8.68            |
| iii. Outstanding expenses                                  | 269.40          | 275.77          | 200.79          |
| iv. Creditors for capital goods                            | 223.51          | 255.18          | 214.05          |
| v. Employee benefits payable                               | 155.73          | 140.76          | 128.21          |
| vi. Other creditors  | 1.30            | 1.12            | 1.29            |
| vii. Interest on Preference Shares Payable (including DDT) | 90.82           | 1,467.05        | 1,370.81        |
| <b>Total</b>   | <b>1,156.09</b> | <b>2,862.44</b> | <b>2,460.92</b> |

**24. Other current liabilities**

In Lakhs

| Particulars                | As at           |                 |                 |
|----------------------------|-----------------|-----------------|-----------------|
|                            | 31st March 2018 | 31st March 2017 | 01st April 2016 |
| i. Advances from customers | 1,025.62        | 874.69          | 421.00          |
| ii. Statutory remittances  | 498.65          | 405.63          | 251.87          |
| <b>Total</b>               | <b>1,524.27</b> | <b>1,280.32</b> | <b>672.87</b>   |

**25. Current Tax Liabilities (Net)**

In Lakhs

| Particulars  | As at           |                 |                 |
|--|-----------------|-----------------|-----------------|
|  | 31st March 2018 | 31st March 2017 | 01st April 2016 |
| Provision for Income tax (Net of Advance tax & TDS Receivable) | -               | -               | 34.06           |
| <b>Total</b>   | <b>-</b>        | <b>-</b>        | <b>34.06</b>    |


**Notes forming part of the Financial Statements for the year ended 31st March, 2018**
**26 Revenue from operations**
**(All amounts in Lakhs, unless otherwise stated)**

| Particulars                                     | Current year     | Previous Year    |
|---|------------------|------------------|
| <b>Sale of products (including Excise Duty)</b> |                  |                  |
| Sale of cement                                  | 18,356.13        | 18,904.83        |
| Sale of printed circuit boards*                 | 809.51           | 816.78           |
| Sale of Wind Power                              | 93.69            | 105.69           |
|   | -                | -                |
| <b>Total</b>                                    | <b>19,259.33</b> | <b>19,827.30</b> |

\* Net of rejections and returns

**27 Other Income**
**In Lakhs**

| Particulars                                    | Current year  | Previous Year |
|--|---------------|---------------|
| Interest Income                                | 140.36        | 67.63         |
| Miscellaneous income                           | 39.10         | 8.83          |
| Gains from foreign exchange fluctuations (net) | 0.76          | -             |
| Government Grants                              | 114.79        | 114.79        |
| <b>Total</b>                                   | <b>295.01</b> | <b>191.25</b> |

**28 Raw materials consumed**
**In Lakhs**

| Particulars                    | Current year    | Previous Year   |
|--------------------------------|-----------------|-----------------|
| Opening Stock                  | 273.00          | 266.25          |
| Add: Purchases during the year | 2,051.50        | 1,953.76        |
|                                | 2,324.50        | 2,220.01        |
| Less: Closing Stock            | 258.30          | 273.00          |
| <b>Total</b>                   | <b>2,066.20</b> | <b>1,947.01</b> |

**Details of raw materials consumed**
**In Lakhs**

| Particulars         | Current year | Previous Year |
|---------------------|--------------|---------------|
| Lime stone          | 828.70       | 801.11        |
| Fly Ash             | 129.63       | 146.24        |
| Gypsum              | 439.13       | 340.58        |
| Laterite            | 197.89       | 177.98        |
| Others              | 229.91       | 212.94        |
| Electronic Division | 240.94       | 268.16        |
|                     | 2,066.20     | 1,947.01      |


**29 Changes in inventories of finished goods and work-in-progress**

In Lakhs

| Particulars                           | Current year    | Previous Year |
|---------------------------------------|-----------------|---------------|
| <b>Opening Stock:</b>                 |                 |               |
| Finished Goods                        | 187.10          | 172.55        |
| Work-in-process                       | 254.40          | 332.46        |
| Scrap                                 | 8.59            | 8.59          |
|                                       | 450.09          | 513.60        |
| <b>Less: Closing Stock:</b>           |                 |               |
| Finished Goods                        | 133.44          | 187.10        |
| Work-in-process                       | 467.75          | 254.40        |
| Scrap                                 | 8.35            | 8.59          |
|                                       | 609.54          | 450.09        |
|                                       |                 |               |
| <b>(Increase)/ Decrease in stocks</b> | <b>(159.45)</b> | <b>63.51</b>  |

**30 Employee Benefits Expense**

In Lakhs

| Particulars                               | Current year    | Previous Year   |
|---|-----------------|-----------------|
| Salaries and Wages                        | 1,200.64        | 1,180.10        |
| Contribution to provident and other funds | 73.05           | 66.31           |
| Gratuity, bonus and incentives            | 108.75          | 104.53          |
| Staff welfare expenses                    | 57.30           | 53.80           |
| <b>Total</b>                              | <b>1,439.74</b> | <b>1,404.74</b> |

**31 Finance Costs**

In Lakhs

| Particulars                                  | Current year  | Previous Year |
|--|---------------|---------------|
| <b>Interest expense:</b>                     |               |               |
| Working capital loans                        | 40.12         | 23.55         |
| Term loans                                   | 242.08        | 310.70        |
| Unsecured loans                              | 181.64        | 128.32        |
| Others                                       | 11.39         | 33.36         |
| Unwinding of interest on sales tax deferment | 125.59        | 110.16        |
| Dividend on redeemable preference shares     | 90.82         | 96.24         |
| <b>Total</b>                                 | <b>691.64</b> | <b>702.33</b> |


**32 Other Expenses**
**In Lakhs**

| Particulars                       | Current year     | Previous Year    |
|-----------------------------------|------------------|------------------|
| Consumption of stores             | 606.47           | 609.63           |
| Power and fuel                    | 7,268.79         | 6,541.43         |
| Land Rent                         | 0.60             | 0.60             |
| Packing and forwarding expenses   | 3,487.29         | 1,884.80         |
| Repairs to: buildings             | 2.78             | 0.57             |
| : plant and machinery             | 166.93           | 74.41            |
| : others                          | 25.99            | 15.30            |
| Taxes & Duties                    | 973.42           | 3,486.43         |
| Insurance                         | 25.85            | 26.69            |
| Bad debts                         | -                | -                |
| Auditors remuneration - Audit fee | 1.50             | 1.50             |
| - Tax Audit                       | 0.50             | 0.50             |
| - Certification                   | 0.25             | 0.33             |
| Miscellaneous Expenses            | 716.59           | 565.65           |
| Sugar Division Expenses           | 5.43             | 4.31             |
| <b>Total</b>                      | <b>13,282.39</b> | <b>13,212.15</b> |

