



Board of Directors

Sri. J.S.Rao	Managing Director
Sri. K.Harishchandra Prasad	Director
Sri. J.Sivaram Prasad	Director
Sri. E.Siva Sankaram	Director
Sri. Boddu Venkata Subbaiah	Director
Smt. J.Triveni	Executive Chairperson

Committees of the Board :

Audit Committee

Sri. E.Siva Sankaram	Chairman
Sri. K.Harishchandra Prasad	Member
Sri. Boddu Venkata Subbaiah	Member

Remuneration Committee

Sri. K.Harishchandra Prasad	Chairman
Sri. E.Siva Sankaram	Member
Sri. Boddu Venkata Subbaiah	Member

Share Transfer & Investor's Grievance Committee

Sri. Boddu Venkata Subbaiah	Chairman
Sri.J.S.Rao	Member
Smt. J.Triveni	Member

Registered Office & Factory (Cement Division)

Mellacheruvu (Village & Mandal)
Nalgonda District
Andhra Pradesh-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: general@keerthiindustries.com

Bankers

Canara Bank
Andhra Bank
Indian Bank

Auditors

M/s. K.S.Rao & Co.,
Chartered Accountants
Hyderabad.

Cost Auditors

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

Registrar & Share Transfer Agents

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 28th Annual General Meeting of Shareholders of the Company will be held on Friday, the 30th September, 2011 at 10:00 AM at the Registered Office and Factory of the Company situated at Mellacheruvu (Village & Mandal), Nalgonda District-508246, Andhra Pradesh to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri K. Harishchandra Prasad, Director who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri Boddu Venkata Subbaiah, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To consider the appointment of M/s. K.S. Rao & Co, Chartered Accountants, as Auditors of the Company to hold the office till the conclusion of the next Annual General Meeting at such remuneration and terms as may be mutually agreed to between the Board of Directors and the Auditors.

SPECIAL BUSINESS:

5. To consider and thought fit, to pass with or without modification, the following resolution as an Special Resolution:

"RESOLVED THAT pursuant to section 314(1B) of Companies Act 1956 as amended to date and notification No. G.S.R 303 (E) dated 6.04.2011 issued by Ministry of Corporate Affairs, New Delhi read with the Director's Relatives (Office or Place of Profit) Rules, 2003, the consent of the Company be and is hereby accorded to appoint Ms.J. Sharada Govardhani, a relative of the Chairperson and Managing Director of the Company, to hold or continue to hold an office of profit/place of profit as Chief Operating Officer of the company from for a tenure of 5 years with effect from 15th February 2011 at a remuneration as under:

Salary: ₹ 49,500/- per month during the probation period of 3 months and ₹ 150,000/- per month after confirmation of services with such annual increments as per the policy of the Company applicable to similar rank and cadre.

Perquisites: Company contribution towards provident fund, superannuation fund, gratuity

personal accident insurance coverage, reimbursement of medical expenses as per policy framed by the Company from time to time similar category of staff."

"FURTHER RESOLVED THAT the total remuneration payable to Ms.J.Sharada Govardhani is subject to limit of Rs.2,50,000/- per month or Rs.30,00,000 per Annum or such higher amount that the central government may prescribe from time to time in respect of provisions contained in section 314 of Companies Act 1956 as amended to date."

Members are requested to accord their consent to the above resolution.

By Order of the Board of Directors

Place: Hyderabad
Date: 31-08-2011

(J. S. Rao)
Managing Director

NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY/PROXIES INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- (b) Proxies in order to be effective, should be received by the Company at its registered office not less than 48 hours before the commencement of the meeting.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from 24th September, 2011 to 29th September, 2011 (both days inclusive).
- (d) Members/proxies should bring the Attendance Slip duly filled in for attending the meeting. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.
- (e) Shareholders are requested to kindly bring their copies of Annual Report to the Meeting and are also requested to send their queries, if any, on the accounts to the Registered Office at four days before the meeting to enable the management to keep the information ready
- (f) The Ministry of Corporate Affairs vide circular nos. 17/2011 and 18/2011 dates, April 21 and April 29, 2011 respectively, has undertaken a Green Initiative in Corporate Governance and allowed companies to share documents with its shareholders



through an electronic mode. Being a company with a focus on the environment and eco-sustainability, the Company proposes to send documents such as the notice of the Annual General Meeting, Audited Financial Statements, Directors Report, Auditors Report, etc., henceforth to the shareholders in electronic form in lieu of the paper form to the Members who are holding Company's share(s) in electronic form and have registered their email address in the records of the Depository which has been made available to us by them. Going forward, the shareholder communication would be sent in electronic form to Member's email address. Please inform any changes to your email address to your Depository Participant from time to time. Those members who have not registered their email address with their Depository Participant are requested to register their email with their Depository Participants.

- (g) The annual report of your Company for Financial Year 2010-11 would also be made available on the Company's website: www.keerthiindustries.com.

Explanatory Statement pursuant to provisions of section 173(2) of the Companies Act, 1956.

Item No. 5.

The Board in its meeting held on 14th February 2011 has appointed Ms.J.Sharada Govardhani relative of Chairperson & Managing Director as Chief operating officer of the Company at a salary of Rs.49,500/- per month during the probation period of 3 months and Rs.150,000/- per month after confirmation of services.

In the academics front, Ms. J.Sharada Govardhani has completed her Master degree in law (LLM) with merit from CORNELL UNIVERSITY- ITACA, USA. Considering her performance and involvement in the operations of the Company, the Board of Directors has confirmed her services w.e f.11th May 2011and accordingly increased her salary as per the terms of appointment.

Ms. J.Sharada Govardhani has been overseeing the overall operational issues of the Company and is reporting to the Managing Director.

While the company was initiated for getting approval of central government under 314 (1b) of the Companies Act 1956, the ministry of corporate affairs has issued a notification GSR No (303E) dated 06-04-2011 prescribing increase in the maximum limit of remuneration that could be paid to any relative of Director without approval of Central government from Rs.50,000/- per month to Rs. 250,000/- per month. This notification

was effective from 6th April 2011. In these circumstances, the Board sought the approval of shareholders by special resolution for appointment of Ms. J.Sharada Govardhani as Chief Operating Officer of the Company at a remuneration Rs.150,000 per month with such annual increment as per the policy of the Company applicable to similar rank and cadre.

The total remuneration would be subject to limit of Rs.2.50,000/- per month or Rs.30,00,000 per Annum or such higher limit as central government might prescribe from time to time in respect of Section 314 of the Companies Act, 1956.

The Board recommends the resolution setout under item no 5 for approval of the members as special resolution.

None of the Directors except Mr. JS Rao, Mrs. Triveni and Mr. J.Sivaram Prasad is in any way concerned or interested in the above resolution.

By Order of the Board of Directors

Place: Hyderabad

(J. S. Rao)



DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present your Company's 28th Annual Report for the Financial Year 2010-11 together with the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date.

FINANCIAL RESULTS: (Rs. In Lakhs)

	2010-11	2009-10
Operational Income	9356.54	7789.61
Operating Profit/(Loss)	1336.65	1263.35
Depreciation & Interest	1090.00	354.05
Profit/(Loss) for the year	246.65	909.30

OPERATIONS:

The overall performance of your company for the year under review was satisfactory in spite of shutdown our cement plant for more than four months during the year for execution of capacity expansion works. Another reason was sluggish market demand coupled with excess supply of cement in the market which resulted in steep fall in cement prices. In spite of revenue loss for the first three quarter of the year due to shutdown of plant for capacity expansion, overall performance of the company has touched to the mark of previous year results due to augmentation of additional capacity in the last quarter.

Cement Division: The production of Cement and Clinker were 2,77,716 MTS and 2,21,259 MTS respectively during the twelve months ended 31st March, 2011 as against 2,80,107 MTS and 2,72,078 MTS respectively during the previous year.

Wind Power: The Company has generated 27,71,454 KWH as against 31,42,779 KWH during the previous year .

Electronic Division: The Company produced 1441 sq.mts of Printed Circuit Boards as against 3,349 sq.mts during the previous year.

