

Keerthi Industries Limited

**Chairman's Speech
at**

**The 34th Annual General Meeting
on**

Thursday, 31st August, 2017

**Mellacheruvu, Suryapet District,
Telangana**

Dear Shareholders,

I warmly welcome all of you to your Company's 34th AGM. Thank you for your presence here today. Now, let me begin by sharing with you the highlights of the year's performance and the prospects going forward in the context of the economy.

INDIAN ECONOMY

1. Cement Industries

Cement demand in India is expected to increase due to government's push for large infrastructure projects, leading to 45-50 million tonnes of cement needed in the next three to four years. In addition, cement production in India is expected to touch 550-600 million tonnes (MT) in the next three to four year. Telangana is undertaking major irrigation projects and Andhra Pradesh is committed to building a new capital city by FY 2017-18 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 2017, we recorded:

- **Overall revenue** at Rs 19220.74 Lakhs is higher by 5.24% (Rs. 18263.98 Lakhs in 2015-2016)
- **operating profit** at Rs. 1940.82 Lakhs is reduced by 34.76% (Rs. 2974.80 Lakhs in 2015-2016) and
- **net profit** for the year at Rs. 1331.85 Lakhs is also reduced by 33.11% (Rs. 1991.16 Lakhs in 2015-2016).

Hence, the overall performance of the Company both in terms of revenue and earnings is satisfactory.

2. The Overall production also remained satisfactory. During fiscal year 2017, we recorded:

I. In Cement Division:

- Production of Cement were 4,85,637 MTS as against (4,12,284 during the previous year ended 31st March, 2016).
- Production of Clinker 4,40,730 MTS as against (4,02,841 MTS during the previous year ended 31st March, 2016).

II. In Electronic Division

- The Company has produced 1,796 sq. mts of Printed Circuit Boards as against 2,111 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 31,11,983 units as against 28,17,466 units during the previous year.
3. In addition, during the year the Company has completed the setting up 2.24 MW waste heat recovery systems of a project cost of around Rs. 25.00 Crores. The project has started commercial production w.e.f. 15/12/2016 (*Synchronization date).

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.

I am happy to record that our Company's brand attractiveness has taken a leap beyond the southern part of India and distributors from other territorial region are also approaching us.

TO CONCLUDE

Let me conclude by saying that your Company has a strong Balance Sheet, robust cash flows and gearing levels well within reasonable limits. Your Company enjoys the confidence of its stakeholders. All of these help stoke your Company's future growth and development.

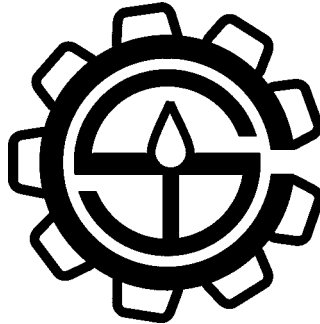
Before I conclude, I, on behalf of the Company's Board, would like to thank other stakeholders – our clients, vendors and partners – for their trust and support. I thank the governments, ministries and departments of various countries and states that we operate in, for their continued support.

And of course, I look forward to your continued support and best wishes.

Thanking You,



Er. J. S. Rao
Managing Director



Keerthi
Industries Limited
(Formerly known as Suvarna Cements Limited)

34th
Annual Report 2016 - 2017

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CORPORATE INFORMATION

Board of Directors

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

Chief Financial Officer (CFO)

- | | |
|---|--|
| Sri. J. S. Rao
(Appointed w.e.f. 28.01.2017) | Sri. Y. Venkateswara Rao
(Resigned w.e.f. 30.07.2016) |
|---|--|

Company Secretary

Mr. Rajesh Kumar Yadav

Committees of the Board

I. Audit Committee

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

II. Remuneration & Nomination Committee

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

III. Stakeholders Relationship Committee

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

IV. Corporate Social Responsibility Committee (CSR)

- | | |
|---------------------------------|----------|
| 1. Sri. Boddu Venkata Subbaiah | Chairman |
| 2. Sri. 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. Sri. E. Siva Sankaram | Member |
| 4. Smt. J. Sarada Govardhini | Member (w.e.f. 28-05-2016) |

Registered Office & Factory (Cement Division)

Mellacheruvu (Village & Mandal)
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

Bankers

Canara Bank
Andhra Bank

Auditors

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

Cost Auditors

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

Secretarial Auditor

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

Registrar & Share Transfer Agents (RTA)

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

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NOTICE

NOTICE is hereby given that the 34th Annual General Meeting of Shareholders of the Company will be held on Thursday the 31st August, 2017 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 2016-17

To consider and adopt the Balance Sheet as at 31st March, 2017, the Statement of Profit and

“RESOLVED THAT a final dividend @ 9% on 9% Cumulative Redeemable Preference Shares capital for the financial year ended 31st March, 2017 as recommended by the Board be and is hereby declared in the manner as tabulated hereunder

Sl. No	No of 9% Cumulative Preference Share	Per share (in Rs.)	Total amount of Dividend entitle to receive	Dividend Per share (In Rs.)
1.	5,00,000	70/-	31,50,000	6.30/-
2.	5,38,440	100/-	48,45,960	9.00/-
Total	10,38,440		79,95,960	

“RESOLVED FURTHER THAT pursuant to the recommendation of the Board, the consent of the members of the company be and is hereby accorded to pay a total dividend of not exceeding Rs. 11,38,94,820/- which is in arrear upto the year 2015-16 to 9% Cumulative Redeemable

Loss Account and cash flow statement for the year ended on that date together with the Notes, Reports of the Directors and Auditors thereon.

2. REAPPOINTMENT OF DIRECTOR WHO RETIRES BY ROTATION

To appoint a Director in place of Smt. J. Triveni, the Executive Chairperson & Whole-time Director (DIN: 00029107) 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 **Ordinary Resolution**

Preference Shares (as tabulated hereunder) out of the distributable profits of the current year 2016-17 plus the accumulated profit of the previous financial year 2015-16 which is available for distribution of dividend:

Sl. No	No of 9% Cumulative Preference Share	Date of allotment	Date upto which remain unpaid	Arrears of Dividend entitle to be received @ 9% (In Rs.)
1.	5,00,000	31-03-2001	31-03-2016	4,54,98,082
2.	2,70,100	31-10-2002	31-03-2016	3,26,34,000
3.	2,68,340	31-06-2001	31-03-2016	3,57,62,738
Total	10,38,440			11,38,94,820



4. APPOINTMENT OF STATUTORY AUDITORS

To appoint auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of fifth consecutive Annual General Meeting and to fix their remuneration, and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT, pursuant to Section 139 (2) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendation made by the Audit committee of the Board, M/s. Brahmayya & Co., Chartered Accountants, Hyderabad, having Firm registration No. 000513S allotted by The Institute of Chartered Accountants of India (ICAI) be and are hereby appointed as the Auditors of the Company in place of the retiring Auditors M/s. K.S. Rao & Co, Chartered Accountants, Hyderabad (Registration No.: 003109S), who shall hold office from the conclusion of this 34th Annual General Meeting for a term of consecutive Five (5) years till conclusion of the 39th Annual General Meeting (subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) and that the Board be and is hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditors, in addition to reimbursement of all out-of-pocket expenses as may be incurred in connection with the audit of the accounts of the Company.”

SPECIAL BUSINESS:

5. RATIFICATION OF REMUNERATION OF COST AUDITOR:

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

“RESOLVED THAT pursuant to Section 148 (3) of the Companies Act, 2013 read with Rule 14 (a) of Companies (Audit and Auditors Rules), 2014, and as recommended by the Audit Committee

and approved by the Board of Directors at their respective meetings held on 29-05-2017 the remuneration payable during the year 2017-18 to M/s. BVR & Associates (FRN: 000453), Cost Accountants, to conduct the audit of the cost records of the Company for the financial year 2017-18, amounting to Rs. 50,000/- (Rupees Fifty Thousand only) plus service tax as applicable and re-imbursement of out of pocket expenses incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed.”

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

6. APPOINTMENT OF SRI J. SIVARAM PRASAD AS AN INDEPENDENT DIRECTOR

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

“Resolved that, pursuant to the provisions of Sections 149, 150 and 152, and any other applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force) read with Schedule IV to the Companies Act, 2013 (including any statutory modifications or re-enactment(s) thereof, for the time being in force) and Regulation 16 of the SEBI (LODR), Regulation, 2015, Mr. J. Sivaram Prasad, Non-Executive Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. J. Sivaram Prasad as a candidate for the office of director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) year up to the conclusion of the 39th AGM of the



Company, and whose office shall not be liable to retire by rotation.”

By Order of the Board of Directors

Sd/-

Place: Hyderabad

(J. S.Rao)

Date: 29-05-2017

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. Final Dividend of Rs. 6.30/- per share on 500000 9% Cumulative Redeemable Preference Shares of face value of Rs. 70 each and Final Dividend of Rs. 9/- per share on 538440 9% Cumulative Redeemable Preference Shares of face value of

Rs. 100 each has been recommended for the financial year ended 31st March, 2017.

6. A total dividend of Rs. 11,38,94,820/- which is in arrear upto the year 2015-16 on the 9% Cumulative Redeemable Preference Shares capital, has also been recommended by the Board for declaration by the members of the Company in this AGM.
7. 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.
8. Members / proxies should bring the duly filed Attendance Slip enclosed herewith to attend the meeting.
9. 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.
10. The Register of Members and Share Transfer Books of the Company will remain closed from **Monday the 28th August, 2017 to Thursday the 31st August, 2017**, both days inclusive, in terms of Section 91 of the Companies Act, 2013 in connection with declaration of dividend on 9% Cumulative Redeemable Preference Shares.
11. 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.
12. Copies of Annual Report 2016-2017 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 2016-2017 are being sent by the permitted mode.

13. The Notice of 34th 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.
14. Members may also note that the Notice of 34th AGM and the Annual Report 2016-2017 will be available on the Company's website 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.
15. Shareholders are requested to kindly bring their copies of Annual Report to the Meeting.
16. 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.
17. 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.
18. 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.
19. 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.
20. 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	FY 2015-16	FY 2016-17
1.	Number of shareholders outstanding at the beginning of the year	1539	1538
2.	Outstanding shares in the DEMAT suspense account at the beginning of the year	8899	8895
3.	Number of shareholders who approached the company for transfer of shares from the suspense account during the year	1	5



4.	Number of shareholders to whom shares was transferred from the suspense account during the year	1	5
5.	Aggregate number of shareholders outstanding at the end of the year	1538	1533
6.	Outstanding shares in the suspense account lying at the end of the year	8895	8875

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

21. The Notice is being sent to all members through permitted modes, whose names appear in the Register of Members, as on 29th July, 2017.
22. For any assistance or information about shares, etc. members may contact the Company's Registrar and Share Transfer Agent, as follows:

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

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

ITEM NO. 4

APPOINTMENT OF STATUTORY AUDITORS OF THE COMPANY

In terms of the provisions of Section 139 (2) of Companies Act, 2013 (the "Act"), no listed company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years (i.e. 10 years maximum). Further, as per Rule 6(3) (i) of the Companies (Audit & Auditors) Rule, 2014, the period for which "an audit firm" has held office as auditor of a company prior to the commencement of the Act, 2013 should also be considered when calculating the Rotation Period of said 10 years.

The Current Auditor M/s. K.S. Rao & Co, Chartered Accountants, Hyderabad (Registration No.: 003109S) is serving in the company for more than 10 years.

However the Act has prescribed a transition period of 3 years to comply with the aforesaid rotation requirement. Accordingly, the Company had, on its

31st AGM held on 9th August, 2014, appointed M/s. K.S. Rao as Statutory Auditor for the said transition period to hold office till 34th AGM.

It is to be noted that M/s. K.S. Rao & Co, have been in office for more than 10 years. Hence, in order to comply with the provisions of the Act, the Company will have to appoint a new auditor in their place.

Therefore the Board of Directors has, on its meeting dated 29.05.2017, recommended the appointment of M/s. Brahmayya & Co., Chartered Accountants, Hyderabad (Firm Registration No.: 000513S) as the Statutory Auditor of the Company in place of M/s. K.S. Rao & Co to hold office for 5 consecutive years i.e. from the conclusion of this AGM until the conclusion of the 39th AGM of the Company, subject to ratification by the Members at every AGM held after this AGM till the 39th AGM.

The Audit Committee has considered the qualifications and experience of the proposed auditors and has recommended their appointment. The Board of Directors has also considered the matter and recommends the passing of the Ordinary Resolution appointing M/s. Brahmayya & Co., Chartered Accountants, Hyderabad (Firm Registration No.: 000513S) as the Statutory Auditor in place of M/s. K.S. Rao & Co. Written consent of the proposed auditors together with a certificate that the appointment, if made, shall be in accordance with the conditions specified in Rule 4 of the Companies (Audit and Auditors) Rules, 2014 has been received.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No. 4 of the Notice.