**33 Exceptional Items**

| Particulars                  | Current year   | Previous Year |
|------------------------------|----------------|---------------|
| Loss on sale of Mutual Funds | (0.19)         | -             |
| DMF                          | (80.05)        | -             |
| <b>Total</b>                 | <b>(80.24)</b> | <b>-</b>      |





## Explanatory Notes & Other Disclosures

34.1. a) Contingent Liabilities not provided for in respect of:

Rs. in lakhs

|     |                | As at 31.03.2018 | As at 31.03.2017 | As at 31.03.2016 |
|-----|----------------|------------------|------------------|------------------|
| (i) | Bank Guarantee | 391.53           | 375.24           | 183.04           |

- (ii) A.P. General Sales Tax liability of Rs. 18.77 lakhs (Upto 31.03.2017 – Rs. 18.77 lakhs, Upto 31.03.2016 – 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 31.03.2017 – Rs. 6.20 lakhs, upto 31.03.2016 – 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) Demand from Central Excise Authorities for Rs. 95.01 lakhs together with penalty of Rs. 95.01 lakhs (31.03.2017 – Rs. 190.02 lakhs, 31.03.2016 – Rs. 190.02 lakhs) against alleged ineligible Cenvat Credit on Capital items by Cement Division, as the Company's legal counsel opined that the demand is not sustainable and the company has gone an appeal before CESAT, Bangalore on depositing Rs. 20 lakhs (31.03.2017 – Rs. 20 lakhs, 31.03.2016 – Rs. 20 lakhs) as predeposit to hear the case by CESTAT.
- (vi) **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.



(vii) Commercial tax department, Government of Telangana has issued demand notice for the payment of entry tax Rs.40.13 lakhs pertaining to financial year 2012-13 to 2016-17. Company has filed an appeal before the appellate Deputy Commissioner (CT), Hyderabad Rural Division by paying 12.5% of the disputed tax.

(viii) Estimated amount of contracts to be executed on capital account – 45.62 (Net of advances)

34.2. Upfront lease amount of Rs. 18 lakhs paid to Karnataka Forest Dept. towards Wind mill land lease is amortized over the lease period of 30 years. Accordingly, Rs. 0.60 lakhs for the current year is amortized (upto previous year - Rs. 6.00 lakhs). Unamortised amount as on each balance sheet date is shown under Other non current assets as “Prepaid Lease rent”.

34.3. The Company could not obtain confirmation of balances as at 31<sup>st</sup> March 2018 in respect of Loans and advances Rs. 2657.38 lakhs and the Company hopes that they would be collected, adjusted and paid.

34.4. 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.

34.5. **Foreign Exchange Earnings and Expenditure:**

|    |   | Current Year<br>(Rs. in lakhs) | Previous Year<br>(Rs. in lakhs) |
|----|---|--------------------------------|---------------------------------|
| a) | Value of Imports calculated on CIF basis      |                                |                                 |
|    | i) Fixed Asset- Plant and Machinery           | 10.81                          | 623.42                          |
|    | ii) Raw Materials                             | 174.07                         | 118.11                          |
|    | iii) Spares                                   | 13.27                          | Nil                             |
| b) | Expenditure in foreign currency on account of |                                |                                 |
|    | Travelling                                    | 54.38                          | 67.59                           |

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  | 2496.20                     | 93.40  | 2349.51                      | 91.90  |
| Imported    | 176.46                      | 6.60   | 207.13                       | 8.10   |
| Total       | 2672.66                     | 100.00 | 2556.64                      | 100.00 |



d) Earnings in foreign Exchange:

|  |   | Current Year<br>(Rs. in lakhs) | Previous Year<br>(Rs. in lakhs) |
|--|---|--------------------------------|---------------------------------|
|  | Export of goods calculated on F.O.B basis | 25.21                          | 17.62                           |

34.6. **Disclosures in accordance with Companies (India Accounting Standards) Rules, 2015 notified by the Central Government:**

34.6.1. **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**

in Lakhs

| Particulars                      | As at<br>31.03.2018 | As at<br>31.03.2017 | As at<br>01.04.2016 |
|----------------------------------|---------------------|---------------------|---------------------|
| (a) Debt                         | 5851.96             | 5942.91             | 8036.07             |
| (b) Cash & Cash Equivalents      | (557.39)            | (753.44)            | (15.91)             |
| (c) Net Debt (a) + (b)           | 5294.57             | 5189.47             | 8020.16             |
| (d) Total Equity                 | 56,98.90            | 4935.51             | 3772.16             |
| Net debt to equity ratio (c)/(d) | 0.93                | 1.05                | 2.13                |

34.6.2. **Income Taxes**

(i) **Reconciliation of Tax Expense and Accounting profit multiplied by Applicable tax rate**

in Lakhs

|     |   | Current Year | Previous Year |
|-----|---|--------------|---------------|
| (i) | <b>Tax expense recognized in Statement of Profit and loss</b> |              |               |
|     | Current Tax   | 240.86       | 414.21        |
|     | Deferred Tax (including MAT Credit Entitlement)               | 213.34       | 256.57        |
|     | Income tax of earlier years                                   | (154.16)     | -             |
|     | Total   | 300.04       | 670.78        |
|     |   |              |               |



|      |   |          |         |
|------|---|----------|---------|
| (ii) | <b>Effective tax Reconciliation</b>                       |          |         |
|      | (a) Profit/(loss) before tax                              | 1095.35  | 1810.05 |
|      | (b) Applicable tax rate                                   | 34.608%  | 34.608% |
|      | (c) Tax expense on Net profit (a*b)                       | 379.08   | 626.42  |
|      | (d) Increase/(decrease) in tax expenses on account of:    |          |         |
|      | - Exempt Income   | (3.85)   | -       |
|      | - Expenses not allowed under income tax                   | 78.96    | 47.33   |
|      | - Income tax of earlier years                             | (154.16) |         |
|      | - Others  | -        | (2.97)  |
|      | Total (d)   | (79.05)  | 44.35   |
|      | (e) Tax Expense as per Statement of Profit and loss (c+d) | 300.03   | 670.77  |

### 34.6.3. Post-Employment Benefits

#### a. Contributions to Defined Contribution Plans

in Lakhs

| Particulars                               | Current Year (Rs.) | Previous Year (Rs.) |
|---|--------------------|---------------------|
| Contribution to Provident and other funds | 61.94              | 59.61               |
| Contribution to Employee State Insurance  | 11.10              | 6.70                |
| Total                                     | 73.04              | 66.31               |