FUTURE PROSPECTS:

CEMENT DIVISION:

Your Company has completed the capacity expansion and debottlenecking programs to maintain growth and improve efficiencies. The trial production of the expanded capacity began in the month of August, 2010 and commercial production has commenced from 17th November

2010. With the expanded capacity of 900 TPD, your Company's total capacity will be 1800 TPD. The last few years have been a golden period for cement manufacturers when the government increased spending on infrastructure development. High commercial activity and rising demand for housing on account of higher per capita income has kept cement off take growth in double digits. The main factors behind increase in demand of cement were: 60 percent higher Public Sector Development Projects allocation, increasing number of real estate development projects for commercial and residential use, developing export market. The sharp decline in cement prices were due to domestic competition among producers squeezing the profitability of the industry. Thus, your Directors are confident that the performance of the company would be much better in the current year.

ELECTRONIC DIVISION:

The division will continue to strengthen the PCB edge, timely expansion, the PCB business to do fine and stronger. The Company is taking the necessary steps to streamline the operations and expects to improve the performance by increasing the sales volumes. The Company has approached to various defense PSUs to secure the work orders for manufacturing rigid PCB and the responses received from them are quite optimistic.

SUGAR DIVISION

Your Company has planned to install 3500 TPD integrated sugar mill, 50KLPD ethanol Plant and 20 MW Co-generation power plant with an estimated cost of 319.92 Crores at Mostor Village, Yadgir Dist in the state of Karnataka. Order for project preplanning has been given to M/s. MITCON Consultancy Services Limited. The Company has secured In-principle approval from the Government of Karnataka for establishing the integrated sugar project. The company has purchased Acres 97 and 19 gunats of land for establishment of the project. The requisite approvals under Environment laws and other project related statutory compliance are under progress. Efforts are in pipeline to mobilize the financial resources required for implementation of the said project.

DEMAT OF SHARES:

The Equity Shares of your Company have been admitted by CDSL/NSDL for demat. All the Shareholders whose shares are in physical mode are requested to dematerialize their shares by forwarding share certificates to XL softtech systems Ltd, the transfer Agents of the Company through



their depository participants so that it will improve the liquidity to their stock.

DIRECTORS:

In accordance with the provisions of Companies Act, 1956 and the Company's Articles of Association, Sri K.Harishchandra Prasad and Sri. Boddu Venkata Subbaiah directors of the Company would retire by rotation and, being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the accounts for the financial year ended on 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 of the company for the year under review.
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2011 on a going concern basis.

OPTIONALLY FULLY CONVERTIBLE UNSECURED DEBENTURES:

The 9% Optionally Fully Convertible unsecured Debentures of face value of Rs.100/- each aggregating value of Rs.7,70,97,800 allotted to various shareholders in pursuant to Scheme of amalgamation sanctioned by Honorable High court of Andhra Pradesh is falling due for payment between 10th August 2011 to 10th November 2011. Your Directors are taking necessary step to convert/redeem the same depending on the option to be choused by the debenture holders.

REPLY TO AUDITOR'S QUALIFICATIONS:

Regarding Auditor's Qualification on confirmation of balance from Sundry Debtors, Sundry Creditors and for Loans and Advances, the management is confident of realizing the receivables at the stated values other than those disclosed as doubtful and in the process of obtaining confirmation from the parties.

AUDITORS:

M/s. K.S. Rao & Co., Chartered Accountants, Hyderabad, the present Auditors, retires at the ensuing Annual General Meeting, and are eligible for reappointment.

PERSONNEL:

Employer-Employee relations remained cordial during the year under review. Your Directors place on record their sincere appreciation of the contribution made by the employees of the Company at all levels. As regards, information pursuant to Section 217(2AA) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 (as amended), there are no employees governed by the said provisions.

ADDITIONAL INFORMATION:

Information pursuant to Section 217(e)&(2A) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed herewith.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Cement Division:

Industry Structure and Developments:

The Indian economic growth rate has been quite rapid compared to other emerging economies primarily due to higher reliance on domestic demand. The growth trajectory is expected to continue on the back of strong domestic demand and huge outlay on infrastructure planned by the Government. The long-term domestic outlook remains buoyant with the progressive reforms, increasing FDI, robust investments, growing incomes and aspirations. India being one of the major producers of cement and the demand is largely based on Infrastructure Projects, Urban development and housing, Roads and Buildings, Ports etc., However, the cost of the raw material and fuel namely Limestone, Coal, Power and Freight charges are all controlled by the Government and any increase in the price of the above mentioned items affects the cost of the production on which the company does not have



any control. Thus, industry has been to in ups and downs. The Government spending on infrastructure is likely to benefit the revenue and earnings of all the cement companies across the country.

Opportunities and Threats:

The demand will be driven by Government's continued thrust on infrastructure development and to boost rural and housing sector. Infrastructure development is need of the nation, this along with rising housing provision will accelerate construction activity. Recovery of the global scenario could also provide impetus to economic growth and Cement demand.

Concerns of the Indian Cement Industry are high cost of Power and Coal, high freight cost, inadequate infrastructure, non availability of Wagons, and poor quality of coal and heavy taxes / royalty levies.

Electronic Division:

Industry Structure and Developments:

Your Company is one of the few companies specialized in manufacturing flexible printed circuit boards in India. The flexible PCBs being sold by the Company in India is an import substitute. The PCB industry purely depends on growth of electronic industry. The Electronic Industry is looking up and doing well, giving a scope for PCB industry to expand.

Opportunities and Threats:

Spreading into domestic market, as an import substitutes a major opportunity for the Company. However, due to fall in exports, there is a constraint on DTA eligibility. Therefore, the Company would have to make DTA sales by paying full Excise Duty, which is an additional burden on the margins. The company has been following this system through out the year under review.

Segment Or Product-Wise Performance:

Segment-wise or product-wise performance has already been furnished elsewhere in this report.

Outlook:

This has been discussed elsewhere in this Report.

Internal Control Systems and their Adequacy:

The Company is following a proper and adequate system of internal controls in respect of all its activities including safeguarding and protecting its assets against loss from unauthorized use of disposition. Further all transactions entered

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

Financial/Operational Performance:

This has been already discussed elsewhere in this Report.

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.

ACKNOWLEDGEMENTS:

Your Directors are thankful to Canara Bank, Somajiguda Branch, Andhra Bank, SCF Branch and Indian Bank, Main Branch, Koti. for their continued support during the year under review and acknowledge with gratitude the help extended by the Central Government and Government of 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

Place: Hyderabad
Date: 31-08-2011

(J. Triveni)
Executive Chairperson



Annexure 'A'

Information as required under section 217(1) (e) read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1998.

FORM - A

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

Particulars	Current Year			Previous Year		
	Cement	Electronic Division	Wind Power	Cement	Electronic Division	Wind Power
A. Power and Fuel Consumption:						
1 Electricity:						
a) Purchased Units (Nos)	2,76,43,746	3,21,165	NIL	3,04,17,028	3,91,746	NIL
Amount (Rs..)	11,28,26,766	20,10,448	NIL	10,11,93,972	19,08,882	
Rate/unit (Rs..)	4.08	6.26	NIL	3.33	4.87	
b) Own Generation:						
i. Through Diesel Generator Units (Nos.)	13,500	8,160	NIL	3,240	58,600	NIL
Units per Ltr. of Diesel Oil	3.00	3.40	NIL	2.70	7.71	
Cost/Unit (Rs.)	9.88	11.94	NIL	15.29	5.36	
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 and Lignite used as fuel in Kiln:						
Quantity (M.T.)	49,342	NIL	NIL	57,116	NIL	NIL
Total Cost (Rs.)	15,77,47,171	NIL	NIL	16,50,10,798		
Average Rate/M.T. (Rs.)	3197	NIL	NIL	2889		
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)	104.65	228.59	NIL	105.28	134.45	NIL
Furnace Oil	NIL	NIL	NIL	NIL	NIL	NIL
Coal	0.22	NIL	NIL	0.21	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 | NIL |
| a. Capital | |
| b. Recurring | |
| c. Total | |
| d. Total R&D expenditure as a percentage of total turnover | |

Technology absorption, adaptation and innovation

- | | |
|---|-----|
| 1 Efforts, in brief, made towards innovation | NIL |
| 2 Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, production development, import substitution etc. | NIL |
| 3 In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial Year), the following information may be furnished | NIL |
| a) Technology | |
| b) Been imported | |
| c) Year of import | |
| d) Has technology been fully absorbed | |
| e) If not fully absorbed, reasons therefore and future plans of action | |

Foreign Exchange Earnings & Outgo:

- | | |
|--|----------------|
| 1) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans | |
| 1) Total foreign exchange outgo and earned | |
| a) Foreign Exchange Outgo | Rs.74.05 lakhs |
| b) Foreign Exchange Earned | Rs. 3.36 lakhs |

a) Particulars of Employees:

There are no employees governed by the provision of section 217(2A) of the Companies Act, 1956

By Order of the Board of Directors

Place: Hyderabad
Date: 30-08-2010

J.S.Rao
Managing Director



REPORT ON CORPORATE GOVERNANCE

Your Company fully adheres to the standards set out by the Securities and Exchange Board of India's Corporate Governance practices and has implemented all of its stipulations. In so far as compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchange is concerned, your Company is in full compliance with the norms and disclosures that have to be made and forms part of this Annual Report.