ITEM NO. 5

RATIFICATION OF COST AUDITORS REMUNERATION

The Board, on the recommendations of the Audit Committee, has approved the appointment of M/s. BVR & Associates (FRN: 000453), Cost Accountants, as Cost Auditors for conducting cost audit of the cost records of the Company for the financial year ending March 31, 2018, at a remuneration of Rs. 50,000/- plus service tax as applicable and reimbursement of actual travel and out of pocket expenses.

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

Hence the resolution at item no. 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. 6

APPOINTMENT OF SRI. J. SIVARAM PRASAD AS INDEPENDENT DIRECTOR

Sri. J. Sivaram Prasad is serving the company since 1999 as a non-executive Director of the Company and whose period of office is liable to determination by retirement of directors by rotation.

The Board of Directors on its meeting dated 29.05.2017 has appointed Mr. J. Sivaram Prasad as independent Director with immediate effect subject to the approval of the members in this AGM.

Section 149 (10) of the Companies Act, 2013 provides that an independent director shall hold office for a term of up to five consecutive years on the Board. Further, Section 149 (13) of the Companies Act, 2013 states that the provisions relating to retirement of directors by rotation shall not apply to the appointment of independent directors.

Mr. J. Sivaram Prasad, being eligible, the resolution seeks the approval of members for his appointment as an Independent Director.

No director, key managerial personnel or their relatives is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 6 for the approval of members.

(Annexure I)

ADDITIONAL INFORMATION PURSUANT TO REGULATION 36 (3) OF THE SEBI (LODR) REGULATION, 2015:

Name of the Director	Smt. J. Triveni	Sri. J. Sivaram Prasad
Date of Birth	06-12-1961	01-06-1960
Qualification	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.	He is a Chartered Accountant and is having versatile experience stretching from Power Industry to Sugar and Cement Industry for over 3 decades. Taxation, Accounts, Auditing and Corporate management are some of his core areas of expertise. He is also one of the Promoter of Kakatiya Cement Sugar & Industries Ltd, a well-known Cement Company in South India.



Keerthi Industries Limited

Name of other companies in which the appointee also hold Directorships	1. Triveni Capital Leasing & Investments Pvt. Ltd.	1. Growmore Bio-Tech Limited
	2. Hyderabad Bottling Co Ltd.	2. Greenesol Hydrocarbons Private Limited
	3. Vijaya Estate and Holdings Pvt Ltd.	3. Supinco Automation Private Limited
	4. JSK Holdings Private Limited.	4. HMG Power Systems Private Limited
	5. IOU Projects (India) Pvt. Ltd.	5. Greenways Technologies (India) Private Limited
		6. Greenesol Power Systems Private Limited
		7. Ecogreen Power Systems Private Limited
		8. Ghrian Renewables Private Limited
		9. QRE Greenesol Power Transformer Company Private Limited
		10. Puissance DE L'EAU Power Systems Private Limited
		11. Ghrian Technologies Private Limited
Name of other Companies in which the appointee hold Board Committee membership	-----NIL-----	-----NIL-----
Shareholding in Keerthi Industries Limited	21,95,379 equity shares (27.38 % of paid up equity share capital of the Company)	-----NIL-----
Relationship with other Directors	Spouse of Sri. J. S. Rao, Managing Director & CFO	-----NIL-----

Instructions for e-voting

Pursuant to the provisions of section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rule, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and 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 34th AGM to be held on Thursday, August 31, 2017 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>.

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.



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

Commencing of e-voting	End of e-voting
28-08-2017 (9.00 a.m.)	30-08-2017 (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 26th August, 2017**, 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.

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

Steps for e-voting

SECTION - A - E-VOTING PROCESS - SHAREHOLDERS HOLDING SHARES IN DEMAT FORM:		
Step 1	:	Open your web browser during the voting period and log on to the e-Voting website: www.evotingindia.com .
Step 2	:	Now, click on "Shareholders" to cast your vote(s).
Step 3	:	Now, fill up the following details in the appropriate boxes (also refer Section C (v), below).
User - ID	:	a) For account holders in CDSL: Your 16 digits beneficiary ID. b) For account holders in NSDL: Your 8 Characters DP ID and followed by 8 digits Client ID.
Character Displayed	:	Please enter the 'Character Displayed' in the Box provided for the same and click on login.
Shareholder voted earlier for any company	:	If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
Shareholder voting for the first time	:	If you are a first time user follow the steps given below:
PAN	:	Enter your 10 digits alpha-numeric PAN issued by Income Tax Department. Shareholders who have not updated their PAN with the Depository Participant are requested to use the first two letters of their name in Capital Letter followed by 8 digit CDSL client id. For example: CDSL Account holder name is Rahul Mishra and Demat A/c No. is 12058700 00001234 then default value of PAN is 'RA00001234'. NSDL Account holder name is Rahul Mishra and DP ID. is IN300000 and client ID 12345678 then default value of PAN is 'RA123445678'..



DOB *	:	Enter the date of birth recorded in your demat account for the said demat account under which you are going to vote in DD/MM/YYYY format.
Dividend Bank Details	:	Enter the Dividend Bank Details as recorded in your demat account for the said demat account. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository please enter the client id in the Dividend Bank details field.
Step 4	:	After entering these details appropriately, click on "SUBMIT" tab.
Step 5	:	Shareholders holding Shares in Demat form will now reach 'Password Creation' menu wherein, they are required mandatorily to enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolution of any other company on which they are eligible to vote, provided that company opts for e-Voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Please also refer to Section C (v).
Step 6	:	Click on the relevant EVSN for the "Keerthi Industries Limited" on which you choose to vote.
Step 7	:	On the voting page, you will see resolution description and against the same, the option "YES / NO" for voting. Select the relevant option as desired YES or NO and click on "SUBMIT" .
Step 8	:	Click on the Resolution File Link if you wish to view the Notice.
Step 9	:	After selecting the resolution, you have decided to vote on, click on "SUBMIT" . A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly, modify your vote.
Step 10	:	Once you "CONFIRM", your vote on the resolution, you will not be allowed to modify your vote.
Step 11	:	You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
Step 12	:	If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.



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

Step 1	:	Open your web browser during the voting period and log on to the e-Voting website: www.evotingindia.com .
Step 2	:	Now, click on "Shareholders" to cast your vote(s).
Step 3	:	Now, fill up the following details in the appropriate boxes :
User - ID	:	Folio Number registered with the Company.
Character Displayed	:	Please enter the 'Character Displayed' in the Box provided for the same and click on login.
Shareholder voted earlier for any company	:	If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
Shareholder voting for the first time	:	If you are a first time user follow the steps given below:
PAN	:	Enter your 10 digits alpha-numeric PAN issued by Income Tax Department. Shareholders who have not updated their PAN with the Company are requested to use the first two letters of their name in Capital Letter followed by 8 digits folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the folio number. Eg. If your name is Ramesh Kumar with folio number 1234 then enter RA00001234 in the PAN field.
DOB *	:	Enter the date of birth recorded in the company records for the said folio under which you are going to vote in DD/MM/YYYY format.
Dividend Bank Details	:	Enter the Dividend Bank Details as recorded in the company records for the said folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the company, please enter the folio in the Dividend Bank details field.
Step 4	:	After entering these details appropriately, click on " SUBMIT " tab.
Step 5	:	You will then reach directly the Selection Screen. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.



Step 6	:	Click on the relevant EVSN for the “Keerthi Industries Limited” on which you choose to vote.
Step 7	:	On the voting page, you will see resolution description and against the same, the option "YES / NO" for voting. Select the relevant option as desired YES or NO and click on " SUBMIT ".
Step 8	:	Click on the Resolution File Link if you wish to view the Notice.
Step 9	:	After selecting the resolution, you have decided to vote on, click on " SUBMIT ". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly, modify your vote.
Step 10	:	Once you "CONFIRM", your vote on the resolution, you will not be allowed to modify your vote.
Step 11	:	You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.

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

SECTION - C - FOR NON INDIVIDUAL SHAREHOLDERS:

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com
- After receiving the login details, they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

OTHER E-VOTING INSTRUCTIONS:

- If you are holding Shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any company, then your existing login ID and password are to be used.
- 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 26th August, 2017**.
- 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 26th August, 2017**, may obtain



the login ID and password by sending a request at helpdesk.evoting@cdslindia.com or RTA.

- (v). A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting /voting at the AGM through polling paper.
- (vi). Sri. Ch. Veeranjanyulu, Practicing Company Secretary (Membership No.: 6121 & CP No. : 6392), partner of M/s. VCSR & Associates (Address: 305 A & B, Pancom, Business Centre, Ameerpet, Hyderabad, Telangana- 500073), has been appointed as the Scrutinizer to scrutinize the e-Voting process in the fair and transparent manner.
- (vii). Copy of the notice has been placed on the website of the Company viz. www.keerthiindustries.com 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 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.
- (xii). In case you have any queries or issues regarding e-Voting, you may refer the Frequently Asked Questions ("FAQ") and e-Voting manual available at www.evotingindia.com under help section or write an e-mail to helpdesk.evoting@cdslindia.com.

By Order of the Board of Directors

Place: Hyderabad

Date: 29-05-2017

Sd/-

(J. S.Rao)

Managing Director

DIN:0002909



DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

Your Directors have pleasure in presenting their 34th Annual Report for the Financial Year 2016-17 together with the Audited Balance Sheet as at 31st March, 2017 and the Profit & Loss Account for the year ended on that date.

1. FINANCIAL RESULTS:

(Rs. In Lakhs)

Particulars	2016-17	2015-16
Net Operational Income	19220.74	18263.98
Other income	76.46	118.65
Profit before interest and depreciation	3313.78	4253.72
Less: Interest	493.14	618.01
Less: Depreciation	879.82	823.47
Profit/(Loss) before taxation	1940.82	2974.80
Less : Provision for taxation including deferred tax liability	608.98	973.57
Less: short provision of earlier years	-	10.07
Net Profit/(Loss) after taxation	1331.85	1991.16

OPERATIONS:

In the Financial year 2016-17, the Company continued its strong growth momentum due to its ability to satisfy its customers and the rigor in following strong internal processes.

Revenue growth in the year remained high. The Operating profit get increased and the net profit is also satisfactory.

The Overall revenue for the year 2016-2017 at Rs 19220.74 Lakhs is higher by 5.24% (Rs. 18263.98 Lakhs in 2015-2016), operating profit at Rs. 1940.82 Lakhs is reduced by 34.76% (Rs. 2974.80 Lakhs in 2015-2016) and the net profit for the year at Rs. 1331.85 Lakhs is

also reduced by 33.11% (Rs. 1991.16 Lakhs in 2015-2016).

Cement Division: Production of Cement and Clinker were 4,85,637 MTS and 4,40,730 MTS respectively during the twelve months ended 31st March, 2017 as against were 4,12,284 MTS and 4,02,841 MTS respectively during the previous year ended 31st March, 2016.

During the year under review 82% of the installed capacity of the Company was utilized as against 69% during the previous year ended 31st March, 2016.

Wind Power: The Company has generated 31,11,983 units as against 28,17,466 units during the previous year.

Electronic Division: The Company has produced 1,796 sq. mts of Printed Circuit Boards as against 2,111 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.

The Indian cement industry has witnessed a massive capacity addition of over approximately 197 million metric tons during last 7 years. This capacity addition is disproportionately high in South India. During the same period, South Indian cement capacity alone has increased by approximately 78 million tons. This has resulted in significant pressure on capacity utilization and price realization, as well.

Until FY 2013-14, the Southern region (especially Andhra Pradesh) was facing demand issues due to political instability and delays in projects across the sectors. However, with the split of Andhra Pradesh into two states, which required the establishment of a new government in the new state of Telangana, we expect demand to pick up and utilization to improve



on the back of fresh demand for housing, urban and infrastructure development from the new states.

Cement demand in India is expected to increase due to government's push for large infrastructure projects, leading to 45-50 million tonnes of cement needed in the next three to four years. In addition, cement production in India is expected to touch 550-600 million tonnes (MT) in the next three to four year. Telangana is undertaking major irrigation projects and Andhra Pradesh is committed to building a new capital city by FY 2017-18 which give a major boost to cement industries in Southern India.

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.

ELECTRONIC DIVISION:

At present, the PCB industries in India, consists of single sided, double sided & multi-layered PCBs. Keerthi (Electronic Division) is engaged in manufacturing of Flexible and Rigid Flex double sided & multi-layer PCBs. The major market for our company for this division comes from the Healthcare and Defense Sectors. During the year 2016-17, the segment wise contributions to the total PCB business is as under:

Sl. No.	Segment	Contribution (In Rs.)	%
1.	Automobile	2,24,117	0.28
2.	Defense	48,58,965	6.07
3.	Health Care	6,99,09,145	87.28
4.	Consumer Electronics	51,05,313	6.37
Total	Total	8,00,97,540	100.00

Further, 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.

The improvement shown in the sales turnover of electronics division is satisfactory. Development

of prototypes for new customers in the high-end automobile segment was done during the year. The division expects to improve its customer base in the automobile segment in the years to come. Supply of PCBs for Konkurs missile program is completed for the existing requirements and development of flexi cables for Invar missile program is underway. The division is exploring further opportunities in the defense sector to improve business in the near future.