#### b. Defined Benefit Plans

##### (i) Gratuity (funded)

in Lakhs

|          | Particulars   | Current Year (Rs.) | Previous Year (Rs.) |
|----------|---|--------------------|---------------------|
| <b>A</b> | <b>Changes in Present Value of Defined Benefit Obligation</b> |                    |                     |
|          | Opening defined benefit obligation                            | 241.04             | 262.09              |
|          | Interest cost   | 19.28              | 20.97               |
|          | Current services cost   | 11.50              | 9.76                |
|          | Benefits paid   | (9.79)             | (4.30)              |
|          | Actuarial(gains)/losses on obligation                         | 37.96              | (47.47)             |
|          | Closing defined benefit obligation                            | <b>300.00</b>      | <b>241.05</b>       |
| <b>B</b> | <b>Changes in Fair Value of Plan Assets</b>                   |                    |                     |
|          | Opening Fair value of plan assets                             | 191.33             | 110.95              |
|          | Expected Return   | 16.96              | 14.01               |
|          | Contributions   | 25.01              | 68.33               |



|          |  |               |                |
|----------|--|---------------|----------------|
|          | Benefits paid  | -             | -              |
|          | Premium expenses   | (2.31)        | (1.96)         |
|          | Actuarial Gain/loss  | -             | -              |
|          | Closing fair value of plan assets                          | <b>230.99</b> | <b>191.33</b>  |
|          |  |               |                |
| <b>C</b> | <b>Expenses recognized in statement of profit and loss</b> |               |                |
|          | Current Service Cost                                       | 11.50         | 9.76           |
|          | Interest Cost on benefit obligation                        | 19.28         | 20.97          |
|          | Expected return on plan assets                             | (16.95)       | (14.01)        |
|          | Premium Expenses   | 2.31          | 1.96           |
|          | Total  | <b>16.14</b>  | <b>18.68</b>   |
|          |  |               |                |
| <b>D</b> | <b>Expenses recognized in Other Comprehensive Income</b>   |               |                |
|          | Actuarial(gains)/losses on obligation                      | 37.96         | (14.01)        |
|          | Return on plan assets (greater)/lesser than discount rate  | -             | -              |
|          | Total  | <b>37.96</b>  | <b>(14.01)</b> |
|          |  |               |                |
| <b>E</b> | <b>Actuarial Assumptions</b>                               |               |                |
|          | Future Salary Rise   | 5%            | 5%             |
|          | Rate of Discounting  | 8%            | 8%             |
|          | Attrition rate   | 1%            | 1%             |
|          | Mortality table  | IALM 2006-08  | LIC (2006-08)  |
|          | Expected rate of return on plan assets                     | 8.25%         | 8.25%          |
|          | Average Balance Service                                    | 16.26 years   | 16.65 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:

in Lakhs

| Particulars         | 31 <sup>st</sup> March 2018 |          |
|---------------------|-----------------------------|----------|
|                     | Increase                    | Decrease |
| Salary esclation    | 19.63                       | (16.35)  |
| Attrition rate      | (23.89)                     | 27.91    |
| Rate of Discounting | (23.89)                     | 27.91    |


**(ii) Leave Encashment (unfunded)**
**in Lakhs**

|          | Particulars   | Current Year             | Previous Year |
|----------|---|--------------------------|---------------|
| <b>A</b> | <b>Changes in Present Value of Defined Benefit Obligation</b> |                          |               |
|          | Opening defined benefit obligation                            | 38.27                    | 34.18         |
|          | Interest cost   | 3.06                     | 2.73          |
|          | Current services cost   | 1.05                     | 1.57          |
|          | Benefits paid   | (11.46)                  | (10.86)       |
|          | Actuarial(gains)/losses on obligation                         | 10.86                    | 10.65         |
|          | Closing defined benefit obligation                            | <b>41.78</b>             | <b>38.27</b>  |
|          |   |                          |               |
| <b>B</b> | <b>Expenses recognized in statement of profit and loss</b>    |                          |               |
|          | Current Service Cost  | 1.05                     | 1.57          |
|          | Interest Cost on benefit obligation                           | 3.06                     | 2.74          |
|          | Total   | <b>4.11</b>              | <b>4.31</b>   |
|          |   |                          |               |
| <b>C</b> | <b>Expenses recognized in Other Comprehensive Income</b>      |                          |               |
|          | Actuarial(gains)/losses on obligation                         | 10.86                    | 10.65         |
|          | Total   | <b>10.86</b>             | <b>10.65</b>  |
|          |   |                          |               |
| <b>D</b> | <b>Actuarial Assumptions</b>                                  |                          |               |
|          | Future Salary Rise  | 5%                       | 5%            |
|          | Rate of Discounting   | 8%                       | 8%            |
|          | Attrition rate  | 1%                       | 1%            |
|          | Mortality table   | IALM 2006-08<br>Ultimate | LIC (2006-08) |


**34.6.4. 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. | Mr. Rajesh Kumar Yadav (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 management personnel have significant influence:**  
(Rs. in Lakhs)

| Nature of transactions                                | Current Year | Previous Year | Receivable/ (Payable) as on 31.03.2018 | Receivable/ (Payable) as on 31.03.2017 | Receivable/ (Payable) as on 31.03.2016 |
|---|--------------|---------------|--|--|--|
| Inter Corporate Deposits Repayments                   | 1,333.39     | 43.27         | (2,472.91)                             | (1132.70)                              | (1089.43)                              |
| Interest Accrued                                      | 180.10       | 106.34        |  |  |  |
| Current Account - expenses incurred – to be recovered | 0.48         | 0.31          | 2.58                                   | 2.18                                   | 1.87                                   |


**(ii) Transactions with Relatives of Key Management Personnel**

| Nature of transactions | Current Year | Previous Year | Receivable/ (Payable) as on 31.03.2018 | Receivable/ (Payable) as on 31.03.2017 | Receivable/ (Payable) as on 31.03.2016 |
|------------------------|--------------|---------------|--|--|--|
| Remuneration           | 29.37        | 26.71         | (2.80)                                 | (2.02)                                 | (2.19)                                 |
| Sale of Cement         | 5.56         | 0.60          | 5.56                                   | -                                      | -                                      |
| Rent                   | 3.00         | 3.00          | (0.25)                                 | (0.23)                                 | -                                      |

**(iii) Transactions with Key Management Personnel**
**a. Executive Chairperson & Managing Director**

| Nature of transactions              | Current Year | Previous Year | Receivable/ (Payable) as on 31.03.2018 | Receivable/ (Payable) as on 31.03.2017 | Receivable/ (Payable) as on 31.03.2016 |
|-------------------------------------|--------------|---------------|--|--|--|
| Unsecured loan (including interest) | (77.87)      | (250.86)      | -                                      | (77.87)                                | (328.73)                               |
| Remuneration                        | 131.69       | 215.65        | (2.14)                                 | (32.84)                                | (6.13)                                 |
| Contribution to P.F.                | 5.76         | 5.76          | -                                      | -                                      | -                                      |