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your Directors philosophy on Corporate Governance is to enhance the long-term economic value of the company, sustainable return to its stakeholders i.e., the society at large by adopting best corporate practices in fair and transparent manner by aligning interest of the company with that of its shareholders/other key stakeholders, employees and the Government.

2. BOARD OF DIRECTORS

The Board comprises 6 Directors of which two of them are Executive Chairman and Managing Director. The non-executive directors on the Board are experienced, competent and highly reputed persons from their respective fields. The non-executive directors take active part at the Board and Committee Meetings, which adds vision, strategic direction and value in the decision making process of the Board of Directors. The composition of the Board is in conformity with the amendments in the listing agreement.

a) Composition of the Board as on 31st August, 2011

S. No	Category	No. of Directors	Percentage of Total No. of Directors
1	Functional Directors	2	33.33
2	Non executive Independent Directors	3	50.00
3	Other Non Executive Directors	1	16.67
Total Directors		6	100.00

b) Code of Conduct

The Board shall lay down a code of conduct for all Board members and senior management of the company. All Board members and senior management personnel shall affirm compliance with the code on an annual basis. The Annual Report of the company shall contain a declaration to this effect signed by the Chief Executive Officer (CEO).

The Board of Directors has laid down the Code of Conduct applicable to all Board members and senior executives of the company.

All Board members and senior management executives have affirmed compliance with the Code of Conduct.

A declaration by Managing Director (being CEO) affirming the compliance of the Code of Conduct for Board Members and senior management executives is also annexed separately at the end of this report.

3. BOARD MEETINGS AND ATTENDANCE RECORD – 2010-11:

The Company's Corporate Governance policy requires the Board to meet at least four times in a year. Six Board Meetings were held during the year under review.

Sl. No	Name of the Director	Designation As on 31.03.2011	No. of Meetings attended	Whether attended the last AGM	No. of Directorships in other Boards as on 31.03.2011	No. of Memberships(M)/ Chairmanships(C) in other Board Committee(s) as on 31.03.2011
1.	Mrs. J. Triveni	Chairman	6	YES	5	NIL
2.	Mr. J.S.Rao	Managing Director	6	YES	7	2(M)
3.	K.Harish Chandra Prasad	Director	5	NO	12	7(M)
4.	Mr.J.S.R. Prasad	Director	2	NO	10	4(M)
5.	Mr. E.Siva Sankaram	Director	5	YES	NIL	NIL
6.	Mr. B. V. Subbaiah	Director	3	NO	1	1(M)



The annual calendar of meetings is agreed upon at the beginning of each year. Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for consideration of the Board.

In accordance with the provisions of the Companies Act, 1956 and the company's Articles of Association, Mr. B. V. Subbaiah and K. Harish Chandra Prasad, Directors retire by rotation and are eligible for re-appointment.

GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under:

S. No	Financial Year	Venue	Date and Time of AGM
1	2007-08	Mellacheruvu (Village & Mandal). Nalgonda District-508246 Andhra Pradesh.	29.12.2008 at 11.00 AM
2	2008-09	Mellacheruvu (Village & Mandal). Nalgonda District-508246 Andhra Pradesh.	29.09.2009 at 11.45 AM
3	2009-10	Mellacheruvu (Village & Mandal). Nalgonda District-508246 Andhra Pradesh.	30.09.2010 at 11.00AM

4. AUDIT COMMITTEE

The Board of Directors of the Company has constituted an Audit Committee consisting of the following Directors, with the role and responsibility duly defined and in accordance with the applicable statutory and other requirements. During the year, in all, 5 meetings of the committee took place and attendance thereat was as under:

Sl.No.	Name of the Director	Designation	No. of the Meetings Attended
1	Sri.E.Siva Sankaram	Chairman	5
2	Sri. K.Harishchandra Prasad	Member	5
3	Sri. B.V.Subbaiah	Member	3

5. SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE

The Board of Directors of the company constituted Shareholders/Investors' Grievances Committee for utmost attention for resolving shareholders/ Investors grievances / complaints received from shareholders/ Investors directly or through Stock exchanges or SEBI and are replied to immediately. There are no outstanding or unresolved complaints.

The Board of Directors of the company constituted Shareholders Grievance Committee consisting of the following Directors, to deal with complaints regarding transmission of shares, non receipt of share certificates, dividends, annual reports and such other matters:

Sl.No.	Name	Designation
1	Sri. B.V.Subbaiah	Chairman
2	Sri. J.S. Rao	Member
3	Smt. J.Triveni	Member

During the year under review the company has received five complaints and resolved all the complaints.

6. REMUNERATION COMMITTEE

Other than the Managing Director, no other Director receives any remuneration from the company except sitting fees for attending the Board Meetings. The details of remuneration paid to the Managing Director are mentioned in Schedule L (Notes to the Accounts) to the Balance Sheet of the Company.

The Board of Directors of the company constituted Remuneration Committee consisting of the Non-Executive Directors, with role and responsibilities duly defined and in accordance with the applicable statutory and other requirements.



Sl.No.	Name	Designation
1	Sri. K.Harishchandra Prasad	Chairman
2	Sri. E.Siva Sankaram	Member
3	Sri. B.V.Subbaiah	Member

The remuneration paid to the Executive and Whole-time Directors during the year 2010-11 are: (Amt Rs.)

Name of Director	Salary	HRA	Perks	Total
Mrs. J.Triveni	22,14,839	Nil	52,442	22,67,281
Mr J.S.Rao	21,35,484	Nil	256,565	23,92,049

Details of other benefits being paid to Executive and whole time Directors:

Bonus, Stock options, Pension etc., being paid : Nil

Details of fixed component and Performance linked incentive : Nil

Service Contracts: : Appointment of Mr..J S Rao as Managing Director and Mrs. J.Triveni as Executive Chairpersons for 5 Years with effect from 11th May 2010.

Notice Period & Severance Fees : Nil

7. CEO/CFO CERTIFICATION:

The Certificate issued by the Chief Executive Officer (i.e. the M.D) is enclosed to this report.

8. DISCLOSURES:

The pecuniary disclosure with regard to interested Directors

- Disclosures on materially significant related party transactions of the Company of material nature with the promoters, the Directors or the management, their subsidiaries or relatives that may have potential conflict with the interests of the Company at large.
- None of the transactions with any of related parties were in conflict with interests of the Company.
- Details of non-compliance by the Company, penalties, stricture on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to Capital Markets during the last three years.
- There were no instances of non-compliance of any matter related to Capital Market during the last three years.

9. MEANS OF COMMUNICATION:

Quarterly Financial Results of the Company are forwarded to the Bombay Stock Exchange and published in Financial Express and Andhra Prabha. Half Yearly report is not sent to each shareholder as the results of the Company are published in the News papers.

- The results or official news were not displayed in any Website.
- Company has not made any presentations to any Institutional Investors/analysts during the year.
- All terms required to be covered in the Management Discussions & Analysis Report have been included in the Directors' Report to Members.