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:

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

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

- b) In accordance with the provisions of Companies Act, 2013, Smt. J. Triveni, Executive Chairperson & Whole-time Director of the Company would retire by rotation and, being eligible, offer herself for re-appointment. The Board of Directors recommends her re-appointment at the ensuing Annual General Meeting.



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

- d) Other Disclosure

Board Evaluation

Pursuant to Section 178 (2) of the Companies Act, 2013, the Nomination and Remuneration Committee has evaluated the performance of individual Directors in its duly convened meeting. Pursuant to Section 134 (3) (p) of the Companies Act, 2013 and Regulation 4 (2) (f) (ii) (9) of the ("SEBI (LODR) Regulation the Board has carried out an evaluation of its own performance, as well as the evaluation of the Committees of the Board. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

Remuneration Policy

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

Meetings

During the year **Five (5)** Board Meetings and

Five (5) Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

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

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

Sri. Y. Venkateswara Rao, CFO, has resigned from the office of CFO w.e.f. 30-07-2016 and Sri. J. S. Rao, the Managing Director, has been appointed as Managing Director & CFO w.e.f. 28-01-2017

4. DIVIDEND:

Your Directors regret their inability to recommend any dividend on Equity Shares since there are arrears of dividend on 9% Cumulative Redeemable Preference Shares. In view of the said dividend arrears on Cumulative Preference shares, Company has inadequate profit to declare dividend on Equity shares this year.

However, your Board has recommended payment of final dividend on 9% Cumulative Redeemable Preference Shares for the financial year 2016-17 as follows:

Sl. No	No of 9% Cumulative Preference Share	Per share (in Rs.)	Total amount of Dividend entitle to receive	Dividend Per share (In Rs.)
1.	5,00,000	70/-	31,50,000	6.30/-
2.	5,38,440	100/-	48,45,960	7.70/-
Total	10,38,440		79,95,960	

Your Board has also recommended to pay all the arrears of dividend amounting Rs. 11,38,94,820/- upto the Financial Year 2015-16 on 9% Cumulative Redeemable Preference Shares out of current year profits and accumulated profits of the previous years which is available for distribution of dividend which are tabulated as under:



Sl. No	No of 9% Cumulative Preference Share	Date of allotment	Date upto which remain unpaid	Arrears of Dividend entitle to be received @9% (In Rs.)
1.	5,00,000	31-03-2001	31-03-2016	4,54,98,082
2.	2,70,100	31-10-2002	31-03-2016	3,26,34,000
3.	2,68,340	31-06-2001	31-03-2016	3,57,62,738
Total	10,38,440			11,38,94,820

5. 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.

6. DEMAT OF SHARES:

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

7. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- That the directors in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures.
- That the directors had selected such accounting policies and applied them

consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the Company for that period.

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

8. 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.



9. 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.

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

11. 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.

12. 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 2016-17 which were in conflict with the interest of the Company.

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

S. No	Date of transaction	Nature of Transactions	Amount (In Rs.)	Legal Framework	Legal Requirements	Date of Approval obtained
1	01-04-2016	The Company has taken on lease the Guest House owned by Sri. Chetan Anand B, Son-in-law of Managing Director and Executive Chairperson of the Company	Rs 25000/- p.m. (Rs. 3.00 Lakhs p.a) plus annual enhancement @5% every year in rent payable	Regulation 23 (2) of SEBI Listing Regulation and Sec-188 (1) (c) of Companies Act, 2013	Prior Approval of Audit Committee Approval of Board	Ratified by the Audit Committee meeting held on 13-08-2016 Ratified by the Board of Directors on its meeting held on 13-08-2016



13. COST AUDITORS:

Cost Audit records have been maintained by the company for the F.Y.2016-17. 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. 2017-18.

14. AUDITORS:

In terms of the provisions of Section 139 (2) of Companies Act, 2013 (the "Act"), no listed company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years (i.e. 10 years maximum).

The Current Auditor M/s. K.S. Rao & Co, Chartered Accountants, Hyderabad (Registration No.: 003109S) is serving in the company for more than 10 years.

However the Act has prescribed a transition period of 3 years to comply with the aforesaid rotation requirement. Accordingly, the Company had, on its 31st AGM held on 9th August, 2014, appointed M/s. K.S. Rao as Statutory Auditor for the said transition period to hold office till 34th AGM.

Now, the transition period is expired and the Board of Directors and the Audit Committee, on its respective meeting held on 29.05.2017, recommends the appointment of M/s. Brahmayya & Co., Chartered Accountants, Hyderabad (Firm Registration No.: 000513S) as the Statutory Auditor for 5 consecutive years i.e. from the conclusion of this AGM until the conclusion of the 39th AGM of the Company, subject to ratification by the Members at every AGM held after this AGM till the 39th AGM.

15. 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)**

16. 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 2016-2017. The Secretarial Audit report is annexed herewith as **"(Annexure IV)" & "(Annexure IV.I)"**

17. EXTRACT OF ANNUAL RETURN:

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

18. DISCLOSURE AS PER SECTION 197(12)

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

19. 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.

20. ADDITIONAL INFORMATION:

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



as (**Annexure II**), which is detailed in Form A and Form B.

21. RISK MANAGEMENT:

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

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

22. CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORTS

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

23. ACKNOWLEDGEMENTS:

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

By Order of the Board of Directors

Sd/-

Place: Hyderabad

Date: 29-05-2017

(J. Triveni)

Executive Chairperson

DIN: 00029107



(Annexure II)

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

FORM - A

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

Particulars		Current Year			Previous year		
A. Power and Fuel Consumption:		Cement	Electronic Division	Wind Power	Cement	Electronic Division	Wind Power
1							
a)	Purchased Units (Nos)	43088955	506808	NIL	38634720	538195	NIL
	Amount (Rs.)	274230970	4333081	NIL	239387065	4381312	NIL
	Rate/unit (Rs.)	6.36	8.54	NIL	6.20	8.14	NIL
b)	Own Generation:						
i)	Through Diesel Generator Units (Nos.)	13792	6054	NIL	7620	5022	NIL
	Units per Ltr. of Diesel Oil	3.00	3.02	NIL	2.75	3.14	NIL
	Cost/Unit (Rs.)	18.21	19.90	NIL	18.60	17.25	NIL
ii)	Through Steam Turbine/ Generator:	NIL	NIL	NIL	NIL	NIL	NIL
	Units (Nos.)	NIL	NIL	NIL	NIL	NIL	NIL
	Units per Ltr. Of Fuel Oil Gas	NIL	NIL	NIL	NIL	NIL	NIL
	Cost/Unit (Rs.)	NIL	NIL	NIL	NIL	NIL	NIL
2	Coal						
	Quantity (M.T.)	78791	NIL	NIL	76250	NIL	NIL
	Total Cost (Rs.)	378785358	NIL	NIL	350705136	NIL	NIL
	Average Rate/M.T. (Rs.)	4807	NIL	NIL	4599	NIL	NIL
3	Furnace Oil	NIL	NIL	NIL	NIL	NIL	NIL
4	Others/Internal Generation	NIL	NIL	NIL	NIL	NIL	NIL
B. Consumption per unit production:							
	Electricity (Units)	88.73	285.51	NIL	93.71	254.92	NIL
	Furnace Oil	NIL	NIL	NIL	NIL	NIL	NIL
	Coal	0.18	NIL	NIL	0.19	NIL	NIL
	Others (Specify)	NIL	NIL	NIL	NIL	NIL	NIL



FORM - B

Form for disclosure of particulars with respect to Technology Absorption:

Research and Development (R&D):		
1.	Specific areas in which R&D carried out by the Company	NIL
2.	Benefits derived as a result of the above R&D	NIL
3.	Future Plan of Action	
4.	Expenditure on R&D a) Capital b) Recurring c) Total d) Total R&D expenditure as a percentage of total turnover	NIL
Technology absorption, adoption and innovation		
1	Efforts, in brief, made towards innovation	NIL
2	Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, production development, import substitution etc.	NIL
3	In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial Year), the following information may be furnished a) Technology b) Been imported c) Year of import d) Has technology been fully absorbed e) If not fully absorbed, reasons therefore and future plans of action	NIL
Foreign Exchange Earnings & Outgo:		
i)	Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans	
1).	Total foreign exchange outgo and earned a) Foreign Exchange Outgo b) Foreign Exchange Earned	Rs. 907.34 Lakhs Rs. 17.62 Lakhs

By Order of the Board of Directors

Sd/-

Place: Hyderabad
Date: 29-05-2017

(J. Triveni)
Executive Chairperson
DIN: 00029107



REPORT ON CORPORATE GOVERNANCE (Forming part of Directors Report)

I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

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

II. GOVERNANCE STRUCTURE:

- a). The Board of Directors consists of 6 Members of whom 4 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) of the Companies Act, 2013 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 only audit committee and the Stakeholders' Relationship committee is considered for the purpose of determination of limit of committee in pursuance of Regulation 26 (1) (b) of the SEBI (LODR) Regulation, 2015.
- d). The details of the Directorships in other Companies and Committee memberships/ Chairmanships in other Companies held by the Directors as on 31st March, 2017, 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 **5 (Five)** times during the year on 28.05.2016, 13.08.2016, 04.11.2016, 28.01.2017 and 11.02.2017, 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. E. Siva Sankaram	Independent Director	5	5	YES	-	-	-
6.	Mr. B. V. Subbaiah	Independent Director	5	5	NO	1	2	-

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

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

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

Board's Procedure:

Agenda papers along with explanatory statements were circulated to the directors in advance for each of these meetings. All relevant information as per SEBI (LODR) Regulation, 2015 was placed before the Board from time to time.

III. COMMITTEES :

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

a). AUDIT COMMITTEE:

- 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.



- iii. The previous Annual General Meeting of the Company was held on 27th August 2016 and Sri. E. Sivasankaram, Chairman of the Audit Committee, attended previous AGM.
- iv. The composition of the Audit Committee and the attendance of each member of the Audit Committee are given below:

The Company has complied with all the requirements of section 177(4) of the Companies Act 2013 and Regulation 18 of the SEBI (LODR) Regulation, 2015 relating to the composition of the Audit Committee. During the financial year 2016-2017, **Five (5)** meetings of the Audit Committee were held on the 28.05.2016, 13.08.2016, 04.11.2016, 28.01.2017 and 11.02.2017.

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

Name	Designation	Category	Meetings Attended
Sri. E. Siva Sankaram	Chairman	NED (I)	5
Sri. K. Harishchandra Prasad	Member	NED (I)	5
Sri. B. V. Subbaiah	Member	NED (I)	5
Sri. J. S. Rao	Member	ED (P)	5

NED (I) - Non Executive Independent Director

ED (P) - Executive Promoter Director

The necessary quorum was present at all the meetings.

b). REMUNERATION AND NOMINATION COMMITTEE:

The Remuneration & Nomination committee for appointment & remuneration of directors and other KMPs was constituted in accordance with the requirement of Section 178 of the Companies Act, 2013 read with Regulation 19 of the SEBI (LODR) Regulation, 2015.

The committee met **Five (5)** times on 28.05.2016, 13.08.2016, 04.11.2016, 28.01.2017 and 11.02.2017 during the financial year ended March 31, 2017. 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)	5
Sri. E. Siva Sankaram	Member	NED (I)	5
Sri. B. V. Subbaiah	Member	NED (I)	5
Sri. J. Sivaram Prasad	Member	NED	3



The details of remuneration paid to the Executive Directors for the financial year 2016-17 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	59.82	Nil	Nil
Sri. J. S. Rao	Managing Director	48.00	59.82	Nil	Nil

The Company has paid sitting fees of Rs 2,57,500/- for attending Board Meeting and Committee meeting to Non-Executive Directors during the financial year 2016-17.

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/Criteria%20for%20Selection%20and%20remuneration%20of%20Board%20members.pdf>

c). STAKEHOLDERS RELATIONSHIP COMMITTEE:

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

The committee met **Four (4)** times on 28.05.2017, 13.08.2017, 04.11.2017 and 11.02.2017 during the financial year ended March 31, 2017. The details of composition and attendance record of the members at the meeting were as follows:

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



ii. Powers:

The committee has been delegated with the following powers:

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

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

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

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

S. No.	Description	June'16		Sept'16		Dec'16		Mar'17		Total	
		Receipt	Resolved	Receipt	Resolved	Receipt	Resolved	Receipt	Resolved	Receipt	Resolved
1	Non-Receipt of Dividend	NIL	NIL	NIL	NIL	1	1	NIL	NIL	1	1
2	Non-Receipt of Share Certificate sent for transfer etc	1	1	2	2	NIL	NIL	2	2	5	5
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 May 29, 2014, formed a CSR committee 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 2016-17 is annexed as **(Annexure III)**.

e). RISK MANAGEMENT COMMITTEE

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

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

Term of reference:

- 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.
- such other terms as specified in the companies Act 2013 and Listing Agreement or modifications made thereof and as may be delegated by the Board.

f). INTERNAL COMPLAINT COMMITTEE

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

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

INDEPENDENT DIRECTORS MEETING:

During the year under review, the Independent Directors met on March 25, 2017, inter alia, to discuss:

- Evaluation of the performance of Non-Executive Non-Independent Directors and the Board of Directors as a Whole;
- 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
2015-16	27-08-2016	11:00 AM	Registered office at Mellacheruvu (Village & Mandal), Suryapet District 508246 Telangana	Yes
2014-15	28-09-2015	11:00 AM	Registered office at Mellacheruvu (Village & Mandal), Suryapet District 508246 Telangana	Yes
2013-14	09-08 2014	11:00 AM	Registered office at Mellacheruvu (Village & Mandal), Suryapet District 508246 Telangana	No

B. Extra Ordinary General Meeting:

No EGM was held during the year under review,

C. Postal Ballot:

No Postal Ballot proceeding was held during the financial year 2016-17.