**b. Others**

| Nature of transactions | Current Year | Previous Year | Receivable/ (Payable) as on 31.03.2018 | Receivable/ (Payable) as on 31.03.2017 | Receivable/ (Payable) as on 31.03.2016 |
|------------------------|--------------|---------------|--|--|--|
| Remuneration           | 7.70         | 7.72          |  |  |  |
| Sitting Fees           | 0.77         | 1.19          |  |  |  |

**34.6.5. Earnings per share**

| Particulars  | Current Year | Previous Year |
|--|--------------|---------------|
| (a) Profit/(loss) after tax (in Rs.)                         | 795.32       | 1139.27       |
| (b) Number of shares outstanding (face value of Rs. 10 each) | 80,16,738    | 80,16,738     |
| (c) Earnings Per Share (in Rs.)                              | 9.92         | 14.21         |

**34.6.6. 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.


**34.6.6 Financial Assets & Financial Liabilities**
**In Lakhs**

| Particulars                         | Carrying Amount |        |        |          | Fair Value Hierarchy |         |         |
|-------------------------------------|-----------------|--------|--------|----------|----------------------|---------|---------|
|                                     | Amortised cost  | FVTPL  | FVTOCI | Total    | Level 1              | Level 2 | Level 3 |
| <b>As at 31st March 2018</b>        |                 |        |        |          |                      |         |         |
| <b>Financial Assets</b>             |                 |        |        |          |                      |         |         |
| Investments (Refer note below)      | 0.06            | 130.85 |        | 130.91   | 130.85               |         |         |
| Trade Receivables                   | 334.85          |        |        | 334.85   |                      |         |         |
| Cash and cash equivalents           | 557.39          |        |        | 557.39   |                      |         |         |
| Bank balances other than (ii) above | 215.57          |        |        | 215.57   |                      |         |         |
| Loans                               | 1.42            |        |        | 1.42     |                      |         |         |
| Others                              | 815.60          |        |        | 815.60   |                      |         |         |
| <b>Financial Liabilities</b>        |                 |        |        |          |                      |         |         |
| Borrowings                          | 5,851.95        |        |        | 5,851.95 |                      |         |         |
| Trade Payables                      | 1,727.06        |        |        | 1,727.06 |                      |         |         |
| Others                              | 1,156.09        |        |        | 1,156.09 |                      |         |         |
| <b>As at 31st March 2017</b>        |                 |        |        |          |                      |         |         |
| <b>Financial Assets</b>             |                 |        |        |          |                      |         |         |
| Investments (Refer note below)      | 0.06            | -      |        | 0.06     | -                    |         |         |
| Trade Receivables                   | 266.56          |        |        | 266.56   |                      |         |         |
| Cash and cash equivalents           | 753.44          |        |        | 753.44   |                      |         |         |
| Bank balances other than (ii) above | 229.23          |        |        | 229.23   |                      |         |         |
| Loans                               | 1.12            |        |        | 1.12     |                      |         |         |
| Others                              | 977.85          |        |        | 977.85   |                      |         |         |
| <b>Financial Liabilities</b>        |                 |        |        |          |                      |         |         |
| Borrowings                          | 5,942.91        |        |        | 5,942.91 |                      |         |         |
| Trade Payables                      | 1,615.21        |        |        | 1,615.21 |                      |         |         |
| Others                              | 2,862.44        |        |        | 2,862.44 |                      |         |         |
| <b>As at 01st April 2016</b>        |                 |        |        |          |                      |         |         |
| <b>Financial Assets</b>             |                 |        |        |          |                      |         |         |
| Investments (Refer note below)      | 0.06            | -      |        | 0.06     | -                    |         |         |
| Trade Receivables                   | 226.17          |        |        | 226.17   |                      |         |         |
| Cash and cash equivalents           | 15.91           |        |        | 15.91    |                      |         |         |
| Bank balances other than (ii) above | 178.46          |        |        | 178.46   |                      |         |         |
| Loans                               | 3.07            |        |        | 3.07     |                      |         |         |
| Others                              | 575.55          |        |        | 575.55   |                      |         |         |
| <b>Financial Liabilities</b>        |                 |        |        |          |                      |         |         |
| Borrowings                          | 8,036.07        |        |        | 8,036.07 |                      |         |         |
| Trade Payables                      | 1,502.57        |        |        | 1,502.57 |                      |         |         |
| Others                              | 2,460.92        |        |        | 2,460.92 |                      |         |         |

Note: Investments in Mutual funds are measured at FVTPL as mandatorily required by Ind AS 109



### 34.6.7. 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:

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:



| Particulars | Change in Rate | For the year ended 31 <sup>st</sup><br>March 2018 | For the year ended 31 <sup>st</sup><br>March 2017 |
|-------------|----------------|---|---|
| USD         | + 0.50%        | 1,493   | 4,498   |
|             | - 0.50%        | (1,493)   | (4,498)   |

### 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 |            |
|-------------------------------------|-------------------------|------------|---------------|------------|
|                                     | 2017-18                 | 2016-17    | 2017-18       | 2016-17    |
| Mutual Fund<br>(1% change in price) | 1.31                    | Nil        | Nil           | Nil        |
| <b>Total</b>                        | <b>1.31</b>             | <b>Nil</b> | <b>Nil</b>    | <b>Nil</b> |

### (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.

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 |
|-----------------------------|---------|-----------|----------|--------------|-----------|
| <b>As at 31 March 2018</b>  |         |           |          |              |           |
| Borrowings – Non-Current    | 2666.53 |           |          | 2666.53      |           |
| Borrowings – Current        | 3185.42 | 3185.42   |          |              |           |
| Trade Payables              | 1727.06 |           | 1727.06  |              |           |
| Other financial liabilities | 1156.09 |           | 1156.09  |              |           |
|                             |         |           |          |              |           |
| <b>As at 31 March 2017</b>  |         |           |          |              |           |
| Borrowings – Non-Current    | 3516.27 |           |          | 3516.27      |           |
| Borrowings – Current        | 2426.64 | 2426.64   |          |              |           |
| Trade Payables              | 1615.20 |           | 1615.20  |              |           |
| Other financial liabilities | 2862.44 |           | 2862.44  |              |           |
|                             |         |           |          |              |           |
| <b>As at 01 April 2016</b>  |         |           |          |              |           |
| Borrowings – Non-Current    | 5311.31 |           |          | 5311.31      |           |
| Borrowings – Current        | 2724.75 | 2724.75   |          |              |           |
| Trade Payables              | 1502.57 |           | 1502.57  |              |           |
| Other financial liabilities | 2460.92 |           | 2460.92  |              |           |