10. GENERAL SHAREHOLDER INFORMATION:

- Annual General Meeting: : 28th Annual General Meeting
Date : 30th September, 2011
Time : 10:00 A.M
Venue : Mellacheruvu (Village & Mandal),
Nalgonda Dist, 508246, Andhra Pradesh.
- Financial Calendar : 1st April to 31st March
- Date of Book closure : 24th September to 29th September, 2011
(Both days inclusive)



- d) Dividend payment date : Not applicable
- e) Registered Office & Factory : Mellacheruvu (Village & Mandal), Nalgonda
(Cement Division) Dist, 508246, Andhra Pradesh.
Phone: 08683-226028
Fax: 08683-226039
- f) Administrative Office : Plot No. 40, IDA Balanagar,
& Factory (Electronic Division) Hyderabad-500037.
Phone No.040-23076538.
- g) Listing on Stock Exchange : The Bombay Stock Exchange
- h) Code/Symbol : BSE – 518011
- i) Market Price Data:

The Monthly high and low share quotation on Bombay Stock Exchange month-wise for the financial year 2010-11 are as follows:

Month Wise	Monthly High Price ₹	Monthly Low Price ₹
April, 2010	--	--
May, 2010	--	--
June, 2010	--	--
July, 2010	136.00	136.00
August, 2010	--	--
September, 2010	129.25	110.90
October, 2010	105.40	60.15
November, 2010	57.15	31.05
December, 2010	35.05	20.80
January, 2011	29.00	20.60
February, 2011	33.20	23.75
March, 2011	30.15	25.45

- j) Address of Registrars and Share Transfer Agents:

Registrars for Physical and Demat Services:

XL Softech System Limited

Plot No. 3, Sagar Society,

Road No.2, Banjara Hills,

Hyderabad-500034.

Phone No. 040-23545913/14

- k) Share Transfer systems:

Transfer of Securities in physical form are registered and duly transferred share certificates are dispatched within thirty (30) days of receipt provided the transfer documents are in order.



Shareholding Pattern as on 31st March, 2011:

Category	No. of Shares	Percentage
Promoter's Holding:		
Indian Promoters	61,12,644	76.25
Foreign Promoters	Nil	Nil
Persons acting in Concert	Nil	Nil
Institutional Investors:		
Mutual Funds and UTI	996	0.01
Banks, Financial Institutions, Insurance companies	1,81,244	2.26
Others:	101,636	1.27
Private Body Corporate Bodies		
Indian Public	15,30,621	19.09
NRIs / OCBs	89,597	1.12
Total	80,16,738	100.00

- l) Outstanding GDR's/ADR's/Warrants or any convertible instruments, conversion date and likely impact on equity:
9% Optionally Fully Convertible unsecured Debentures of the face value of Rs.100/- each aggregating value of Rs.7,70,97,800 allotted to various applicants pursuant to Scheme of amalgamation sanctioned by Honorable High court of Andhra Pradesh which were fallen due for conversion/payment between 10th August, 2011 to 10th November, 2011.
- m) As on 31st March 2011, out of the total shares 38,47,081 were dematerialized with the following depositories:
- i) National Securities Depositories Limited - 37,87,104
 - ii) Central Depository Services (India) Limited - 59,977
- The International Securities Identification Number (ISIN) allotted for the Company by NSDL and CDSL is INE145L01012. In case a member wants his shares to be dematerialized, he may send the shares along with the request through his depository participant (DP) to the Registrars, M/s. XL softtech systems Limited.
- n) Factory location
 Cement Division:
 Mellacheruvu, (Village & Mandal),
 Nalgonda District-508246,
 Andhra Pradesh.
 Electronic Division:
 Plot No 40, IDA
 Balanagar
 Hyderabad-500037.
 Wind Mill:
 Billenahalli, Hassan District, Karnataka
- o) Address for correspondence:
 Shareholders can correspond at the Administrative Office of the Company
- p) Particulars of Directors seeking re-appointment at the forthcoming Annual General Meeting pursuant to Clause 49 of the Listing Agreement:



Name of Director	Mr. K.Harishchandra Prasad	Mr. B.V.Subbaiah
Expertise in Specific Functional Areas	Finance, Accounts and General Management	Legal
Date of Birth	15.09.1952	11-04-1930
Qualification	MBA/MS	B L
List of other Companies in which Directorship is held as on 31 st March, 2011	1) B.N.RATHI SECURITIES LTD 2) HEALTHY INVESTMENTS LTD 3) LAKSHMI FINANCE & INDUSTRIAL CORP.LTD 4) SURYAJYOTI SPINNING MILLS LTD. 5) UNIJOLLY INVESTMENTS CO.LTD 6) ANDHRA PRINTERS LTD 7) KLN HOLDINGS PVT.LTD. 8) GREEN PARK HOTELS & RESORTS LTD 9)TECHTRAN POLYLENSES LTD 10)TECHTRAN OPHTHALMICS PVT LTD 11)KAPIL MOTORS PRIVATE LTD 12)THE FEDERATION OF ANDHRA PRADESH CHAMBER OF COMMERCE	1) KAKTIYA CEMENT SUGAR AND INDUSTRIES LTD
Chairman / Member of the Committees of the Board of other Companies in which he is a Director as on 31 st March, 2011	7	Nil
Number of Equity Shares held in the Company by the Director or for other persons on a beneficial basis	Nil	Nil
Relationship with other Directors	NA	NA

DECLARATION

As provided under clause 49 of the Listing Agreement with the Stock Exchanges(s), it is hereby declared that all the Board members and senior management personnel of the company have affirmed compliance with the code of conduct for the year ended 31.03.2011.

Place: Hyderabad

Date: 31-08-2011

(J.S.Rao)

Managing Director



To
The Board of Directors
Keerthi Industries Limited
Hyderabad.

Certification of Financial Results for the period ended 31st March, 2011

- ❖ We have reviewed the financial statements and cash flow statement for the said period and that to the best of our knowledge and belief:
- ❖ these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- ❖ these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- ❖ There are, to the best of their knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or violative of the company's code of conduct.
- ❖ We accept responsibility for establishing and maintaining internal controls and we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors, and to the audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- ❖ There are no :
 - ❖ significant changes in internal control during the period;
 - ❖ significant changes in accounting policies during the period and that the same have been disclosed in the notes to the financial statements; and
 - ❖ instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.
- ❖ We have fully complied with the Accounting manual of the Company and reviewed very carefully the checklists prepared by the Company.

(J. S.Rao)
Managing Director

Place: Hyderabad
Date: 31-08-2011



Practicing Company Secretary's Certificate on compliance of conditions of Corporate Governance as per Clause 49 of the Listing Agreement with the Stock Exchange

To
The Members of
Keerthi Industries Limited
Hyderabad.

We have examined the compliance of conditions of Corporate Governance by **KEERTHI INDUSTRIES LIMITED, HYDERABAD** for the year ended on 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

- i) The CEO/ CFO certification is signed by only CEO

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

We 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 Narender & Associates
Company Secretaries

G.Narender
Proprietor
Membership No.4898

Place: Hyderabad
Date: 31-08-2011



AUDITORS' REPORT

To
The Members of
KEERTHI INDUSTRIES LIMITED
Hyderabad.

1. We have audited the attached Balance Sheet of KEERTHI INDUSTRIES LIMITED, HYDERABAD (A.P) as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v) On the basis of written representations received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
5. **There are no confirmation of balances, by Sundry Debtors, Creditors and for Loans and Advances.**
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, **subject to our comment in Para 5 above**, read in conjunction with the Schedules annexed therewith give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2011;
 - b) in the case of the profit and loss account, of the Profit of the Company for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

for **K.S.RAO & CO.**
Chartered Accountants
Firm's Registration Number: 003109S

(P.Govardhana Reddy)
Partner
Membership Number: 029193

Place: Hyderabad
Date : 31st August, 2011



Annexure to the Auditor's Report: referred to in paragraph 3 of our report of even date,

Re: KEERTHI INDUSTRIES LIMITED, HYDERABAD.

1.
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) All the assets have not been physically verified by the management during the year, but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.
 - c) During the year, the Company has disposed off its fixed assets but that would not affect the going concern status of the Company.
2.
 - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3.
 - a) The Company has not granted any unsecured loans to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence, clauses (iii) (a) to (d) of the said order are not applicable.
 - b) The Company had taken interest free unsecured loan from a Body Corporate covered in the register maintained under Section 301 of the Companies Act, 1956. Maximum amount involved and the year end balance was Rs.201.04 lakhs;and
 - c) In our opinion, the terms and conditions on which loans have been taken are not, prima-facie, prejudicial to the interest of the Company.
 - d) Time schedule for repayment has not been fixed. Hence we cannot offer any comment on the over dues.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5.
 - a) According to the information and explanations given to us by the Management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register to be maintained under that section
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted deposits from the public. Hence the provisions of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company for the time being.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Cement Division of the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prime facie the prescribed accounts and records have been made and maintained. In respect of Electronics Division and wind Power Division, the Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
9.
 - a) According to the records, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears as at March 31, 2011 for a period of more than six months from the date they became payable.