V. MEANS OF COMMUNICATION:

The quarterly, half yearly and yearly financial results are sent to the stock Exchanges immediately after the Board approves the same and are also published in The Financial Express, English newspaper and in Andhra Prabha, vernacular newspaper. Then same is also uploaded in the Company's website: www.keerthiindustries.com.

VI. GENERAL SHAREHOLDERS INFORMATION:

a) 34th Annual General Meeting:

Date and Time	Thursday, the 31 st August, 2017 at 11:00 AM
Venue	Registered office at Mellacheruvu (Village & Mandal), Suryapet District 508246 Telangana

b) Book Closure Date: 28-08-2017 to 31-08-2017 (Both days inclusive)

c) Financial Year and Calendar (Tentative) 2017-18:

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. However, due to the applicability of Indian



Accounting Standards (IND-AS) for the first time in the Company, The timeline for submitting the financial results, to Stock Exchanges, for the Quarter ended June'2017 and September'2017 is extended by one month. The Calendar (Tentative) 2017-18 is as follows

Financial Reporting for 2017-2018 (tentative)	On or before
Quarter Ending 30.06.2017	14.09.2017
Half year ending 30.09.2017	14.12.2017
Quarter Ending 31.12.2017	14.02.2018
Year ending 31.03.2018	30.05.2018

Listing on Stock Exchanges:

- i. The Bombay Stock Limited
- d) Listing Fees: Listing Fees for Financial Year 2017-18 has been paid on 07th April, 2017.
- e) Scrip Code: 518011
- f) ISIN No: INE145L01012
- g) Stock Price Data and performance:

Month	High	Low	Turnover	Month	High	Low	Turnover
Apr'2016	206.40	147.00	1,02,42,603	Oct'2016	162.05	123.55	88,34,334
May'2016	208.70	158.75	77,82,693	Nov'2016	155.50	123.20	88,29,869
Jun'2016	158.75	130.05	95,74,378	Dec'2016	140.00	103.00	35,03,076
Jul'2016	173.00	133.00	69,48,513	Jan'2017	143.90	117.00	34,97,515
Aug'2016	149.00	105.00	1,19,99,699	Feb'2017	175.50	129.25	1,91,37,085
Sept'2016	145.05	116.50	88,66,139	Mar'2017	185.85	159.00	1,22,85,971

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

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

- i) Share Transfer System:

As on 31st March 2017, 84.07% of the equity shares of the Company are in electronic form. Transfer of these shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer documents can be lodged with the Company or with the Registrar and Share transfer Agent at the above mentioned addresses. Apart from equity shares, 100% of 9% cumulative redeemable preference share held in physical form.

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



j) Shareholding Pattern as on March, 2017:

S No	Category	No. of Shares Held	Percentage as a total no. of Shareholding
A	Shareholding of Promoter and Promoter group		
	Promoters & Persons acting in Concert	6005847	74.92
	Sub- Total A	6005847	74.92
B	Public Shareholding		
1.	Institutions	9991	0.12
2.	Non- Institution		
a)	Body Corporate	149590	1.87
b)	Indian Public and others	1756976	21.92
c)	Any others		
	i) NRI's Non-Repatriation	1777	0.02
	i) NRI's Repatriation	89933	1.12
	ii) Clearing Members	2624	0.03
	Sub- Total B	2010891	25.08
	Grand Total (A+B)	8016738	100.00

k) Distribution of shareholding of the Company by number of shares held as on 31st March, 2017 is as follows:

Particulars	Shareholders		Shareholding	
	Number	%	Value	%
UPTO - 5000	14013	96.51	11590090	14.46
5001 - 10000	334	2.30	2632580	3.28
10001 - 20000	106	0.73	1550240	1.93
20001 - 30000	21	0.14	512270	0.64
30001 - 40000	18	0.12	624600	0.78
40001 - 50000	6	0.04	277430	0.35
50001 - 100000	10	0.07	685180	0.85
100001 & ABOVE	11	0.08	62294990	77.71
Total	14519	100.00	80167380	100.00

l) Dematerialization of Shares:

The Company's equity shares are dematerialized on National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited. The Company's ISIN is INE145L01012. As on 31st March, 2017, 67,40,016 equity shares are dematerialized which is 84.07 % of the paid up equity share



capital of the company and out of which 17,59,006 shares (21.94%) are in CDSL and 49,81010 shares (62.13%) are in NDSL and the balance i.e. 12,76,722 (15.93%) equity shares are in physical form.

m) Plant Location and address for investors correspondence:

- **Plant Locations:**

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

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

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

Hyderabad-500 03.

Tel: 040-23076543

E-mail ID: kilinvestorservices@gmail.com

n) CEO/MD and CFO Certification:

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

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

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

p) Compliance Certificate of the Practicing Company Secretaries:

As required under Clause E of Schedule V of the SEBI (LODR) Regulation, 2015, 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.
- The BSE has, on 18.04.2016, served a notice of fine of Rs. 1000/- plus service tax for late filing of quarterly Corporate Governance report for the Quarter December, 2013 and the Company has paid the fine on 20.04.2017 and closed the matter. Besides, there were no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets at any time during the last 3 years.
- In the preparation of financial statements, no treatment materially different from that prescribed in



Accounting Standards had been followed.

- iv. Vigil Mechanism: We have established Whistle Blower policy, a mechanism for employees to report concerns about unethical behavior, fraud or violation of code of conduct of the company. It is hereby affirmed that the mechanism provide direct access to the designated Ethics Counselor / Chairman of the Audit Committee for exceptional cases. All employees can also directly meet the Audit Committee members of the company.
- v. The Company has complied with the mandatory requirements within the allowed time and adopted, 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:
www.keerthiindustries.com/policyonrelatedpartytransaction.html
- viii. Most of the discretionary requirements as specified in Part E of Schedule II of the SEBI (LODR) Regulation, 2015, which were practicable for the company to adopt have been adopted and applied.
- ix. The Company has complied with all the compliances with corporate governance requirements specified in regulation 17 to 27 and applicable clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (LODR) Regulation, 2015.
- x. M/s. VCSR & Associates, Practicing Company Secretary, carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

VIII. SUBSIDIARY COMPANIES:

The Company do not have any subsidiary company.

For and on behalf of the Board

For KEERTHI INDUSTRIES LIMITED

Sd/-

J. Triveni

Executive Chairperson

Place: Hyderabad

Date: 29.05.2017

**(Annexure III)****ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

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

CSR Mission is stated herein below:

CSR Mission

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

To pursue these objectives, our focus areas are:

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

Web Link:

www.keerthiindustries.com/images/CSRPolicy.pdf



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, 2017, the committee has met **One (1)** time on 13.08.2016 and has recommended the CSR policy and CSR budget 2016-17 for the approval of the Board of Directors.

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

(Rs. In Lakhs)

Particulars	2013-2014	2014-2015	2015-2016
Net Profit (as per section 198) (which is primarily NPBT)	(2063.05)	1044.32	2974.80
Average Net Profit (as per section 198)	652.02		

4. Prescribed CSR Expenditure (2 % of the amount as in item 3 above): 13.04 Lakhs

5. Details of CSR spent during the financial year.

- (a) Total amount to be spent for the financial year: 13.04 Lakhs
- (b) Amount unspent, if any : 13.04 Lakhs

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

The Management has met number of NGOs to actively support and channelize the activities/projects/ programs to be undertaken by the Company in line with its Company's CSR objectives. However even after meeting number of NGOs, the Company could not identify any suitable NGOs who is working for the common activities/ projects/ programs as on 31.03.2017. The Company is endeavored to ensure full utilization of the allocated CSR budget.

The amount which remained unspent due to the aforesaid circumstances, shall be added to the CSR budget of the Financial Year 2017-18.

7. 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

DIN: 01147062

Sd/-

J. S. Rao

Managing Director

DIN: 00029090

Place: Hyderabad

Date: 29.05.2017



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

MR -3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

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 2016-17. 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, 2017 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, 2017 ("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. mentioned above except:
 - 2.1. *The Company has not spent its CSR Budget of Rs. 13.04 Lakhs allocated for the FY 2016-17.*

The Management has explained to us that they met number of NGOs to actively support and channelize the activities/projects/programs to be undertaken by the Company in line with its Company's CSR objectives. However even after meeting number of NGOs, the Company could not identify (till 31.03.2017) any suitable NGOs who is working for the common activities/ projects/ programs. They explained that they will state the reason for not spending CSR amount in the Board's Report as required pursuant to 2nd proviso to Section 135 (5) of the Companies Act, 2013.

The Management further explained to us that the amount which remained unspent due to the aforesaid circumstances, shall be added to the CSR budget of the Financial Year 2017-18.
3. We further report that:
 - 3.1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review and were carried out in compliance with the provisions of the Act.



- 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: 27.05.2017**

**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: 27.05.2017**

**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 31st March, 2017

[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 th 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), Suryapet District, Telangana-508246. 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 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034 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	95.86 %


III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES – N.A.
IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i). Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	60,01,509	4,338	60,05,847	74.92	60,01,513	4,334	60,05,847	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
Sub-total (A) (1):-	60,01,509	4,338	60,05,847	74.92	60,01,513	4,334	60,05,847	74.92	0.00
(2) Foreign									
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
Sub-total (A) (2):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total shareholding of Promoter (A) = (A)(1)+(A) (2)	60,01,509	4,338	60,05,847	74.92	60,01,513	4,334	60,05,847	74.92	0.00
B. Public Shareholding									
1. Institutions									
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
Sub-total (B)(1):-	6,667	3,324	9,991	0.12	6,667	3,324	9,991	0.12	Nil
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	57,755	65,133	1,22,888	1.53	85,907	63,683	1,49,590	1.87	0.34
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									
i). Individual shareholders holding nominal share capital upto Rs. 1 lakh	4,97,648	11,54,703	16,52,351	20.61	4,92,465	11,26,278	16,18,743	20.19	(0.42)
ii). Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1,33,747	Nil	1,33,747	1.67	1,38,233	Nil	1,38,233	1.72	0.05
c) Others Clearing Members	2,472	Nil	2,472	0.03	2,624	NIL	2,624	0.03	Nil
d) NRI's	7,072	82,370	89,442	1.12	12,607	79,103	91,710	1.14	0.02
Sub-total (B)(2):-	6,98,694	13,02,206	20,00,900	24.96	7,31,836	12,69,064	20,00,900	24.96	Nil
Total Public Shareholding (B)=(B)(1)+(B)(2)	7,05,361	13,05,530	20,10,891	25.08	7,38,503	12,72,388	20,10,891	25.08	Nil
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	67,06,870	13,09,868	80,16,738	100.00	67,40,016	12,76,722	80,16,738	100.00	Nil


ii). Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledge/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	J. Seshagiri Rao	36,96,825	46.11	65.06	36,96,825	46.11	65.06	NIL
2	J. Triveni	21,95,379	27.38	NIL	21,95,379	27.38	NIL	NIL
3	J. 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
	Total	60,05,847	74.92	65.06	60,05,847	74.92	65.06	NIL

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.