**34.6.8. 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  | 18,356.13       | 93.69     | 809.51               |             | 19,259.33 |
| Previous Year   | 18,904.83       | 105.69    | 816.78               |             | 19,827.30 |
| Inter-segment Sales   | Nil             | Nil       | Nil                  |             | Nil       |
| Total Revenue:  |                 |           |                      |             |           |
| Current Year  | 18,356.13       | 93.69     | 809.51               |             | 19,259.33 |
| Previous Year   | 18,904.83       | 105.69    | 816.78               |             | 19,827.30 |
| Segment Result Before Interest and Tax:                       |                 |           |                      |             |           |
| Current Year  | 1,728.92        | 39.17     | 24.33                |             | 1,792.41  |
| Previous Year   | 2,301.04        | 52.01     | 163.64               |             | 2,516.69  |
| Less: Unallocated Expense:                                    |                 |           |                      |             |           |
| Current Year  |                 |           |                      | 5.43        | 5.43      |
| Previous Year   |                 |           |                      | 4.31        | 4.31      |
| Less: Interest Expenses:                                      |                 |           |                      |             |           |
| Current Year  |                 |           |                      | 691.63      | 691.63    |
| Previous Year   |                 |           |                      | 702.34      | 702.34    |
| Less: Income Taxes:   |                 |           |                      |             |           |
| Current Year  |                 |           |                      | 300.03      | 300.03    |
| Previous Year   |                 |           |                      | 670.78      | 670.78    |
| Profit/ (Loss):   |                 |           |                      |             |           |
| Current Year  | 1,728.92        | 39.17     | 24.33                | (997.09)    | 795.32    |
| Previous Year   | 2,301.04        | 52.01     | 163.64               | (1,377.43)  | 1,139.27  |
| Segment Assets:   |                 |           |                      |             |           |
| Current Year  | 14,825.70       | 390.23    | 1,567.31             | 274.08      | 17,057.32 |
| Previous Year   | 15,304.23       | 416.06    | 1,874.91             | Nil         | 17,595.20 |
| Segment Liabilities:  |                 |           |                      |             |           |
| Current Year  | 10,219.46       | Nil       | 209.71               | 929.26      | 11,358.42 |
| Previous Year   | 10,156.56       | Nil       | 147.64               | 2,355.49    | 12,659.69 |
| Depreciation:   |                 |           |                      |             |           |
| Current Year  | 1,006.28        | 27.81     | 24.15                |             | 1,058.24  |
| Previous Year   | 845.74          | 27.81     | 5.22                 |             | 878.77    |
| Additions to Property, plant & equipment & Intangible assets: |                 |           |                      |             |           |
| Current Year  | 195.59          | 0         | 90.04                |             | 285.63    |
| Previous Year   | 2,831.57        | 0         | 5.91                 |             | 2,837.48  |


**(a) Information about Products and Services**

(Rs. In lakhs)

| Products                  | Revenues         |
|---------------------------|------------------|
| a. Cement                 | 18,356.13        |
| b. Printed Circuit Boards | 809.51           |
| c. Wind Power             | 93.69            |
| <b>TOTAL</b>              | <b>19,259.33</b> |

**(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      | 19,234.12        | 12,180.05   |
| (B) Outside India     |                  |   |
| USA                   | 25.21            |   |
| <b>TOTAL</b>          | <b>19,259.33</b> | <b>12,180.05</b>  |

**(c) Information about major customers**

Revenue from transactions with a single customer exceed 10% or more of entity revenues in case of 6 customers in Cement Division and 1 customers in Electronics Division.

**34.6.9. Dues to Micro, Small and Medium Enterprises**

On the basis of details furnished by the suppliers, there are no amounts to be reported as dues to micro, small and medium enterprises as required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act").

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

**34.6.11. FIRST TIME ADOPTION OF IND AS**

For all periods, up to and including the year ended 31st March 2017 the company has prepared its financial statements in accordance with generally accepted accounting principles and accounting standards notified under section 133 of the Companies Act 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014 ("Previous GAAP").

These financial statements for the year ended 31st March 2018 are the company's first annual Ind AS complied financial statements.

The company has prepared financial statements which comply with Ind AS applicable for period beginning on or after 01st April 2016 (transition date) as described in the accounting policies. This note explains the principal adjustment made by the company in restating its Balance Sheets as at 01st April 2016 & 31st March 2017 and Statement of Profit & Loss for the year ended 31st March 2017.



### A. Optional Exemptions from retrospective application

Ind AS 101 permits first-time adopters certain exemptions from retrospective application of certain requirements under Ind AS. The Company has elected to apply the following optional exemptions from retrospective application:

(i) Business Combinations:

Ind AS 101 provides the option to apply Ind AS 103 – Business Combinations prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Hence, Business combinations occurring prior to the transition date have not been restated.

(ii) Deemed cost for property, plant & equipment and Intangible asset:

The Company has elected to continue with the Previous GAAP carrying value for all its property, plant and equipment and intangible assets and use that as deemed cost on the date of transition to Ind AS.

### B. Mandatory Exceptions from retrospective application

The Company has applied the following exceptions to the retrospective application of Ind AS as mandatorily required under Ind AS 101:

(i) Estimates:

On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

(ii) Classification and measurement of financial assets:

The classification of financial assets to be measured at amortized cost or fair value through Profit and loss or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS.

(iii) Government loans:

The requirements of Ind AS 20 - Accounting for Government Grants and Disclosure of Government Assistance and Ind AS 109 - Financial Instruments in respect of interest free loans from government authorities is opted to be applied prospectively to government loans existing at the date of transition to Ind AS. Consequently, the carrying amount of such interest free loans as per the financial statements of the Company prepared under Previous GAAP is continued as carrying amount in the opening Ind AS Balance Sheet.

### C. Transition to Ind AS – Reconciliations

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

- I. Reconciliation of Equity as at 1st April 2016
- II. A. Reconciliation of Equity as at 31st March 2017





B. Reconciliation of Statement of Profit and Loss for the year ended 31st March 2017

III. Adjustments to Statement of Cash Flows for the year ended 31st March 2017

Previous GAAP figures have been reclassified/regrouped wherever necessary to conform with financial statements prepared under Ind AS.