- c) According to the records of the Company and the information and explanations given to us, the dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess, which have not been deposited on account of any dispute are as follows:

STATEMENT OF DISPUTED DUES

S. No	Name of the Statute	Nature of Dues	Amount Rs.	Period to which the amount relates	Due date	Forum where dispute is pending
i)	AP General Sales Tax Act	Tax Liability on packing material	18,77,197	1990-91 & 1991-92	Not mentioned in demand notice	Sales Tax Appellate Authority
ii)	Central Sales Tax	Central Sales Tax	74,29,390	2003-04 & 2004-05	Not mentioned in demand notice	Appellate Dy. Commissioner
iii)	Commercial Tax Department Govt. of Karnataka	Central Sales Tax	6,20,112	1993-94	Not mentioned in demand notice	Honourable High Court of Karnataka
iv)	AP General Sales Tax Act	Central Sales Tax	39,25,213	Accounting year 2000-2001, the Order was passed in the year 2007-08	Not mentioned in demand notice	AP Sales Tax Tribunal.

- The Company has no accumulated losses as at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and Banks.
- The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- The Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- In our opinion and according to the information and explanations given to us the term loans were applied for the purpose for which the loans were raised.
- According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the funds raised on short-term basis have prima-facie not been used during the year for long-term investment.
- During the year, the Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- During the year under report, the Company has issued 7,70,978 unsecured, optionally convertible debentures of Rs.100/- each. Since the Debentures are unsecured no security is created by the Company.
- During the year, the Company has not made any public issue and therefore the question of disclosing the end use of money raised by public issue does not arise.
- Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

for K.S. RAO & CO.

Chartered Accountants

Firm's Registration Number: 003109S

(P. Govardhana Reddy)

Partner

Membership Number: 029193

Place: Hyderabad

Date : 31st August, 2011



BALANCE SHEET AS AT 31 ST MARCH 2011

Particulars	Sche dule	As at 31.03.2011		As at 31.03.2010	
		Rupees	Rupees	Rupees	Rupees
I. SOURCES OF FUNDS:					
1. Share Holders' Funds:					
a. Share Capital	A	184011380		184011380	
b. Share Appl. Deposit (pending allotment)		20000000		20000000	
c. Reserves & Surplus	B	358060744		337220762	
			562072124		541232142
2. Loan Funds:					
a. Secured Loans	C	684084804		639224707	
b. Unsecured Loans	D	275563747	959648551	277250479	916475186
3. Deferred Tax Liability			66614748		59668987
Total			1588335423		1517376315
II. APPLICATION OF FUNDS:					
1. Fixed Assets:	E				
Gross Block		1956242604		743958534	
Less: Depreciation		474351711		428551582	
		1481890893		315406952	
Capital work in progress		30209037		926838907	
Net Block			1512099930		1242245859
2. Investments	F		6000		2006000
3. Current Assets,Loans & Advances	G				
a. Inventories		99806301		81117945	
b. Sundry Debtors		20233494		31010349	
c. Cash and Bank Balances		69733558		106263595	
d. Loans and Advances		300589184		409153923	
		490362537		627545812	
Less: Current Liabilities & Provisions:	H	414133044		354421356	
			76229493		273124456
Total			1588335423		1517376315

NOTES ON ACCOUNTS

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Per our report of even date

For and on behalf of the Board

for **K.S.Rao & Co.**
Chartered Accountants

(P. Govardhana Reddy)
Partner

J. Triveni
Executive Chairperson

Place : Hyderabad
Date : 31st August, 2011

J. S. Rao
Managing Director

Company Secretary


PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31 ST MARCH 2011

Particulars	Schedule	Current Year		Previous Year	
		Rupees	Rupees	Rupees	Rupees
INCOME:					
Sales		935653641		778961577	
Less: Excise Duty		100268776	835384865	66898039	712063538
Other Income	I		4068192		5045560
Total			839453057		717109098
EXPENDITURE:					
Manufacturing, Administrative, Selling & Other expenses	J		578235702		527674901
Taxes and Duties			113802395		84679908
Interest:					
On Term Loans		31521441		—	
On Others		10527243		2811074	
			42048684		2811074
(Increase)/Decrease in Stocks	K		13750705		(21580453)
Depreciation	E		66951038		32593779
Total			814788524		626179209
Profit / (Loss) for the year			24664533		90929889
Provision for Taxation:					
Minimum alternate tax		4915765			
MAT credit entitlement		(4915765)	—		
Tax for the year			—		38509615
Deferred Tax Liability			6945761		10467466
Net Profit / (Net Loss) after tax			17718772		41952808
Less : Short provision of earlier year			278902		70600
Add : Fringe Benefit Tax of earlier year			280705		5695
Add : Income tax Refund on Account of Amalgamation			3119407		—
Add : Surplus brought forwarded			239765442		197888929
Surplus carried to Balance Sheet			260605424		239765442
Earning Per Share (Refer Note No. 18 of Schedule L)			1.77		4.19

NOTES ON ACCOUNTS
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Per our report of even date

For and on behalf of the Board

for **K.S.Rao & Co.**
Chartered Accountants

J. Triveni
Executive Chairperson

(P. Govardhana Reddy)
Partner

Place : Hyderabad
Date : 31st August, 2011

J. S. Rao
Managing Director

Company Secretary


**SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT
FOR THE TWELVE MONTHS ENDED 31 ST MARCH,2011**

Particulars	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
A SHARE CAPITAL		
i) Authorised:		
2,73,00,000 Equity Shares of Rs.10/- each	273000000	273000000
10,70,000 - 9% cumulative redeemable Preference Shares of Rs.100/- each	107000000	107000000
	<u>380000000</u>	<u>380000000</u>
ii) Issued, Subscribed and paid up:		
80,16,738 (77,95,150) Equity Shares of Rs.10/- each	80167380	77951500
10,38,440 (7,70,100) - 9% Cumulative Redeemable Preference Shares of Rs.100/- each	103844000	77010000
Capital Suspense	—	29049880
	<u>184011380</u>	<u>184011380</u>
B RESERVES & SURPLUS		
i) Central Subsidy	1500000	1500000
ii) State Capital Subsidy (Electronic Division)	2000000	2000000
iii) Capital Reserve (Amount received on Forfeited shares)	429000	429000
iv) Capital Reserve(Electronic Division)	52336000	52336000
v) Capital reserve (on Amalgamation)	41190320	41190320
vi) Surplus-Balance in P&L A/c.	260605424	239765442
Total	<u>358060744</u>	<u>337220762</u>
C SECURED LOANS		
a) Term Loans:		
i. Canara Bank	274297577	270000000
ii. Andhra Bank	275077516	270000000
iii. Indian Bank	74039293	72800000
Interest Accured and Due on the above	—	5796777
b) Working Capital Loan:		
i Canara Bank	46741582	19754930
c) Loan against Vehicle Hypothication	10284968	873000
d) Loan against hypothication of loading equipment	3643868	—
Total	<u>684084804</u>	<u>639224707</u>
D UNSECURED LOANS		
7,70,978 - 9% Optionally Convertible Debentures of Rs.100/- each	77097800	—
Inter Corporate Deposit (Interest free)	20103571	20103571
Loan from Director	18004271	19690459
Deferred Sales Tax Liability	160358105	160358649
Debenture Suspense	—	77097800
Total	<u>275563747</u>	<u>277250479</u>



E. FIXED ASSETS

(Rupees)