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

Sl. No.	Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the End of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Udaya Bhaskara Rao Akkineni	1,00,000	1.25	1,00,000	1.25
2.	Mecca Constructions Pvt Ltd	50,000	0.62	50,000	0.62
3.	Stressed Assets Stabilization Fund	27,778	0.35	27,778	0.35
4.	Kavita Ramesh Shah	0	0.00	20,000	0.25
5.	Atul Dinkerray Raval	1000	0.01	18,233	0.23
6.	Golden Goenka Commerce Private Limited	0	0.00	12,210	0.15
7.	Rajeev Jawahar	0	0.00	9,628	0.12
8.	C L N Prasad HUF.	11,428	0.14	7,472	0.09
9.	V C Brahmanna	7,100	0.09	7,100	0.09
10.	Andhra Pradesh Industrial Development Corporation Limited	6,667	0.08	6,667	0.08



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:	-	-	-	-
	At the end of the year	36,96,825	46.11	36,96,825	46.11
2	J Triveni – Executive Chairperson & Whole-time Director				
	At the beginning of the year	21,95,379	27.38	-	-
	Date wise Increase / Decrease in 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	Emani Siva Sankaram – Director				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year:	-	-	-	-
	At the end of the year	-	-	-	-
6	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	-	-	-	-
7	*Y Venkateswara Rao – Ex-CFO				
	(*Resigned w.e.f. 30.07.2017)				-
	At the beginning of the year	2	0.00	-	-
	Date wise Increase / Decrease in Shareholding:	-	-	-	-
	At the end of the year	-	-	2	0.00
8	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 excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4665.47	2911.75	5.22	7582.44
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	8.67	135.86	Nil	144.53
Total (i+ii+iii)	4674.14	3047.61	5.22	7726.97
Change in Indebtedness during the financial year				
Addition	414.96	58.19	Nil	473.15
Reduction	1474.93	233.28	Nil	1708.21
Net Change Indebtedness	(1059.97)	(175.09)	Nil	(1235.06)
At the end of the financial year				
i) Principal Amount	3599.46	2872.52	5.22	6477.20
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	14.71	Nil	Nil	14.71
Total (i+ii+iii)	3614.17	2872.52	5.22	6491.91


VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director (MD), Whole-time Directors (WTD) and/or Manager:
(Rs. In Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		J. S. Rao (MD)	J. Triveni (Chairperson & WTD)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	48.00	48.00	96.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission - as % of profit - others, specify...	59.82	59.82	119.64
5	Others, please specify	Nil	Nil	Nil
	Total (A)	107.82	107.82	215.64
	Ceiling as per the Act			215.64

A. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		K Harishchandra Prasad	B V Subbaiah	E Siva Sankaram	J Sivaram Prasad	
	Independent Directors					
1	Fee for attending board / committee meetings	62,500	82,500	75,000	—	2,20,000
	Commission	Nil	Nil	Nil	—	Nil
	Others, please specify	Nil	Nil	Nil	—	Nil
	Total (1)	62,500	82,500	75,000	—	2,20,0008



2	Other Non-Executive Directors					
	Fee for attending board/committee meetings	—	—	—	37,500	37,500
	Commission	—	—	—	Nil	Nil
	Others, please specify	—	—	—	Nil	Nil
	Total (2)	—	—	—	37,500	37,500
	Total (B)=(1+2)	62,500	82,500	75,000	37,500	2,57,500
	Total Managerial Remuneration					2,57,500
	Overall Ceiling as per the Act					13,31,846

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		*CFO * (Mr. Y. Venkateswara Rao, Resigned w.e.f. 30.07.2016)	*CFO * (Mr. J. S. Rao, Appointed w.e.f. 28.01.2017)	Company Secretary (Rajesh Kumar Yadav)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,26,515	Nil	5,45,425	7,71,940
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission - as % of profit - others, specify...	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	Total	2,26,515	Nil	5,45,425	7,71,940



I. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

NIL

(Annexure-VI)

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

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

S. No.	Name of the Director	Ratio of the remuneration to the median remuneration of the employees.
1.	Smt J. Triveni (Executive Chairperson)	44.27:1
2.	Sri J. S. Rao (Managing Director)	44.27:1
3.	Sri. J. Sivaram Prasad (Independent Director) *	0.15:1
4.	Sri. B V Subbaiah (Independent Director)	0.34:1
5.	Sri. E. Sivasankaram (Independent Director)	0.31:1
6.	Sri. K. Harishchandra Prasad (Independent Director)	0.26:1

* Sri. J. Sivaram Prasad who was serving in the Company as Non-Executive Non-Independent Director has been appointed as Non-Executive Independent Director w.e.f. 29-05-2017.

- (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. E. Sivasankaram (Independent Director)	NIL
6.	Sri. K. Harishchandra Prasad (Independent Director)	NIL
7.	Sri. Y. Venkateswara Rao (CFO)*	NIL
8.	Mr. Rajesh Kumar Yadav (Company Secretary	NIL

* Sri. Y. Venkateswara Rao (CFO) has resigned from the office w.e.f. 30-07-2017. Thereafter the Board of director has, on the recommendation of the Nomination and Remuneration Committee, appointed Sri. J. S. Rao, the Managing Director as Managing Director and CFO w.e.f. 28-01-2017 without any change in his existing Remuneration.

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

0.00%

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

215

(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 already made in the salaries of employees is 0.00 %

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

(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. 59.82 Lakhs each as commission on the Net profits (computed as laid down under Section 197 (1) of the Companies Act, 2013) for the Financial year 2016-17 apart from monthly remuneration subject to the overall limits specified by the Companies Act, 2013. Non-Executive Directors has received setting fee, for the Board and committee meeting, as remuneration.

Hence, Commission is the 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	1,07,82,340	Contractual	B. Com (Hons)	25-04-2005	55	Hyderabad Bottling Co Ltd - Director	27.38	-
2	Shri. J.S.Rao - Managing Director	1,07,82,340	Contractual	M.Tech	30-09-1999	63	Hyderabad Bottling Co Ltd - Managing Director	46.11	-
3	Smt. J.Sarada Govardhini - C.O.O.	29,41,704	Permanent	LLM	14-02-2011	32	-	0.00	Daughter of Chairperson and Managing Director
4	Shri. M. Vasanthakumar - V.P.(W)	19,83,648	Permanent	MSc	11-01-2016	57	-	0.00	-
5	Shri. C. Jognadham - G.M.(O)	11,64,384	Permanent	MSc	02-11-1996	57	-	0.00	-
6	Shri. J. Srinivasa Rao - Sr. D.G.M(P&QC)	14,40,000	Permanent	MSc	10-04-2017	54	-	0.00	-
7	Shri. G. Argun Reddy - A.G.M.(Pyro)	7,23,648	Permanent	Bsc	23-03-2016	58	-	0.00	-
8	Shri. Rajesh kumaryadav - C.S.	5,49,864	Permanent	Company Secretary	13-05-2015	30	Covindh Technologies Limited	0.00	-
9	Shri. D. Vijaykumar - D.G.M.(Prod)	6,54,744	Permanent	M.Tech	30-06-1994	50	-	0.00	-
10	Shri. K.UmaMaheswara Rao - A.G.M.(Sales)	6,33,864	Permanent	B.Com	22-09-2003	56	-	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 Suryapet 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 2016-17 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 45 million tonnes of cement needed in the next three to four years.

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

To meet the rise in demand, cement companies are expected to add 56 million tonnes (MT) capacity over the next three years. The cement capacity in India may register a growth of 8 % by next year end to 395 MT from the current level of 366 MT. It may increase further to 421 MT by the end of 2018. The country's per capita consumption stands at around 190 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 24.4 % 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 or disposition. Further all transactions entered into by the company are duly authorized and recorded correctly. M/s. Pavuluri & Co., Chartered Accountants, Hyderabad has been working as the Internal Auditors of the company. The Internal Auditors are submitting reports to the company on a Quarterly basis.

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 31st March, 2017 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/-
(Ch. Veeranjanyulu)
Partner
CP No. 6392**

Place: Hyderabad

Date: 27-05-2017

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

To,
The Members of Keerthi Industries Limited

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

Pursuant to Clause D of Schedule V of the SEBI (LODR) Regulation, 2015, I hereby declare that all Board members and Senior Management personnel have affirmed compliance with the Code for the financial year ended March 31, 2017.

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

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

Place: Hyderabad

Date: 29.05.2017



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

Dear Shareholder,

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

- A. I 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 my 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. I accept overall responsibility for establishing and maintaining the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weakness.
- D. There are no
- a. significant changes in internal controls over financial reporting during the year;
 - b. significant changes in the accounting policies during the year;
 - c. instances of significant fraud of which we have become aware of and which involve the management or other employees who have significant role in the Company's internal control system over financial reporting.
- E. I have fully complied with the Accounting Manual of the Company and reviewed very carefully the checklists prepared by the Company

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

Sd/-

J. S. Rao

Managing Director & CFO

Place: Hyderabad

Date: 29.05.2017



INDEPENDENT AUDITORS' REPORT

To the Members of KEERTHI INDUSTRIES LIMITED,

Report on the Financial Statements

1. We have audited the accompanying financial statements of KEERTHI INDUSTRIES LIMITED, HYDERABAD, TELANGANA ("The Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of Significant Accounting Policies and Other Explanatory Information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Audit Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India in the case of the Balance Sheet, of the



state of affairs of the Company as at 31 March 2017; in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the *Annexure-A* a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
9. As required by section 143(3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards specified under section 133 of the Act, read with rule Rule 7 of the Companies (Accounts) Rules, 2014 ;
 - (e) on the basis of the written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act ;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "*Annexure B*"; and
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations which would impact its financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.; and
 - iv. the Company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company – refer explanatory Note No. 25.11 to the Financial Statements.

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

Sd/-

(P.GOVARDHANA REDDY)
Partner
Membership No.029193

Place: Hyderabad
Date: 29.05.2017

**ANNEXURE-A REFERRED TO PARAGRAPH 8 OF OUR REPORT OF EVEN DATE****Statement on the Companies (Auditor's Report) Order, 2016**

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

- (i) (a) the Company maintains proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification;
 - (c) title deeds of immovable properties are held in the name of the Company;
- (ii) management had physically verified the inventory at reasonable intervals and no material discrepancies were noticed on physical verification;
- (iii) (a) the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013;
 - (b) in view of our comment in para iii (a) above, paras 3(iii) (b) and (c) of the aforesaid Order are not applicable to the Company;
- iv) the Company has not advanced any loan, not made investments, not given guarantees and not provided any security. Hence para 3(iv) of the aforesaid Order is not applicable;
- (v) the Company has not accepted deposits from the public. Hence the provisions of Sections 73 to 76 and other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 are not applicable to the Company;
- (vi) maintenance of cost records has been prescribed by the Central Government under section 148(1) of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained
- (vii) (a) according to the records, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Fund, Employees State's Insurance, Income Tax, Sales-tax, Service Tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to the Company. And there are no statutory dues which were in arrears as at 31st March 2017, for a period of more than six months from the date they became payable.
 - (b) there are no dues of Sales Tax/Income Tax/Customs Duty/Cess, which have not been deposited on account of any dispute except Excise Duty the details of which are given below:

S. No	Name of the Statute	Nature of Dues	Amount ₹	Period to which amount related	Forum where dispute is pending
1	Erstwhile A P General Sales Tax Act	Tax on packing material	18,77,197	FY1990-91 and FY1991-92	Sales Tax Appellate Authority



2	Central Sales Tax Act	Central Sales Tax	39,25,213#	FY 2000-01,the Order was passed during FY2007-08	AP Sales Tax Tribunal#
3.	Commercial tax Deptkarnataka	Central sales Tax	6,20,112	FY 1993-94	Hon'ble High Court of Karnataka
4	Central Excise Act	Central Excise	1,90,02,358*	Feb 2006-August 2010 Show cause Notice was received on 10.11.2010	CESTAT Hyderabad

against the demand of ₹ 39,25,213 the Company paid ₹ 19,08,835. However during the year under report the Tribunal set aside the demand and remanded the matter to assessing authorities.

* against the demand ₹ 20,00,00 paid under protest

(viii) the Company has not defaulted in repayment of dues to banks. The company has not issued any debentures;

(ix) on the basis of review of utilization of funds on overall basis, the term loans taken by the company were applied for the purposes for which the loans were obtained.

(x) we report that no fraud on or by the Company has been noticed or reported during the year.