## I Reconciliation of equity as at 01st April 2016

(All amounts rupees in lakhs, unless otherwise stated)

| Particulars                              | Note to first time adoption | Previous GAAP    | Ind AS Impact | Ind AS           |
|--|-----------------------------|------------------|---------------|------------------|
| <b>ASSETS</b>                            |                             |                  |               |                  |
| <b>(1) Non-current assets</b>            |                             |                  |               |                  |
| (a) Property, Plant and Equipment        | 1                           | 10,185.04        | (12.60)       | 10,172.44        |
| (b) Capital Work-in-progress             | 2                           | 2,084.53         | (33.57)       | 2,050.96         |
| (c) Other Intangible assets              |                             | 1.27             | -             | 1.27             |
| (d) Financial Assets                     |                             |                  |               |                  |
| (i) Investments                          |                             | 0.06             | -             | 0.06             |
| (ii) Other financial assets              |                             | 509.50           | -             | 509.50           |
| (e) Deferred Tax Assets (net)            | 7                           | (4.81)           | 56.28         | 51.47            |
| (f) Other non-current assets             | 1                           | 744.44           | 12.60         | 757.04           |
| <b>(2) Current assets</b>                |                             |                  |               |                  |
| (a) Inventories                          |                             | 2,066.53         | -             | 2,066.53         |
| (b) Financial Assets                     |                             |                  |               |                  |
| (i) Investments                          |                             | -                | -             | -                |
| (ii) Trade Receivables                   |                             | 226.17           | -             | 226.17           |
| (iii) Cash and cash equivalents          |                             | 15.91            | -             | 15.91            |
| (iv) Bank balances other than (ii) above |                             | 178.46           | -             | 178.46           |
| (v) Loans                                |                             | 3.07             | -             | 3.07             |
| (vi) Others                              |                             | 66.05            | -             | 66.05            |
| (c) Current Tax Assets (Net)             |                             | -                | -             | -                |
| (d) Other current assets                 |                             | 477.05           | -             | 477.05           |
| <b>Total Assets</b>                      |                             | <b>16,553.27</b> | <b>22.71</b>  | <b>16,575.98</b> |
| <b>EQUITY AND LIABILITIES</b>            |                             |                  |               |                  |
| <b>Equity</b>                            |                             |                  |               |                  |
| (a) Equity Share capital                 |                             | 801.67           | -             | 801.67           |
| (b) Other Equity                         |                             | 4,285.01         | (1,314.53)    | 2,970.48         |
| <b>Liabilities</b>                       |                             |                  |               |                  |
| <b>(1) Non-current liabilities</b>       |                             |                  |               |                  |
| (a) Financial Liabilities                |                             |                  |               |                  |
| (i) Borrowings                           | 2                           | 5,344.89         | (33.57)       | 5,311.32         |
| (b) Provisions                           |                             | 94.77            | -             | 94.77            |
| (c) Deferred Tax Liability(net)          |                             | -                | -             | -                |
| (d) Other non-current liabilities        |                             | -                | -             | -                |
| <b>(2) Current liabilities</b>           |                             |                  |               |                  |
| (a) Financial Liabilities                |                             |                  |               |                  |
| (i) Borrowings                           |                             | 2,724.75         | -             | 2,724.75         |
| (ii) Trade payables                      |                             | 1,502.57         | -             | 1,502.57         |
| (iii) Other financial liabilities        | 4                           | 1,090.11         | 1,370.81      | 2,460.92         |
| (b) Other current liabilities            |                             | 672.87           | -             | 672.87           |
| (c) Provisions                           |                             | 2.57             | -             | 2.57             |
| (d) Current Tax Liabilities (Net)        |                             | 34.06            | -             | 34.06            |
| <b>Total Equity and Liabilities</b>      |                             | <b>16,553.27</b> | <b>22.71</b>  | <b>16,575.98</b> |


**II A. Reconciliation of equity as at 31st March 2017**

(All amounts rupees in lakhs, unless otherwise stated)

| Particulars                         |  | Note to first time adoption | Previous GAAP    | Ind AS Impact  | Ind AS           |
|-------------------------------------|--|-----------------------------|------------------|----------------|------------------|
| (1)                                 | <b>ASSETS</b>                            |                             |                  |                |                  |
|                                     | <b>Non-current assets</b>                |                             |                  |                |                  |
|                                     | (a) Property, Plant and Equipment        | 1                           | 12,120.41        | (35.85)        | 12,084.56        |
|                                     | (b) Capital Work-in-progress             |                             | -                | -              | 0.00             |
|                                     | (c) Other Intangible assets              |                             | 47.87            | -              | 47.87            |
|                                     | (d) Financial Assets                     |                             |                  |                |                  |
|                                     | (i) Investments                          |                             | 0.06             | -              | 0.06             |
|                                     | (ii) Other financial assets              |                             | 854.16           | -              | 854.16           |
|                                     | (e) Deferred Tax Assets (net)            |                             | -                | -              | -                |
|                                     | (f) Other non-current assets             | 1                           | 761.28           | 12.00          | 773.28           |
| (2)                                 | <b>Current assets</b>                    |                             |                  |                |                  |
|                                     | (a) Inventories                          |                             | 1,934.16         | -              | 1,934.16         |
|                                     | (b) Financial Assets                     |                             |                  |                |                  |
|                                     | (i) Investments                          |                             | -                | -              | -                |
|                                     | (ii) Trade Receivables                   |                             | 266.56           | -              | 266.56           |
|                                     | (iii) Cash and cash equivalents          |                             | 753.44           | -              | 753.44           |
|                                     | (iv) Bank balances other than (ii) above |                             | 229.23           | -              | 229.23           |
|                                     | (v) Loans                                |                             | 1.12             | -              | 1.12             |
|                                     | (vi) Others                              |                             | 123.69           | -              | 123.69           |
|                                     | (c) Current Tax Assets (Net)             |                             | 34.36            | -              | 34.36            |
|                                     | (d) Other current assets                 |                             | 492.71           | -              | 492.71           |
| <b>Total Assets</b>                 |  |                             | <b>7,619.05</b>  | <b>(23.85)</b> | <b>17,595.20</b> |
| <b>EQUITY AND LIABILITIES</b>       |  |                             |                  |                |                  |
| <b>Equity</b>                       |  |                             |                  |                |                  |
| (a) Equity Share capital            |  |                             | 801.67           | -              | 801.67           |
| (b) Other Equity                    |  |                             | 5,616.86         | (1,483.03)     | 4,133.83         |
| <b>Liabilities</b>                  |  |                             |                  |                |                  |
| (1)                                 | <b>Non-current liabilities</b>           |                             |                  |                |                  |
|                                     | (a) Financial Liabilities                |                             |                  |                |                  |
|                                     | (i) Borrowings                           | 2,3                         | 4,231.16         | (714.89)       | 3,516.27         |
|                                     | (b) Provisions                           |                             | 49.36            | -              | 49.36            |
|                                     | (c) Deferred Tax Liability(net)          | 7                           | 199.59           | 18.26          | 217.85           |
| (2)                                 | (d) Other non-current liabilities        | 3                           | -                | 688.76         | 688.76           |
|                                     | <b>Current liabilities</b>               |                             |                  |                |                  |
|                                     | (a) Financial Liabilities                |                             |                  |                |                  |
|                                     | (i) Borrowings                           |                             | 2,426.64         | -              | 2,426.64         |
|                                     | (ii) Trade payables                      |                             | 1,615.21         | -              | 1,615.21         |
| (1)                                 | (iii) Other financial liabilities        | 4                           | 1,395.39         | 1,467.05       | 2,862.44         |
|                                     | (b) Other current liabilities            |                             | 1,280.32         | -              | 1,280.32         |
|                                     | (c) Provisions                           |                             | 2.85             | -              | 2.85             |
|                                     | (d) Current Tax Liabilities (Net)        |                             | -                | -              | -                |
| <b>Total Equity and Liabilities</b> |  |                             | <b>17,619.05</b> | <b>(23.85)</b> | <b>17,595.20</b> |