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 31.03.2010	Additions	Deductions	As at 31.03.2011	Up to 31.03.2010	For the year	Deductions	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
1	Land:										
	Freehold (Cement division)	61545314	13283429	30323856	44504887	0	0	0	0	44504887	61545314
	Lease hold Land (Wind Power)	1800000	0	0	1800000	180000	60000	0	240000	1560000	1620000
	Land (Sugar)	0	40681935	0	40681935	0	0	0	0	40681935	0
2	Buildings:	0	0	0	0	0	0	0	0	0	0
	Factory	55497700	262319588	65623	317751665	28281986	5102238	38047	33346177	284405488	27215714
	Factory (Wind Power)	5755000	0	0	5755000	481728	192217	0	673945	5081055	5273272
	Non-Factory	5663398	26197703	0	31861101	1801362	250486	0	2051848	29809253	3862036
3	Plant & Machinery	452724548	729335206	25916382	1156143372	344911727	50117717	19962970	375066474	781076898	107812821
	Plant & Machinery (Wind Power)	86045000	0	0	86045000	11385946	4543176	0	15929122	70115878	74659054
4	Electrical Installations	50202104	173471016	1494945	222178175	23071343	5195460	911400	27355403	194822772	27130761
5	Furniture & Fixtures	5066253	0	0	5066253	4664064	218351	0	4882415	183838	402189
6	Office Equipment	4147137	234400	0	4381537	2303009	267839	0	2570848	1810689	1844128
7	Vehicles	5152585	13996120	479493	18669212	2894524	542072	238492	3198104	15471108	2258061
8	Other Assets	1794568	0	0	1794568	1794526	0	0	1794526	42	42
9	Data Processing Equipment	3148746	11044973	0	14193719	2768397	155853	0	2924250	11269469	380349
10	Power Line \$	1050710	0	0	1050710	952441	98269	0	1050710	0	98269
11	Effluent Treatment Plant	1948981	0	0	1948981	1388653	92577	0	1481230	467751	560328
12	Generators	1759219	0	0	1759219	1218519	83563	0	1302082	457137	540700
13	Lab Equipment	657270	0	0	657270	453357	31220	0	484577	172693	203913
	Total	743958533	1270564370	58280299	1956242604	428551582	66951038	21150909	474351711	1481890893	315406951
	Add : Capital work in progress	926838907	299667484	1196297354	30209037	0	0	0	0	30209037	926838907
	Less: Internal transfers	0	1196297354	1196297354	0	0	0	0	0	0	0
	Total	1670797440	3739345000	58280299	1986451641	428551582	66951038	21150909	474351711	1512099930	1242245858
	Previous Year	1076587678	594835031	625268	1670797441	395957803	32593779	0	428551582	1242245858	680629875

\$ Cost incurred by the company. Ownership vests with Andhra Pradesh Electricity Board.



Particulars	As at 31.03.2011		As at 31.03.2010	
	Rupees	Rupees	Rupees	Rupees
F. INVESTMENTS				
(At Cost, Non-Trade, Long-Term, Unquoted)				
1,95,121 Units of ING Global Real Estate Fund Growth				
face value of Rs.10/- each		—		2000000
Long Term, Unquoted, Non-Trade		6000		6000
Total		6000		2006000
G. CURRENT ASSETS, LOANS AND ADVANCES				
i) Inventories:				
(As valued and certified by the managing director,				
at cost or realisable value)				
a. Stores & Spares	42139409		26549449	
b. Raw Materials	16988967		16067551	
c. Coal	27484978		14138232	
d. Packing Materials	1429312		317724	
e. Work-in-process - Clinker	3709769		19750879	
Work-in-process - Electronics	1173156		259249	
f. Finished Stock - Cement	3530283		2281991	
Finished Stock - Electronics	561688		433482	
g. Material in transit	588739		1319388	
h. Scrap (discarded assets) - At reasonable value	2200000		—	
		99806301		81117945
ii) Sundry Debtors (Unsecured)				
Debts outstanding for a period				
exceeding six months	5818180		7612587	
other debts	14415314		23397762	
		20233494		31010349
iii) Cash and Bank Balances:				
a. Cash in Hand	466572		1829804	
b. Cash at Scheduled Banks:				
In Current Accounts	42477291		79151282	
In Fixed Deposit Accounts	26789695		25282509	
		69733558		106263595
iv) Loans and Advances				
(Unsecured, considered good, recoverable				
in cash or in kind or for value to be received)				
a. Advances for: purchases & expenses	22299201		20280256	
Capital items	69457728		131023877	
b. Other Advances	20580412		8001187	
c. Sales tax Paid under Protest	4340080		3074830	
d. Deposits recoverable	36724387		30245245	
e. Prepaid Expenses	2786434		2370935	
f. Interest accrued	1954404		2875709	
g. Balances with Central Excise	11672261		13875256	
h. Tax Deducted at Source	4420822		6426964	
i. Advance Income Tax	121389543		187975430	
j. Advance Fringe Benefit Tax	—		1720574	
k. Input VAT Receivable	48147		1283660	
l. MAT Credit entitlement	4915765		—	
		300589184		409153923
TOTAL		490362537		627545812



Particulars	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
H CURRENT LIABILITIES & PROVISIONS				
i) Current Liabilities:				
1. Total outstanding dues to Micro and Small Enterprises	NIL		NIL	
2. Total outstanding dues to other than Micro and Small Enterprises				
a) Creditors for Capital items	95874992		27161342	
b) Creditors for others	100938096		66772986	
3. Other Finances	2569335		1414141	
4. State Bank of India - Over Draft	9174225		8996358	
	208556648		104344827	
Advances received against sales	85896128		59557549	
Trade deposits	1529015		448214	
Total (i)	295981791		164350590	
ii) Provisions:				
Fringe Benefit Tax	—		1797180	
Income Tax	118151253		188273586	
Total (ii)	118151253		190070766	
Total (i+ii)	414133044		354421356	
	Current Year		Previous Year	
I. OTHER INCOME				
Interest Earned (Others)/(TDS Rs.3,84,259)	3183976		3019757	
Miscellaneous Receipts	884216		1978020	
Excess Provision Written back	—		47783	
Total	4068192		5045560	
J. MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES				
A. Manufacturing Expenses:				
1. Raw Materials Consumed (including royalty & other levies)	116421537		88330380	
2. Packing materials consumed	35779140		32276584	
3. Stores & Spares consumed	22952884		26715227	
4. Other Manufacturing Expenses	6475750		4080118	
5. Power & Fuel				
a. Power	115068055		103260007	
b. Coal	157747171		165010798	
	272815226		268270805	
6. Staff Cost:				
a. Salaries, Wages & Bonus	47133091		39736566	
b. Contribution to Provident & Other Funds	3633534		2540651	
c. Gratuity	1824864		2593695	
d. Staff & Workmen Welfare Expenses	3274879		2913517	
	55866368		47784429	
7. Repairs & Maintenance				
a. Plant & Machinery	14909549		10855293	
b. Vehicles	1495485		1827620	
c. Others	355482		202392	
	16760516		12885305	



Particulars	Current Year Rupees		Previous Year Rupees	
B. Administrative Expenses				
1. Remuneration to Managing Director & Executive Chairperson	4659330		2015686	
2. Travelling & Conveyance	1343591		2603390	
3. Director's Sitting fee	14750		13750	
4. Printing & Stationery	621420		644297	
5. Legal & Professional charges	2661862		1749886	
6. Insurance	1427034		1133334	
7. Auditors Remuneration				
As Auditors:	80000		80000	
Tax Audit Fee	25000		25000	
Certification Fee	27757		46649	
8. Rent	—		480000	
9. Rates, Taxes & Licences	1290813		1469469	
10. Miscellaneous Expenses	6627976		7838969	
11. Prior Period Items	23599		141027	
12. Postage and Telephones	1048018		899738	
13. Amalgamation Expenses	—		962860	
14. Loss on Retirement of Assets	4364536		—	
15. Loss on Sale of Mutual Funds	111220		—	
16. Loss on Sale of Vehicle	31001		—	
		24357907		20104055
C. Selling & Other Expenses :				
1. Freight & Handling expenses	22950962		22120402	
2. Advertisement & Publicity	—		3177350	
3. Discounts & Commission	810622		1332435	
4. Business Promotion Expenses	9272		40272	
5. Others	552918		557539	
6. Bad Debts Written off	2482600		—	
		26806374		27227998
Total		<u>578235702</u>		<u>527674901</u>
K. (INCREASE)/DECREASE IN STOCKS				
A) Opening Stock :				
Work in Process - Clinker	19750879		410826	
Work in Process - Electronics	259249		191962	
Finished Goods - Cement	2281991		135166	
Finished Goods - Electronics	433482		407194	
Total	<u>22725601</u>		<u>1145148</u>	
B) Closing Stock :				
Work in Process- Clinker	3709769		19750879	
Work in Process - Electronics	1173156		259249	
Finished Goods - Cement	3530282		2281991	
Finished Goods - Electronics	561688		433482	
Total	<u>8974896</u>		<u>22725601</u>	
(Increase)/Decrease in Stock (A-B)		13750705		(21580453)



L. NOTES ON ACCOUNTS

1. ACCOUNTING POLICIES:

The following are the significant Accounting Policies adopted by the Company in the preparation and presentation of financial statements.