(xi) the Company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013;

xii) the Company is not a Nidhi Company .

xiii) based on the audit procedures performed and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and section 188 of the Companies Act 2013, and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;

xiv) the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review;

xv) the Company has not entered into non-cash transactions with directors or persons connected with him;

xvi) the Company is not required to be registered u/s 451A of the Reserve Bank of India

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

Sd/-

(P.GOVARDHANA REDDY)
Partner
Membership No.029193

Place: Hyderabad

Date: 29.05.2017



**ANNEXURE - B REFERRED TO IN PARAGRAPH
9 (f) OF OUR REPORT OF EVEN DATE**

Re: KEERTHI INDUSTRIES LIMITED

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

1. We have audited the internal financial controls over financial reporting of **Keerthi Industries Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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



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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

Sd/-

(P.GOVARDHANA REDDY)

Partner

Membership No.029193

Place: Hyderabad

Date: 29.05.2017



Keerthi Industries Limited

Balance Sheet as at 31 March 2017

₹ in Lakhs

Particulars	Note No.	As at 31 March 2017	As at 31 March 2016
Equity and Liabilities			
(1) Shareholders' funds			
(a) Share capital	2	1,690.11	1,690.11
(b) Reserves and surplus	3	5,616.86	4,285.01
		7,306.97	5,975.12
(2) Non-current liabilities			
(a) Long-term borrowings	4	3,342.72	4,456.45
(b) Deferred Tax Liability(net)	25.10	1,438.63	973.00
(c) Long-term provisions	5	49.36	94.77
		4,830.71	5,524.22
(3) Current liabilities			
(a) Short-term borrowings	6	2,426.64	2,724.75
(b) Trade payables	7	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,615.20	1,502.57
(c) Other current liabilities	8	2,678.57	1,765.54
(d) Short-term provisions	9	-	43.81
		6,720.41	6,036.67
Total		18,858.09	17,536.01
Assets			
(1) Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		12,120.41	10,185.03
(ii) Intangible assets		47.87	1.27
(iii) Capital work-in-progress		-	2,084.53
		12,168.28	12,270.83
(b) Non- Current Investments (at cost) - National Saving Certificates	25.4	0.06	0.06
(c) Long-term loans and advances	11	1,232.64	1,129.94
		13,400.98	13,400.83
(2) Current assets			
(a) Inventories	12	1,934.15	2,066.53
(b) Trade receivables	13	266.56	226.17
(c) Cash and cash equivalents	14	1,365.48	318.37
(d) Short-term loans and advances	15	1,713.13	1,125.37
(e) Other current assets	16	177.79	398.74
		5,457.11	4,135.18
Total		18,858.09	17,536.01
Significant Accounting policies	1		
Explanatory Notes & Other Disclosures	25		

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

Sd/-
(P.Govardhana Reddy)
Partner

Place: Hyderabad
Date: 29.05.2017

For and on behalf of Board of Directors

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

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

Sd/-
(Rajesh Kumar Yadav)
Company Secretary



Keerthi Industries Limited

Statement of Profit and Loss for the year ended 31 March 2017

₹ in Lakhs

Particulars	Note No.	Current year	Previous year
I. Revenue from operations	17	19,220.74	18,263.98
II. Other income	18	76.46	118.65
III. Total Revenue (I+II)		19,297.20	18,382.63
IV. Expenses			
(i) Cost of materials consumed	19	1,947.01	1,726.40
(ii) Changes in inventories of finished goods and work-in-progress	20	63.51	(102.63)
(iii) Employee benefits expense	21	1,367.92	1,143.40
(iv) Finance costs	22	493.14	618.01
(v) Depreciation and amortization expense	10	879.81	823.47
(vi) Other expenses	23	12,604.99	11,361.74
Total expenses		17,356.38	15,570.39
V. Profit / (Loss) before Exceptional Items (III-IV)		1,940.82	2,812.24
VI. Exceptional Items	24	-	162.56
VII. Profit / (Loss) before tax (V+VI)		1,940.82	2,974.80
VIII. Tax expense:			
(1) Current tax		414.21	634.87
(2) Deferred tax	25.10	465.63	973.57
(3) MAT Credit entitlement		(270.87)	(634.87)
(4) Income tax of earlier year		-	10.07
IX. Profit / (Loss) after tax for the year (VII-VIII)		1,331.85	1,991.16
X. Earnings per equity share (face value of ₹ 10/-)			
Basic & Diluted	25.9	15.62	23.84

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

Sd/-
(P.Govardhana Reddy)
Partner

Place: Hyderabad
Date: 29.05.2017

For and on behalf of Board of Directors

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

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

Sd/-
(Rajesh Kumar Yadav)
Company Secretary



Keerthi Industries Limited

Cash Flow Statement for the Twelve Months ended 31st March, 2017 (Indirect Method)

₹ in Lakhs

	Year ended 31 st March 2017	Year ended 31 st March 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	1940.82	2974.80
Adjustments for:		
Depreciation	879.81	823.47
Profit on sale of fixed assets	0.00	0.00
Excess provision for wealth tax written back	0.00	(0.21)
Interest	493.14	618.01
Interest Earned	(67.63)	(60.54)
Operating Profit before working capital changes	3246.14	4355.53
Changes in working capital:		
Inventories	132.38	(511.85)
Trade receivables	(40.39)	(55.79)
Short-term loans and advances	(298.52)	339.75
Long-term loans and advances	(102.70)	74.49
Other current assets	207.73	(251.35)
Trade payables	112.63	(6.62)
Other current liabilities	736.24	(544.06)
Long-term provisions	(45.41)	(128.85)
Cash generated from operations	3948.10	3271.25
Direct Taxes paid	(476.38)	(730.65)
Net Cash Flow from Operating Activity (A)	3471.72	2540.60
B. CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	80.84	53.34
Purchase of Fixed Assets	(2861.79)	(317.02)
Sale of Asset	0.00	0.02
Capital Work in progress	2084.53	(2084.53)
Net Cash used in Investing Activities (B)	(696.42)	(2348.19)
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Long Term borrowings	(942.98)	(712.07)
Short Term Borrowings	(298.11)	1118.23
Interest paid	(487.10)	(621.39)
Net Cash used in Financing Activities (C)	(1728.19)	(215.23)
D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	1047.11	(22.82)
Cash and Cash Equivalents as at 31.03.2016	318.37	341.19
Cash and Cash Equivalents as at 31.03.2017	1365.48	318.37

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

For and on behalf of Board of Directors

Sd/-
(P.Govardhana Reddy)
Partner

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

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

Place: Hyderabad
Date: 29.05.2017

Sd/-
(Rajesh Kumar Yadav)
Company Secretary



1. SIGNIFICANT ACCOUNTING POLICIES

1.1. Basis of Preparation:

The financial statements have been prepared and presented under historical cost convention on accrual basis and comply in all material aspects with the Accounting Standards (AS) and the relevant provisions prescribed in the Companies Act, 2013 besides the pronouncements/guidelines of the Institute of Chartered Accountants of India and of the Securities and Exchange Board of India.

1.2. Classification of Assets and Liabilities as Current and Non-Current:

All assets and liabilities are classified as current/ non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013

1.3. Property Plant and Equipment:

Fixed assets (Tangible and Intangible) are stated at cost, less accumulated depreciation / amortisation. Cost comprises the purchase price and any attributable cost of bringing the asset to its location and working condition for its intended use.

Depreciation:

- i) Depreciation is provided on Straight Line Method on the assets, other than office equipment, furniture & fixtures and vehicles of Cement Division, on which depreciation is provided on Written Down Value Method in accordance with Schedule II to the Companies Act, 2013
- ii) Upfront lease amounts paid in respect of leasehold land is amortised over the period of lease.

1.4. Treatment of Expenditure during Construction Period:

Expenditure during construction period is included under capital work-in-progress and the same is allocated to the respective fixed assets on the completion of construction.

1.5. Borrowing Cost:

Interest and other costs in connection with the borrowing of funds to the extent attributable to the acquisition or construction of a qualifying fixed asset are capitalised as part of the cost of such asset till such time the asset is ready for its intended use. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

1.6. Inventories:

Inventories are valued at the lower of cost and net realisable value. The cost is computed on weighted- average basis

1.7. Revenue Recognition:

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

1.8. Foreign Currency Transactions:-

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

1.9. Retirement benefits:

- a. Defined Contribution Scheme : Provident fund contributions are remitted to Provident Fund Commissioner and the Contributions are charged to revenue.
- b. Defined Benefit Scheme: Provision for gratuity is made on the basis of an actuarial valuation based on Projected Unit Credit Method at the end of each financial year.
- c. Company provides for the encashment of leave or leave with pay subject to certain rules. Employees are entitled to accumulate leave subject to certain limits, for the future encashment. The liability is provided based on actuarial valuation at the end of each financial year


1.10. Provisions/Contingencies:

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

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

Notes forming part of the Financial Statements for the year ended 31 st March, 2017
2.Share Capital

₹ in Lakhs

Particulars	As at 31st March 2017	As at 31st March 2016
a. Authorised:		
2,73,00,000 Equity Shares of ₹10/- each	2,730.00	2,730.00
10,70,000 - 9% Cumulative Redeemable Preference Shares of ₹ 100 each	1,070.00	1,070.00
Total	3,800.00	3,800.00
b. Issued, subscribed and paid up:		
80,16,738 Equity Shares of ₹ 10/- each	801.67	801.67
9% Cumulative Redeemable Preference shares: -	888.44	888.44
5,00,000 Shares of ₹ 70/- each	-	-
5,38,440 Shares of ₹ 100/- each	-	-
	1,690.11	1,690.11

C. Reconciliation of Equity Shares outstanding at the end of the reporting period

Particulars	As at 31st March 2017		As at 31st March 2016	
	No. of shares	Amount ₹ in lakhs	No. of shares	Amount ₹ in lakhs
Shares outstanding at the beginning of the year	8,016,738	801.67	8,016,738	801.67
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	8,016,738	801.67	8,016,738	801.67

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

Particulars	As at 31st March 2017		As at 31st March 2018	
	No. of shares	Amount ₹ in lakhs	No. of shares	Amount ₹ in lakhs
Shares outstanding at the beginning of the year	1,038,440	888.44	1,038,440	888.44
Add: Shares issued during the year	-	-	-	-
Less: Shares Redeemed during the year				-
Shares outstanding at the end of the year	1,038,440	888.44	1,038,440	888.44



Redemption terms of the above Preference Shares :

No of shares	Date of allotment	Terms
5,00,000 of ₹ 70/- each	24.10.2001	Redeemable at par at the end of 12th and 13th year from the date of allotment and the amount payable per share is ₹35 and ₹35 respectively. However, Company has obtained the consent of the members to extend the validity period of repayment by five years, accordingly redeemable at par at the end of 17th and 18th year from the date of allotment.
2,70,100 of ₹ 100/- each	31.10.2002	Redeemable at par at the end of 11 th , 12 th and 13 th year from the date of allotment and the amount payable per share is ₹ 30, ₹ 35 and ₹ 35 respectively. However, Company has obtained the consent of the members to extend the validity period of repayment by five years, accordingly redeemable at par at the end of 16 th , 17 th and 18 th year from the date of allotment.
2,68,340* of ₹ 100/- each	13.06.2001	Redeemable at par at the end of 16 th , 17 th , 18 th and 19 th year ₹ 50 lakhs per year and at the end of 20th year ₹ 68.34 lakhs
10,38,440		

* These shares were issued by the Company to preference shareholders of Hyderabad Flextech Limited (amalgamating Company) on amalgamation, redeemable on the same terms on which these were issued initially by Hyderabad Flextech Limited.

e. Terms/ rights attached to equity shares

Each holder of equity share is entitled to one vote per share. The dividends recommended by the Board of Directors, if any are subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the equity share holders are entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to the number of shares held. The rights attached to the Equity shareholders are subject to the provisions of Companies Act, 1956 and other applicable laws

f. Terms/ rights attached to 9% cumulative redeemable preference shares

Preference shares would not carry any voting rights. Dividends recommended by the Board of Directors for not exceeding the coupon rate, if any, are subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the preferential share holders will have preferential right over the Equity share holders for their principal amount and the dividend, if any, declared thereon on remaining assets of the Company after distribution to the secured and the preferential creditors. The rights attached to the 9% Cumulative Redeemable Preferential shareholders are subject to the provisions



of Companies Act,1956 and other applicable laws

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

Name of the Share Holder	As at 31 March 2017		As at 31 March 2016	
	Number of Shares held	% holding	Number of Shares held	% holding
Equity Shares of ₹ 10/- each:				
Sri. J S Rao	3,696,825	46.11	3,696,825	46.11
Smt.J Triveni	2,195,379	27.38	2,195,379	27.38
9% Redeemable Preference shares of ₹ 100/- Each:				
M/s. Hyderabad Bottling Company Ltd	1,038,440	100.00	1,038,440	100.00

3. Reserves and Surplus

₹ in Lakhs

Particulars	As at 31st March 2017	As at 31st March 2016
Capital Reserves on shares forfeited	4.29	4.29
Capital Reserve (Electronic Division)	523.36	523.36
Capital Reserve (on amalgamation)	411.90	411.90
Govt. Subsidies	35.00	35.00
Capital Redemption Reserve	150.00	150.00
	1,124.55	1,124.55
Surplus in the Statement of Profit & Loss		
Balance as per last financial statement	3,160.46	1,169.30
Profit(+)/Loss(-) for the year	1,331.85	1,991.16
Closing Balance	4,492.31	3,160.46
Total	5,616.86	4,285.01


4. Long-term borrowings

₹ in Lakhs

Particulars	Non-current portion		Current Maturities	
	As at 31st March 2017	As at 31st March 2016	As at 31st March 2017	As at 31st March 2016
Secured				
Term loans:				
- Canara Bank	791.07	1,244.00	-	245.68
- Andhra Bank	-	1,248.00	-	9.04
- Canara Bank (Power Project)	672.33	347.37	360.00	270.00
- Canara Bank(3)	250.21	-	315.00	-
Unsecured				
Term loans(against hypotheication of vehicles):				
- Daimler Financial Services India Pvt Ltd.,	13.26	26.65	13.39	12.37
- Kotak Mahendra Bank	25.42	-	19.45	-
Sales Tax Deferrment	1,590.43	1,590.43	-	-
Total	3,342.72	4,456.45	707.84	537.09