**II B. Reconciliation of Statement of Profit and Loss for the year ended 31st March 2017**

(All amounts rupees in lakhs, unless otherwise stated)

| Particulars  | Note to first time adoption | Previous GAAP    | Ind AS Impact   | Ind AS           |
|--|-----------------------------|------------------|-----------------|------------------|
| <b>I. Revenue from operations</b>                                  | <b>5</b>                    | 19,220.74        | 606.56          | 19,827.30        |
| <b>II. Other income</b>  | <b>3</b>                    | 76.46            | 114.79          | 191.25           |
| <b>III.Total Revenue (I+II)</b>                                    |                             | <b>19,297.20</b> | <b>721.35</b>   | <b>20,018.55</b> |
| <b>IV. Expenses</b>  |                             |                  |                 |                  |
| (i) Cost of materials consumed                                     |                             | 1,947.01         | -               | 1,947.01         |
| (ii) Changes in inventories of finished goods and work-in-progress |                             | 63.51            | -               | 63.51            |
| (iii) Employee benefits expense                                    | <b>6</b>                    | 1,367.91         | 36.83           | 1,404.74         |
| (iv) Finance costs   | <b>2,3,4</b>                | 493.13           | 209.20          | 702.33           |
| (v) Depreciation and amortization expense                          | <b>1,2</b>                  | 879.82           | (1.06)          | 878.76           |
| (vi) Other expenses  | <b>1,5</b>                  | 12,604.99        | 607.16          | 13,212.15        |
| <b>Total expenses</b>  |                             | <b>17,356.37</b> | <b>852.13</b>   | <b>18,208.50</b> |
| <b>V.Profit / (Loss) before Exceptional Items (III-IV)</b>         |                             | <b>1,940.83</b>  | <b>(130.78)</b> | <b>1,810.05</b>  |
| VI. Exceptional Items  |                             | -                | -               | -                |
| <b>VII.Profit / (Loss) before tax ( V+ VI )</b>                    |                             | <b>1,940.83</b>  | <b>(130.78)</b> | <b>1,810.05</b>  |
| <b>VIII.Tax expense:</b>   |                             |                  |                 |                  |
| (1) Current tax  |                             | 414.21           | -               | 414.21           |
| (2) Deferred tax   | <b>7</b>                    | 194.77           | 61.80           | 256.57           |
| (3) Income tax of earlier year                                     |                             | -                | -               | -                |
| <b>IX.Profit / (Loss) after tax for the year (VII-VIII)</b>        |                             | <b>1,331.85</b>  | <b>(192.58)</b> | <b>1,139.27</b>  |
| <b>X.Other Comprehensive Income</b>                                |                             |                  |                 |                  |
| <b>A</b> Items that will not be reclassified to profit or loss     |                             |                  |                 |                  |
| - Actuarial gains/(losses) of defined benefit plans                | <b>6</b>                    | -                | 36.82           | 36.82            |
| - Tax impacts on above   | <b>7</b>                    | -                | (12.74)         | (12.74)          |
| <b>B</b> Items that will be reclassified to profit or loss         |                             | -                | -               | -                |
| <b>Other comprehensive income for the year (net of tax)</b>        |                             | -                | <b>24.08</b>    | <b>24.08</b>     |
| <b>XI.Total Comprehensive Income for the period (IX+X)</b>         |                             | <b>1,331.85</b>  | <b>(168.50)</b> | <b>1,163.35</b>  |



### Notes to reconciliation of financial statements as previously reported under Previous GAAP to Ind AS

#### 1. Lease hold land:

Under Previous GAAP leasehold lands were recognized as assets under PPE. As per Ind AS 17, the company has treated leasehold lands as operating leases and premium paid is considered as pre-paid lease rentals. Thereafter, amortization of prepaid lease rentals is charged to Profit and loss.

#### 2. Borrowing cost (Upfront fees):

Under the previous GAAP, the transactions costs relating to origination of term loans raised specifically for acquisition of items of Property, Plant & Equipment were capitalized.

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the proceeds of borrowings on initial recognition. These costs are treated as part of the interest expense by applying the effective interest method.

Hence upfront fees capitalized under Previous GAAP is reversed and reduced from term loan (financial liability). Interest (calculated using effective interest method) upto date of addition is capitalized and after the date of addition, it is charged to Profit and loss account as part of finance cost.

#### 3. Fair valuation of financial liability (sales tax deferment):

Under previous GAAP, the sales tax deferral incentive, which is sales tax collected and repayable after a fixed tenure was recognized at cost. Under Ind AS, sales tax deferment is a financial liability classified as subsequently measured at amortized cost. Hence it is to be measured at fair value and the difference between transaction value and fair value is to be recognized as Government grant. The Company has availed mandatory exception under Ind AS 101 and accordingly, there is no change in accounting treatment on the amount carried forward on the date of transition.

After transition date, the difference between transaction value and fair value has been recognized as Government grant in Balance Sheet. The Government grant has been recognized in the Statement of Profit and Loss on a straight-line basis over the period of grant and unwinding of interest on fair value of sales tax deferment liability has been recognized as finance cost.

#### 4. Preference Shares:

Under Previous GAAP, Preference share capital is treated as part of Share Capital and dividend on redeemable preference shares were adjusted to Reserves when the dividend is declared and paid

As per Ind AS, cumulative redeemable preference shares meet the definition of financial liability. Hence it is reclassified as financial liability (borrowings) and accumulated dividend (including Dividend Distribution Tax - DDT) upto the date of transition to Ind AS is provided for and adjusted to retained earnings. After the date of transition, dividend (including DDT) for the year is recognized as a part of finance cost.



**5. Excise duty:**

Under the previous GAAP, revenue from sale of products was presented net of excise duty. Excise duty is collected by the company on its own account and hence as per Ind AS, revenue from sale of goods is presented inclusive of excise duty. There is no impact on the total equity and profit.