- a) Financial statements are based on historical cost.
- b) Fixed Assets:
Tangible fixed assets are stated at cost net of depreciation provided.
- c) 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 XIV to the Companies Act, 1956.
 - ii) Upfront lease amount in respect of land is amortised over the period of lease.
- d) Inventories:
 - i) Finished goods and Work in process are valued at cost or net realisable value whichever is lower.
 - ii) Raw materials, packing materials, Coal are valued at cost on FIFO basis and Stores & Spares are valued at cost on weighted average basis, Raw materials in Electronics division are valued at weighted average cost.
- e) Sales:
Sales are inclusive of excise duty and sales tax collected.
- f) Retirement benefits:
 - i) Provident fund contributions are remitted to Provident Fund Commissioner and the Contributions are charged to revenue.
 - ii) Provision for gratuity and leave encashment is made on the basis of actuarial valuation in accordance with A S -15 "Employee Benefits".
- g) Contingent Liabilities:
All contingent liabilities are indicated by way of a note and will be paid/provided on Crystallisation.
- h) Internal Consumption:
Internal consumption of the Cement Division's end product is accounted at cost and is included in sales.

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

- i) Gratuity payable to erstwhile managing director Rs.3,38,341(Previous year Rs.3,38,341) as the company disputed this and the matter is pending in the court of law.
- ii) Karnataka Sales Tax demand of Rs.6,20,112/- (up to Previous year Rs.6,20,112/-) for the accounting year 1993-94 as the company preferred an appeal in the Hon'ble High Court of Karnataka.
- iii) A.P. General Sales Tax liability of Rs.18,77,197/- (up to Previous year Rs.18,77,197/-) on packing materials purchased during the accounting years 1990-91 and 1991-92 as the Company preferred appeals before Appellate Authorities and the same are pending.
- iv) Demand from Central Excise Authorities for Rs.95.01 lakhs together with penalty of Rs.95.01 lakhs (Previous year 44.36) against alleged irregular availment of Cenvat Credit on inputs by Cement Division ,as the Company's legal counsel opined that the demand is not sustainable.

v) a.	Current Year	Previous Year
	Rs.in lacs	Rs.in.lacs
Bank Guarantee	214.24	149.29

- b) Estimated amount of contracts to be executed on capital on account of Project expansion of Cement Division Rs.9.30 lacs (Net of advances.previous year Rs.542.11 lacs).



- c) Arrears of fixed Cumulative Dividends-9% cumulative dividend for the current year is Rs.93,45,960/- (up to Previous year Rs.7,71,35,235/-).
- d) In the year 2003-04, Central Power Distribution Company of Andhra Pradesh had levied Voltage Surcharge of Rs.1,30,29,457/- for getting the energy through general lines over and above the contracted load instead of dedicated lines. As getting the energy through specified line is not within the control of the company, the company challenged the levy before Hon'ble High Court of Andhra Pradesh and the High Court was pleased to grant staying the collection of the said levy. However the Company has paid Rs.72,06,311 under protest and shown under loans and advances, the said amount was not provided for in the books. The appeal is pending.
- e) In the year 2007-08 A P Commercial Tax Department had revised the CST Assessment for the year 2000-2001 and demanded Rs.39,25,213. The company got stayed the demand through an order of Hon'ble High Court of A.P. and deposited Rs.19,08,835/- being 50% of the demand. As the matter is pending in appeal before the A P Sales Tax Appellate Tribunal, no provision is made in the accounts for the disputed tax of Rs.39,25,213/-.
- f) No liability is provided amounting to Rs.4,05,133/- payable towards excise duty against duty free imported raw- materials by Electronics Division which were not utilized in production before 31.03.2009, in view of company's applications to the authorities concerned to extend the time for utilization of said raw-materials in production upto 31.3.2015 which is pending.
- g) In the year 2007-08 a supplier filed a suit and obtained an ex-parte decree against the Company from District Court Cuddalore, Tamilnadu demanding Rs.39.50 lacs against the liability of Rs.23.59 lacs towards Lignite supplied in earlier years. Company disputed the liability of Rs.39.50 lacs and deposited Rs.5.00 lacs in court as directed by Madras High Court and case is pending before Vriddachalam Additional District Court (FTC).
3. A.P. State Government had paid capital investment subsidy of Rs.20.00 lakhs to Flextech division. with a basic stipulation that the unit should be in continuous production for 20 years.
4. 9% Cumulative Redeemable Preference Shares 5,00,000 Nos. allotted on 24.10.2001 and 2,70,100 Nos. allotted on 31.10.2002 are redeemable at par at the end of 11th, 12th and 13th year from the date of allotment and the amount payable per share is Rs.30, Rs.35 and Rs.35 respectively. 9% Cumulative Redeemable Preference 2,68,340 of Rs.100/- each fully paid up allotted on 30.06.2011 by erstwhile Hyderabad Flextech Limited (amalgamating Company) are redeemable at par and the amount payable is Rs.50,00,000 each at the end of 16th to 19th year balance of Rs.68,34,000 at the end of 20th year.
5. Secured Loans:
- (i) Term loans are secured by an equitable mortgage of immovable properties and a charge by way of hypothecation of all the movable properties (save and except Book Debts) including movable machinery, spares, tools and accessories both present and future subject to prior charges created in favour of respective bank on specific movable assets for Working Capital loans sanctioned together with interest and commitment charges.
- (ii) Working Capital Loans are secured by hypothecation of raw-materials, work-in-process, finished goods, stores and spares and receivables both present and future and also by a second charge on the immovable properties and other fixed assets of the company.
- Further the the Term Loan and Working Capital Loans are guaranteed by two of the directors of the company individually and by the Corporate guarantee of M/s.Hyderabad Bottling Company Limited.
6. Consequent to the introduction of VAT from 01.04.2005, the Tax Holiday, being the sales tax incentive, against expanded capacity, has been converted into Deferment and the Company got entitlement to defer tax collections up to Rs.1590.43 lacs 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.

<u>Due date</u>	<u>Amount (Rs. in lacs)</u>
01.04.2020	308.18
01.04.2021	491.73
01.04.2022	591.70
01.04.2023	198.82



7. Electronics Division is allowed to defer its Sales Tax Liability on Domestic sales up to Rs.528 lakhs during the period 01.09.1994 to 31.08.2004. Accordingly, Sales Tax collected on DTA Sales up to 31.08.2004 of Rs.13.15 lakhs is shown as unsecured loan. Repayment dues and the accounting years in which they are due are as given below:

<u>Accounting year</u>	<u>Amount (Rs.)</u>
2011-12	1,41,078 (paid on 02.07.2011)
2012-13	5,62,609
2013-14	3,89,545
2014-15	2,22,128

8. In the year 2007-08 Company paid Rs.1.47 crores to the land owners for acres 98 and 15 guntas in the vicinity of the Cement factory for surrendering their Pattadar pass Books, to the Revenue authorities, Government of A.P. to facilitate granting of the lease rights in favour of the company, in respect of the said surrendered lands for lime stone mining. Company's application for lease rights in this regard is under process. The said amount of Rs.1.47 crores is shown as advance for mining lease rights.
9. Up front lease amount of Rs.18,00,000/- paid to Karnataka Forest Dept. towards Wind mill land lease is amortised over the lease period of 30 years. Accordingly Rs.60,000/- for the current year is amortised(up to Previous year Rs.1,80,000/-).
10. The National Savings Certificate VIII issue (shown under investments) has been pledged with Sales Tax Department towards Sales Tax Deposit.
11. Fixed deposit receipts are with the bankers with a lien marked in their favor of the overdraft/ bank guarantee limits sanctioned by them.
12. There were no outstanding payable to micro and small enterprises as on 31.03.2011.
13. Managerial remuneration:

	Current Year	Previous Year
	Rupees	Rupees
i) Managing Directors		
Remuneration	21,35,484	11,83,226
Perquisites	2,56,565	4,59,057
ii) Executive Chairman:		
Remuneration	22,14,839	3,73,403
perquisites	52,442	(Part of the year up to September)

14. Additional information as required under Part II of Schedule VI to the Companies Act, 1956.

	Current Year			Previous Year		
	Cement Division	Wind Mill	Electronics Division	Cement Division	Wind Mill	Electronics Division
a) Licensed & Installed Capacity	5,94,000*	1.5	37,000	2,97,000	1.5	37,000
(As certified by the Managing Director this being the Technical matter not verified by the auditors.)	(TPA)	(MW)	(Sq.Mtrs)	(TPA)	(MW)	(Sq.Mtrs)

* capacity of the cement plant expanded from 900 TPD to 1800 TPD from 17th November, 2010.