- A. All the installments falling due within 12 months from the date of Balance Sheet have been classified as current maturities, the aggregate amounts are shown under 'Other Current Liabilities'.
- B. The term loans from Canara bank, Andhra Bank and Indian Bank are secured by: (a) First charge on the fixed assets of the Company, (b) Second Charge on Current Assets of the Company and (c) Pledge of equity shares of the company held by the promoters equivalent to 30% of the equity shares of the company. The said charges and the pledge are on pari passu basis. Term Loan from Canra Bank for power project is exclusively secured by way hyphothication of power project machinery and equipment.
- C. All the term loans obtained from the banks are guaranteed by two of the directors of the Company in their individual capacities.
- D. The term loan - i from Canara Bank which was restructured is repayable in 30 equal quarterly instalments efective December 2014. Canara Bank has sanctioned term loan of ₹1800 lakhs with a sublimit of Foreign Letter of Credit (F.L.C.) Equivalent to ₹1065 lakhs forwaste heat recovery power plant and disbursed an amount ₹617.37 lakhs up to 31st March, 2017. During the year Company has imported plant and machinery for waste heat recovery power plant on suppliers credit of ₹1044 lakhs backed by F.L.C. . As and when the suppliers credit is discharged by the Bank, the same will be transfered to term loan account. Other terms of repayment of term loans are given below:



Particulars	Rate of Interest	As at 31st March 2017		As at 31st March 2016	
		Number of installments due	Amount ₹ in lakhs	Number of installments due	Amount ₹ in lakhs
Term loans:					
Term loans:					
Canara Bank - i	14.45%	20	791.07	24	1,489.68
Canara Bank (Power Project) - ii	13.65%	17	1,032.33	20	617.37
Canara Bank - iii	13.80%	21	565.21	0	-
Andhra Bank	14.45%	0	-	24	1,257.05
			2,388.61		3,364.10
Daimler Financial Services India Pvt Ltd.,	8.03%	23	26.65	35	39.01
Kotak Mahendra Bank	10.51%	26	44.87	0	-
			71.52		39.01
			2,460.13		3,403.11

E. Sales Tax Deferment(Cement Division): Conesquent to the introduction of VAT from 01.04.2005, the Tax Holiday, being the sales tax incentive, against expanded capacity, had been converted into Deferment and the Company got entitlement to defer tax collections up to ₹1590.43 lakhs over a period of ten years effective 01.04.2005 and repayable after fourteen years from the end of the relevant financial year. Due dates for repayment are given below.

Due Date	Amount (₹ in lakhs)
01.04.2020	308.18
01.04.2021	491.73
01.04.2022	591.70
01.04.2023	198.82

Note: Deputy Commssioner (CT), 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 availment after the the conversion from Tax Holiday Scheme to Tax Deferment. Accordingly the revised schedule of repayment is as follows:

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

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


5. Long-term provisions

₹ in Lakhs

Particulars	As at 31st March 2017	As at 31st March 2016
Provision for employee benefits		
Gratuity	11.69	61.13
Compensated absences	37.67	33.64
Total	49.36	94.77

6. Short-term borrowings

₹ in Lakhs

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

- a. Secured: (i) Cash Credit from Canara Bank sanctioned limit of ₹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 by the corporate guarantee of M/s Hyderabad Bottling Company Limited. and equitable mortgage against the residential property of a director of Company. (ii) Overdraft from State Bank of India was secured by Fixed Deposit Receipt of ₹124 lakhs (iii) Supplier credit power project is backed by Foreign Letter of Credit issued by Canara Bank. As and when payments made by Canara Bank to supplier, the same will be converted in to term loan.
- b. Unsecured: Loan from Directors and Inter corporate deposits carry an interest of 10% per annum and is repayable on demand.

7. Trade payables

₹ in Lakhs

Particulars	As at 31st March 2017	As at 31st March 2016
Other than Micro, Small and Medium Enterprises	1,615.20	1,502.57
Total	1,615.20	1,502.57



Note: As per the information available with the Company, there are no suppliers/service providers in the category of Micro, Small and Medium Enterprises.

8. Other current liabilities

₹ in Lakhs

Particulars	As at 31st March 2017	As at 31st March 2016
i. Current maturities of long-term debt (Refer Note - 4)	707.84	600.73
ii. Current maturities of long-term Provisions	2.85	2.33
iii. Other Payables:		
a. Statutory remittances	405.63	251.87
b. Advances from customers	874.69	421.00
c. Outstanding expenses	275.78	200.79
d. Creditors for capital goods	255.19	214.05
e. Interest accrued but not due	14.71	8.67
f. Employee benefits payable	140.76	128.21
g. Other creditors	1.12	1.29
Total	2,678.57	1,765.54

9. Short-term provisions

₹ in Lakhs

Particulars	As at 31st March 2017	As at 31st March 2016
Provision for tax		
Income Tax (net of advance tax)	-	43.81
Total	-	43.81



10. FIXED ASSETS:

10. FIXED ASSETS:										₹ in Lakhs	
Sl. No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 31.03.2016	Additions	Deductions	As at 31.03.2017	Up to 31.03.2016	For the year	Deductions	Up to 31.03.2017	As at 31.03.2017	As at 31.03.2016
(1)	<u>Tangible Assets:</u>										
1	Land:										
	Freehold: Cement Division	699.20	44.55	0.00	743.75	0.00	0.00	0.00	0.00	743.75	699.20
	Sugar Division	475.19	0.00	0.00	475.19	0.00	0.00	0.00	0.00	475.19	475.19
	Lease hold Land (Wind Power)	18.00	0.00	0.00	18.00	5.40	0.60	0.00	6.00	12.00	12.60
2	Buildings:										
	Factory	3368.10	76.66	0.00	3444.76	959.07	113.22	0.00	1072.29	2372.47	2409.03
	Factory (Wind Power)	57.55	0.00	0.00	57.55	16.09	1.80	0.00	17.89	39.66	41.46
	Non-Factory	337.96	0.00	0.00	337.96	97.29	10.87	0.00	108.16	229.80	240.67
3	Plant & Machinery	12165.75	1707.38	0.00	13873.13	7434.31	457.05	0.00	7891.36	5981.77	4731.44
	Plant & Machinery (Wind Power)	860.45	0.00	0.00	860.45	474.44	25.42	0.00	499.86	360.59	386.01
4	Electrical Installations	2275.22	964.37	0.00	3239.59	1168.50	239.06	0.00	1407.56	1832.03	1106.72
5	Furniture & Fixtures	69.42	6.24	0.00	75.66	52.55	4.01	0.00	56.56	19.10	16.87
6	Office Equipment	52.46	2.27	0.00	54.73	48.00	1.42	0.00	49.42	5.31	4.46
7	Vehicles	85.93	7.13	0.00	93.06	36.61	16.37	0.00	52.98	40.08	49.32
8	Other Assets	17.95	0.00	0.00	17.95	17.05	0.00	0.00	17.05	0.90	0.90
9	Data Processing Equipment	79.83	2.21	0.00	82.04	70.84	5.61	0.00	76.45	5.59	8.99
10	Effluent Treatment Plant	19.49	0.00	0.00	19.49	18.53	0.00	0.00	18.53	0.96	0.96
11	Generators	17.59	0.00	0.00	17.59	16.71	0.00	0.00	16.71	0.88	0.88
12	Lab Equipment	6.57	0.00	0.00	6.57	6.24	0.00	0.00	6.24	0.33	0.33
	Total	20606.66	2810.81	0.00	23417.47	10421.63	875.43	0.00	11297.06	12120.41	10185.03
(II)	<u>Intangible Assets:</u>										
	Computer Software	72.71	50.98	0.00	123.69	71.44	4.38	0.00	75.82	47.87	1.27
(III)	Capital work in progress	2084.53	497.99	2582.52	0.00	0.00	0.00	0.00	0.00	0.00	2084.53
	Total (I+II +III)	22763.90	3359.78	2582.52	23541.16	10493.07	879.81	0.00	11372.88	12168.28	12270.83
	Less:Internal transfers		(2582.52)	(2582.52)							
	Total	22763.90	777.26	0.00	23541.16	10493.07	879.81	0.00	11372.88	12168.28	12270.83
	Previous Year	20362.69	2401.55	0.34	22763.90	9669.92	823.47	0.32	10493.07	12270.83	10692.77


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

₹ in Lakhs

Particulars	As at	As at
	31st March 2017	31st March 2016
Advances for Capital items	628.20	633.29
Consumption Deposit with CPDCL	471.35	385.50
Voltage Surcharge paid under protest	72.06	72.06
Sales Tax paid under protest ^	41.03	19.09
Excise Duty & Service tax under protest	20.00	20.00
Total	1,232.64	1,129.94

^ includes an amount of ₹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.

12. Inventories

₹ in Lakhs

Particulars	As at	As at
	31st March 2017	31st March 2016
Raw materials	273.00	266.25
Stores and spares	631.91	638.83
Coal	566.06	631.36
Packing Material	13.09	16.49
Work-in-progress	254.40	332.46
Finished goods	187.10	172.55
Scrap (discarded assets) - At realisable value	8.59	8.59
Total	1,934.15	2,066.53

13. Trade Receivables (Unsecured considered good)

₹ in Lakhs

Particulars	As at	As at
	31st March 2017	31st March 2016
Debts outstanding for a period exceeding six months	0.47	0.47
Other debts	266.09	225.70
Total	266.56	226.17

14. Cash and cash equivalents

₹ in Lakhs

Particulars	As at	As at
	31st March 2017	31st March 2016
Balances with banks		
In current accounts	752.08	14.31
In margin money deposits for a period less than 12 months	229.23	178.46
In margin money deposits for a period more than 12 months	-	-
In fixed deposits for a period more than 12 months	382.81	124.00
Cash on hand	1.36	1.60
Total	1,365.48	318.37



Note: Balances with banks include i) ₹141.08 lakhs (previous year: ₹141.08 lakhs) kept as margin money deposits against the guarantee given by bankers. ii) Fixed Deposit Receipts for ₹124 lakhs (previous year ₹124 lakhs) are held by the bankers with a lien marked in their favour towards overdraft sanctioned by the bank.

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

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

Particulars	As at 31st March 2017	As at 31st March 2016
Unsecured, Considered Good		
Advances to staff	1.12	3.07
Sundry deposits	77.49	6.71
Vendor advances	361.12	137.66
Advance Income Tax (net of provision)	18.36	-
MAT Credit Entitlement	1,239.04	968.17
Income tax Refundable	16.00	9.76
Total	1,713.13	1,125.37

16. Other current assets
₹ in Lakhs

Particulars	As at 31st March 2017	As at 31st March 2016
Interest accrued	51.10	64.32
Prepayments	81.75	45.15
Rent Receivable	0.30	0.23
CENVAT & VAT Input Credit	44.64	289.04
Total	177.79	398.74

17.Revenue from operations
₹ in Lakhs

Particulars	Current Year	Previous Year
Sale of cement	21308.56	20081.60
Sale of printed circuit boards*	820.31	851.99
Sale of Wind Power	105.69	95.67
	22234.56	21029.26
Less: Excise duty	3013.82	2765.28
Total	19220.74	18263.98

* Net of rejections and returns



18.Other Income		₹ in Lakhs
Particulars	Current Year	Previous Year
Interest Income	67.63	60.54
Miscellaneous income	8.83	58.11
Total	76.46	118.65

19.Raw materials consumed		₹ in Lakhs
Particulars	Current Year	Previous Year
Opening Stock	266.25	217.90
Add: Purchases during the year	1,953.76	1,774.75
	2,220.01	1,992.65
Less: Closing Stock	273.00	266.25
TOTAL	1,947.01	1,726.40

Details of raw materials consumed		₹ in Lakhs
Particulars	Current Year	Previous Year
Lime stone	801.11	583.93
Fly Ash	146.24	97.33
Gypsum	340.58	304.86
Laterite	177.98	200.68
Others	212.94	218.56
Electronic Division	268.16	321.04
Total	1,947.01	1,726.40

20. Changes in inventories of finished goods and work-in-progress		₹ in Lakhs
Particulars	Current Year	Previous Year
Opening Stock:		
Finished Goods	172.55	222.50
Work-in-process	332.46	177.87
Scrap	8.59	10.60
	513.60	410.97
Less: Closing Stock:		
Finished Goods	187.10	172.55
Work-in-process	254.40	332.46
Scrap	8.59	8.59
(Increase)/ Decrease in stocks	63.51	(102.63)


21. Employee Benefits Expense

₹ in Lakhs

Particulars	Current Year	Previous Year
Salaries and Wages	1,190.75	985.84
Contribution to provident and other funds	66.31	56.24
Gratuity, bonus and incentives	57.06	52.24
Staff welfare expenses	53.80	49.08
Total	1,367.92	1,143.40

22. Finance Costs

₹ in Lakhs

Particulars	Current Year	Previous Year
Interest expense:		
Working capital loans	23.55	37.23
Term loans	307.91	429.31
Unsecured loans	128.32	135.86
Others	33.36	15.61
Total	493.14	618.01