**6. Remeasurement of Defined Benefit Plans:**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognized in other comprehensive income instead of profit or loss.

Under the previous GAAP, these remeasurements were forming part of the Statement of Profit and Loss for the year. There is no impact on the total equity.

**7. Deferred tax**

Deferred tax is created on all the temporary differences arising on adjustments arising on adoption of Ind AS.

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## Keerthi Industries Limited

### PROXY FORM

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

#### KEERTHI INDUSTRIES LIMITED

(Formerly Suvarna Cements Limited)

CIN: L26942TG1982PLC003492

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

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

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

Name of the Member(s)

Registered Address

Email

Folio No. / Client ID

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DP ID

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

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

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

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

Or failing him/her

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us, on my/our behalf at the 35<sup>th</sup> Annual General Meeting of the Company to be held on Saturday, the 29<sup>th</sup> day of September 2018 at 11.00 A.M at registered office at Mellacheruvu (Village & Mandal), Suryapet District, Telangana-508246 and at any adjournment thereof in respect of such resolutions as are indicated below:



## Keerthi Industries Limited

| Resolution Number | Resolution  | Vote (Optional see Note 2)<br>Please mention no. of shares) |         |         |
|-------------------|---|---|---------|---------|
|                   |   | For   | Against | Abstain |
| Ordinary Business |   |   |         |         |
| 1.                | Adoption of Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and Auditors for the financial year ended March 31, 2018. |   |         |         |
| 2.                | Appoint a director in place of Sri. J. S. Rao, who retires by rotation and being eligible, seeks re-appointment.                                    |   |         |         |
| 3.                | To declare dividend on 9% Cumulative Redeemable preference shares.  |   |         |         |
| 4.                | To declare dividend on Equity shares.   |   |         |         |
| Special Business  |   |   |         |         |
| 5                 | Re-appointment and remuneration of Smt. J. Triveni as Executive Chairperson and Whole-time Director for 3 years w.e.f. 10.05.2018                   |   |         |         |
| 6                 | Re-appointment and remuneration of Sri. J. S. Rao as Managing Director for 3 years w.e.f. 10.05.2018  |   |         |         |
| 7                 | Ratification of remuneration of Cost Auditor:   |   |         |         |
| 8                 | Shifting of Registered Office of the Company from Mellacheruvu (Village and Mandal) to Hyderabad  |   |         |         |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

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

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

Affix  
Re.1/-  
Revenue  
Stamp.

Note:

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





## ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

### KEERTHI INDUSTRIES LIMITED

(Formerly Suvarna Cements Limited)

CIN: L26942TG1982PLC003492

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

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

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

Registered Folio no. / DP ID no. / Client ID no.

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Number of Shares held

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|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the 35<sup>th</sup> Annual General Meeting of the members of the company to be held on Saturday, the 29<sup>th</sup> day of September 2018 at 11.00 A.M at Mellacheruvu (Village & Mandal), Suryapet District, Telangana-508246.

\_\_\_\_\_  
Name of the member / proxy  
(In BLOCK letters)

\_\_\_\_\_  
Signature of member / proxy

Note:

1. Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of Annual Report to the AGM.



# Keerthi Industries Limited

(Formerly SUVARNA CEMENTS LIMITED)

Registered Office: Mellacheruvu (Village & Mandal), Suryapet Dist, Telangana-508246

Administrative Office: Plot No.40, IDA, Balanagar, Hyderabad, Telangana-500 037

Tel: 040-230765438; Email: kilinvestorservices@gmail.com;

Website: www.keerthiindustries.com

Dated: 6<sup>th</sup> September, 2018

## KEERTHI/SHAREHOLDERS/UPDATE/PAN & BANK DETAILS- LETTER-2

COMPANY : Keerthi Industries Limited  
SUBJECT : Update PAN & Bank Details

Dear Shareholder,

We wish to inform you that SEBI vide its Circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, has streamline and strengthen the procedures for transfer of securities and payment of dividend. In this regard, SEBI has instructed the Company/RTA to inform all the shareholders who are holding shares in Physical and whose PAN and bank details has not been updated in Company/RTA records.

Further, SEBI has mandated to credit dividend, if any, directly to the Bank account of shareholders through NEFT/RTGS. Hence, we request you to update your bank details by sending following documents to the below mentioned address-

1. Request letter (Format attached)
2. Self-attested copy of PAN
3. Self-attested copy latest address proof.
4. Original cancelled cheque leaf / attested bank passbook showing name of account holder

Registrar and Share Transfer Agent (RTA)  
XL Softech Systems Limited  
(Unit- Keerthi Industries Limited)  
3, Sagar Society,  
Road No.2, Banjara Hills,  
Hyderabad - 500 034.  
Phone: 040 23545913/14/15  
Email: xlfield@gmail.com

You are requested to send all the above mentioned documents to our RTA at the above mentioned address within 21 days from the date of this letter. **Please note that you need not send any communication to the Company address, related to this matter. Kindly ignore this letter if you have already complied with the requirements in Letter no.1 dated 6<sup>th</sup> June, 2018 which has been send to you by the Company.**

*\*We suggest you to dematerialize your holdings to enjoy the benefits at fullest and to avoid the demerits of holding physical shares.*

For Keerthi Industries Limited  
Sd/-  
Er. J. S. Rao  
Managing Director

To,  
**XL Softech Systems Limited**  
**The Registrar and Share Transfer Agent (RTA)**  
3, Sagar Society,  
Road No.2, Banjara Hills,  
Hyderabad - 500 034.  
Phone: 040 23545913/14/15  
Fax: 040 23553214  
Email: xlfield@gmail.com

**UPDATION OF PAN AND BANK DETAILS**

Dated: \_\_\_\_\_

Dear Sir,

In response to your letter ref no. KEERTHI/SHAREHOLDERS/UPDATE/PAN & BANK DETAILS-LETTER-2, I/We am/are sending you the following details and documents as requested by you-

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

Address of the shareholder : \_\_\_\_\_

Phone No : \_\_\_\_\_

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

Folio No / DP ID & Client ID : \_\_\_\_\_

**Bank Details** :-

Name of Holder : \_\_\_\_\_

Account No : \_\_\_\_\_

Bank Name : \_\_\_\_\_

Branch : \_\_\_\_\_

IFSC Code : \_\_\_\_\_

MICR Code : \_\_\_\_\_

**Signature of the Shareholder**

Encl:

1. Self-attested copy of PAN
2. Self-attested copy latest address proof.
3. Original cancelled cheque leaf / attested bank passbook showing name of account holder

PRINTED MATTER

REGISTERED BOOK POST

*If undelivered, Please return to :*

KEERTHI INDUSTRIES LIMITED

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