23. Other Expenses

₹ in Lakhs

Particulars	Current Year	Previous Year
Consumption of stores	609.63	787.84
Power and fuel	6,541.43	5,946.54
Packing and forwarding expenses	1,884.80	1,447.58
Repairs to: buildings	0.57	1.36
: plant and machinery	74.41	75.22
: others	15.30	10.17
Taxes & Duties	2,879.87	2,662.18
Insurance	26.69	23.82
Bad debts	-	25.42
Auditors remuneration - Audit fee	1.50	1.50
- Tax Audit	0.50	0.50
- Certification	0.33	0.40
Miscellaneous Expenses	565.65	337.15
Sugar Division Expenses	4.31	42.06
Total	12,604.99	11,361.74

24. Exceptional Items

₹ in Lakhs

Particulars	Current Year	Previous Year
Sales tax and Power subsidy received	-	162.56
Total	-	162.56



25. Explanatory Notes & Other Disclosures

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

	Current Year ₹ in lakhs	Previous Year ₹ in lakhs
i) Bank Guarantee	375.24	183.04
ii) A.P. General Sales Tax liability of ₹18.77 lakhs (up to Previous year ₹18.77 lakhs) on packing materials purchased during the accounting years 1990-91 and 1991-92 as the Company preferred appeals before Appellate Authorities and the same are pending.		
iii) In the year 2007-08 A P Commercial Tax Department had revised the CST Assessment for the year 2000-2001 and demanded ₹39.25 lakhs. The company got stayed the demand through an order of Hon'ble High Court of A.P. and the department had collected ₹19.09 lakhs around 50% of the demand which is grouped under long term loans and advances. On Company's Appeal to the Sales Tax Appellate Tribunal, the Tribunal has set aside the demand and remanded the matter to assessing authorities during the under report. No provision is made in the accounts for the disputed tax of ₹39.25 lakhs.		
iv) Karnataka Sales Tax demand of ₹6.20 lakhs (up to Previous year ₹6.20 lakhs) for the accounting year 1993-94 as the company preferred an appeal in the Hon'ble High Court of Karnataka.		
v) Demand from Central Excise Authorities for ₹95.01 lakhs together with penalty of ₹95.01 lakhs (Previous year ₹190.02 lakhs) against alleged ineligible Cenvat Credit on Capital items by Cement Division, as the Company's legal counsel opined that the demand is not sustainable and the company has gone an appeal before CESAT, Bangalore on depositing ₹20 lakhs (Previous year ₹20 lakhs) as predeposit to hear the case by CESTAT.		
vi) a) Voltage surcharge: In the year 2003-04, Central Power Distribution Company of A.P. Ltd. had levied Voltage Surcharge of ₹130.29 lakhs for getting the energy through general lines over and above the contracted load instead of dedicated lines. As getting the energy through 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 ₹72.06 lakhs (previous year ₹72.06 lakhs) under protest and shown under Long term loans and advances and the said amount was not provided for in the books. The appeal is pending.		

b) Fuel Surcharge Adjustment (FSA) :

FSA for the period from April 2008 to June 2010 amounting to ₹248.75 lakhs which were stayed by the Hon'ble High Court of judicature at Hyderabad for the states of Telangana and Andhra Pradesh was not accounted.

b) i) Estimated amount of contracts to be executed on capital account ₹Nil (Net of advances)



ii) Arrears of fixed Cumulative Dividends-9% cumulative dividend for the current year is ₹79.96 lakhs (for previous year ₹79.96 lakhs) (up to Previous year ₹1138.22 lakhs).

25.2. Upfront lease amount of ₹18 lakhs paid to Karnataka Forest Dept. towards Wind mill land lease is amortised over the lease period of 30 years. Accordingly ₹0.60 lakhs for the current year is amortised (up to Previous year ₹5.40 lakhs).

25.3. The Company could not obtain confirmation of balances as at 31st March 2017 in respect of Loans and advances ₹2945.77 lakhs and the Company hopes that they would be collected, adjusted and paid.

25.4. 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.

25.5. Foreign Exchange Earnings and Expenditure:

	Current Year ₹ in lacs	Previous Year ₹ in lacs
a) Value of Imports calculated on CIF basis		
i) Fixed Asset-Plant and Machinery	623.42	460.14
ii) Raw Materials	118.11	215.71
iii) Spares	-	23.94
b) Expenditure in foreign currency on account of		
Travelling	67.59	7.70
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		Previous Year.	
	Amount ₹ in lacs	%	Amount ₹ in lacs	%
Indigenous	2349.51	91.90	2274.59	90.45
Imported	207.13	8.10	239.65	9.55
Total	2556.64	100.00	2514.24	100.00

d) Earnings in foreign Exchange:

Export of goods calculated on F.O.B basis	17.62	30.01
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Disclosures in accordance with Accounting Standards Rules, 2006 notified by the Central Government:

25.6. Defined Benefit Scheme in accordance with AS-15 "Employee Benefits". As per actuarial valuation as on 31.03.2017.


Gratuity

	As on 31.03.2017 ₹ lakhs	As on 31.03.2016 ₹ lakhs
Current Service Cost	8.37	8.68
Interest Cost on benefit obligation	17.22	15.68
Expected return on plan assets	14.00	-
Net Actuarial(gain)/loss recognised in the year	(48.39)	(5.07)
Premium Expenses	1.96	-
Net Benefit expense	(34.84)	19.28
Actual return on plan assets	14.00	-
Details of provision for:		
Change in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	215.33	196.04
Interest cost	17.22	15.68
Current services cost	8.37	8.68
Benefits paid	-	-
Actuarial(gains)/losses on obligation	(48.39)	(5.07)
Closing defined benefit obligation	191.33	215.33

Leave Encashment

	As on 31.03.2017 ₹lakhs	As on 31.03.2016 ₹lakhs
Current Service Cost	1.57	1.27
Interest Cost on benefit obligation	2.73	2.39
Expected return on plan assets		
Net Actuarial(gain)/loss recognised in the year	10.65	6.05
Net Benefit expense	14.96	9.71
Actual return on plan assets		
Details of provision for:		
Change in the PV of the defined benefit obligation are as follows:		
Opening defined benefit obligation	34.18	29.91
Interest cost	2.73	2.39
Current services cost	1.57	1.27
Benefits paid	(10.86)	(5.44)
Actuarial(gains)/losses on obligation	10.65	6.05
Closing defined benefit obligation	38.27	34.18


25.7. Segment Reporting:
(₹ in lacs)

	Cement Division	Wind Mill	Electronics Division	Unallocated	Total
Primary Disclosures:					
External Sales: Current Year Previous Year	21308.56 20081.60	105.68 95.67	820.31 852.00		22234.56 21029.25
Inter-segment Sales	0	0		0	0
Total Revenue : Current Year Previous Year	21308.56 20081.60	105.68 95.67	820.31 852.00		22234.56 21029.25
Segment Result Before Interest and Tax : Current Year Previous Year	2168.57 3261.88	50.31 42.00	138.62 170.28		2361.81 3516.22
Less: Unallocated Expenses: Current Year Previous Year				4.31 42.06	4.31 42.06
Less: Interest Expenses: Current Year Previous Year	488.83 609.70	0 0	4.31 8.31		493.14 618.01
Add: Interest Received: Current Year Previous Year	51.44 100.88	0 0	25.02 17.77		76.46 118.65
Less : Income Taxes: Current Year Previous Year	0 0	0 0	0 0		608.98 983.64
Profit/ (Loss) : Current Year Previous Year	1122.20 1769.42	50.31 42.00	159.33 179.74		1331.84 1991.16
Segment Assets:					
i) Total cost incurred during the year to acquire segment assets that are expected to be used during more than one year: Current Year Previous Year	2855.88 294.35	0 0	5.91 22.67		2861.79 317.02
ii) Others: Current Year Previous Year	14830.85 15950.96	416.06 443.03	749.39 825.00		15596.30 17218.99
Total Assets: Current Year Previous Year	17686.73 16245.31	416.06 443.03	755.30 847.67		18858.09 17536.01



Segment Liabilities:					
Current Year	18102.79	0	755.30		18858.09
Previous Year	16688.34	0	847.67		17536.01
Total Liabilities: Current Year	18102.79	0	755.30		18858.09
Previous Year	16688.34	0	847.67		17536.01
Depreciation: Current Year	846.79	27.81	5.22		879.82
Previous Year	789.22	27.81	6.44		823.47
Non cash expenses					
Other than Depreciation:					
Current Year	0	0	0		0
Previous Year	0	0	0		0

25.8. AS -18 Related party disclosures:

Name of Related Parties

- a. Hyderabad Bottling Co.Ltd
- b. Triveni Capital Leasing & Investments Pvt Limited
- c. I O U Projects Limited
- d. Mr J.Venkata Krishna
- e. Mrs. J.Sharada Govardhini
- f. Mr. B. Chethan Anand
- g. Mrs. J. Triveni
Executive Chair Person
- h. Mr. J.S.Rao
Managing Director
- i. Mr. Y.V.Rao
Chief Financial Officer
- j. Mr. Rajesh Kumar Yadav
Company Secretary

Nature of Relationship

Enterprises over which key management personnel have significant influence

Relatives of key managerial personnel.

Key Management Personnel


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

(₹ in lacs)

Nature of Transactions	Current Year	Previous Year	Receivable (Payable) as on 31.03.17	Receivable (Payable) as on 31.03.16
a) Inter Corporate Deposits repayments	43.27	84.87	(1132.70)	(1089.43)
b) Interest accrued	106.34	106.23		
c) Current Account-Expenses incurred -to be recovered	0.31	1.12	2.18	1.87

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

a) Remuneration	26.71	21.62	(2.02)	(2.19)
b) Sale of Cement	0.60	-	-	-
c) Rent	3.00	-	(0.23)	-

iii) Transactions with Key Managerial Personnel:(Executive Chair person & Managing Director)

a) Unsecured Loan (Including interest)	(250.86)	253.06	(77.87)	(328.73)
b) Remuneration	215.65	96.00	(32.84)	(6.13)
c) Contribution to P.F.	5.76	5.76	-	-

iv) Transactions with Other Key Managerial Personnel:(Chief Financial Officer & Company Secretary)

Remuneration	7.72	11.58	-	-
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25.9. Earnings per share: A.S 20

Particulars	Current year	Previous year
	(₹ in lakhs)	
Net Profit / (loss) after tax (A)	1331.85	1991.16
Less: Dividend on 9% Cumulative Redeemable Preference shares	79.96	79.96
Balance available for Equity Share holders	1251.89	1911.20
No. of Shares (B)	80,16,738	80,16,738
Basic & Diluted earnings per share of ₹10 each (A)/ (B)	15.62	23.84


25.10. Deferred Tax:

In accordance with accounting standard 22, "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the company worked out taxes on income resulting deferred tax liability of ₹465.63 lakhs as at 31.03.2017. The components of deferred tax asset and deferred tax liabilities are given hereunder.

	(₹ in lacs)	
	As at 31.03.2017	As at 31.03.2016
A. Items of Deferred Tax Liability:		
Depreciation	4609.98	3433.46
B. Items of Deferred Tax Asset:		
(i) Disallowance U/S 43 B of IT Act' 1961 and other disallowances	49.31	37.75
(ii) Brought forwarded losses and Unabsorbed Depreciation	382.30	392.65
(iii) Unabsorbed long term capital loss	6.92	6.92
Total of B	438.53	437.32
(B) - (A)	(4171.45)	(2996.14)
Deferred Tax Assets/(Liability)	(465.63)	(973.57)

25.11 During the year, the Company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R. 308(E), dated March 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

	(₹ in lacs)		
Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	7.12	7.39	14.51
Add: Permitted Receipts		4.15	4.15
Add: Withdrawal from Banks		2.98	2.98
(A)	7.12	14.52	21.64
Less: Amount deposited in banks	(5.04)	(0.02)	(5.06)
Less: Permitted payments	(2.08)	(8.13)	10.21
(B)	7.12	8.15	15.27
Closing cash in hand as on 30.12.2016 [(A)-(B)]	-	6.37	6.37



25.12. 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").

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

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

Sd/-
(P.Govardhana Reddy)
Partner

Place: Hyderabad
Date: 29.05.2017

For and on behalf of Board of Directors

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

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

Sd/-
(Rajesh Kumar Yadav)
Company Secretary

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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 | 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 34th Annual General Meeting of the Company to be held on Thursday, the 31st day of August 2017 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) 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, 2017.			
2.	Appoint a director in place of Smt.J. Triveni, who retires by rotation and being eligible, seeks re-appointment			
3.	To declare dividend on 9% Cumulative Redeemable preference shares.			
4.	To appoint M/s. Brahmayya & Co., Chartered Accountants, Hyderabad as the Auditors of the Company in place of the retiring Auditors M/s. K.S. Rao & Co, for a period of 5 years.			
Special Business				
5	Ratification of remuneration of Cost Auditor:			
6	Appointment of Sri. J. Sivaram Prasad as Independent Director for a term of consecutive 5 (Five) years.			

Signed this _____ day of _____ 2017

Signature of Member

Signature of proxy holder(s)

Note:

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



Keerthi Industries Limited

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 | 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 34th Annual General Meeting of the members of the company to be held on Thursday, the 31st day of August 2017 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.

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.