- b) i) Cement Division: Production, Opening Stock, Closing Stock:

	Current Year	Previous Year
	M.T.	M.T.
Production *	2,77,716	2,80,107
Opening Stock	1,202	80
Closing Stock	1,433	1202

*additional capacities were operating from November 17,2010 onwards, plant was shut down for more than four months in current year. Hence current year figures are not directly comparable with those of previous year.



ii) Electronics Division: Production, Opening Stock, Closing Stock's :

	Current year (Sq.Mtrs)	Previous year (Sq.Mtrs)
Production	1440.70	3,349.48
Opening Stock	154.01	53.35
Closing Stock	103.86	154.01

	Current Year Quantity M.T.	Value in Rupees	Previous Year Quantity M.T.	Value in Rupees
iii) Turnover:				
Clinker	2,677	76,20,636	7,731	1,46,76,589
Cement	*2,77,480	89,18,59,312	2,78,978	72,80,56,456
Wind Mill	27,71,454	94,10,223	31,42,779	1,06,72,632
	(Kwh)		(Kwh)	
Flexible PCB's	1490.85	2,67,63,470	3,248.82	2,55,55,900
	(Sq.Mtrs)		(Sq.Mtrs)	

*(Including internal consumption of 321 MT's and excluding samples of 5 MT's)

(Previous year internal consumption of 1,476 MT's and excluding samples of 7 MT's)

c. Details of Raw materials consumed:

	Qty. M.T.	Current Year Rs. in Lakhs	Previous Year Qty M.T.	Rs. In Lakhs
i) Limestone	288827	354.27	370228	423.16
ii) Clay	23955	12.66	9527	10.74
iii) Gypsum	11358	178.15	10611	158.10
iv) Fly Ash	25229	138.39	19250	104.63
v) Late rite	5249	35.45	6282	24.97
vi) Iron ore	877	4.30	1421	6.99
Purchased Clinker	15062	341.06	406	8.62
Base Laminates				
Copper Sheet without				
Laminates(Sq.Mtrs)	1163.90	30.54	3232.06	83.74
Coverlays, Stiffners(Sq.Mtrs)	1415.42	10.93	1077.40	8.26
Copper clad laminates(Sq.Mtrs)	404.87	3.10	138.57	1.22
Consumbles		22.14		24.06
Chemicals		20.01		15.17
Gold Potassium Cyanide & Gold Replisher chemicals		13.22		13.64
Total:		1164.22		883.30

d) Value of Materials and spares consumed :

	Value Rs. In Lakhs	Current Year %	Previous Year Value Rs. In Lakhs	%
Indigenous:				
i. Raw Materials	1164.22	100	883.30	100
ii. Stores & spares	229.53	100	267.15	100
iii. Packing Material	357.79	100	322.77	100

Analysis of Materials and Stores consumed (Electronics Division):

	Percentage	Current Year Value Rs in lakhs	Previous Year Percentage	Value Rs in lakhs
Imported	52.19	59.17	76.51	111.78
ii. Indigenous	47.81	54.21	23.49	51.76
	100.00	113.38	100.00	163.54



e) Foreign Exchange Earnings and Expenditure:

	Current Year Rs.in lacs	Previous Year Rs.in lacs
a) Value of Imports calculated on CIF basis		
i) Project equipment	—	8.84
ii) Raw Materials	73.32	97.12
iii) Spares	0.73	—
b) Expenditure in foreign currency on account of Traveling	—	13.62
c) Earnings in foreign Exchange:		
Export of goods calculated on F.O.B basis	3.36	15.51

15. Segment Reporting:

	Current Year (Rs.in lacs)				Previous Year (Rs.in lacs)			
	Cement Division	Wind Mill	Electronics Division	Total	Cement Division	Wind Mill	Electronics Division	Total
Primary Disclosures:								
External Sales	8994.81	94.10	267.63	9356.54	7427.33	106.73	255.56	7789.62
Inter-segment Sales	0	0	0	0	0	0	0	0
Total Revenue	8994.81	94.10	267.63	9356.54	7427.33	106.73	255.56	7789.62
Segment Result:	634.98	94.10	(102.62)	626.46	961.78	106.73	(181.56)	886.95
Less : Interest Expenses	413.01	0	7.48	420.49	20.27	0	7.84	28.11
Add : Interest Received	26.26	0	14.42	40.68	28.61	0	21.85	50.46
Less : Income Taxes	38.25	0	0	38.25	490.53	0	0	490.53
Profit	209.98	94.10	(95.68)	208.40	479.59	106.73	(167.55)	418.77
Segment Assets	18467.34	786.70	770.65	20024.69	16618.65	836.20	1263.13	18717.98
Total Assets	18467.34	786.70	770.65	20024.69	16618.65	836.20	1263.13	18717.98
Segment Liabilities	19254.04	0	770.65	20024.69	17454.85	0.00	1263.13	18717.98
Total Liabilities	19254.04	0	770.65	20024.69	17454.85	0.00	1263.13	18717.98
Depreciation	509.94	47.95	111.62	669.51	159.26	47.95	118.73	325.94
Non cash expenses other than Depreciation	0	0	0	0	0	0	0	0

16. AS –18 Related party disclosures:

i) Related party disclosures as required by AS-18 are given below:

Name of Related Parties	Nature of Relationship
a) Hyderabad Bottling Co.Ltd	
b) Triveni Capital Leasing & Investments Pvt Limited	Companies under the same management
c) I O U Projects (India) Pvt. Ltd.	
d) Mr J. Venkata Krishna	Relative of key managerial personal.
e) Ms. J. Sharada Govardhini	Relative of key managerial personal.
f) Mrs. J. Triveni	Key Management Personnel
g) Mr. J.S. Rao	Key Management Personnel



iii) Transaction with Associate Companies:

	Current Year	Previous year	Receivable (Payable) as on 31.03.11	Receivable (Payable) as on 31.03.10
Inter Corporate Deposits	--	--	(201.04)	(201.04)
Supply of cement	--	--	0.60	0.60

iv) Details of transactions in respect of persons referred to in item (ii) above:

	Current Year Rs.in lacs	Previous Year Rs.in lacs
a) Remuneration	43.50	11.83
Contribution to P.F	2.66	1.44
Other perquisites	3.09	8.32
b) Rent:		
Rent for premises leased to Company	-	1.20
c) Unsecured loan:	Current Year Rs.in lacs	Previous Year Rs.in lacs
Transaction with key management personnel:		
Outstanding at beginning of the year	196.90	257.48
Received during the year	-	-
Adjustment/Repayment during the year	16.86	60.57
Outstanding at the end of the year	180.04	196.90
d) Liability for capital expenditure:	Current Year Rs.in lakhs	Previous year Rs. in lakhs
Transaction with key management personnel:		
Outstanding at beginning of the year	-	-
Received during the year	147.05	-
Adjustment/Repayment during the year	-	-
Outstanding at the end of the year	147.05	-
Transaction with related parties:		
Outstanding at beginning of the year	-	-
Received during the year	259.25	-
Adjustment/Repayment during the year	-	-
Outstanding at the end of the year	259.25	-

17. A.S-19 : lease

Upfront lease amount in respect of Wind Power Land is amortised over the period of lease i.e. 30 years. Lease period commenced from 29.09.2007.

18. Earning per share: A.S-20

Particulars	Current year	previous year
Net Profit/(loss) after tax (A) Rs.in lakhs	177.19	418.77
No. of Shares including un-allotted Share application money (B)	1,00,16,738	1,00,16,738
Basic & Diluted earning per share of Rs.10 each (A)/(B)	1.77	4.18

19. 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 Rs. 666.15 lacs as at 31.03.2011. The components of deferred tax assets and deferred tax liabilities are given hereunder.

	As at 31.03.2011 (Rs. in lacs)	As at 31.03.2010 (Rs. in lacs)
a. Deferred Tax Liability:		
Depreciation	2035.85	1793.51
b. Deferred Tax Asset relating to Disallowance U/S 43 B of IT Act 1961 and other disallowances	30.44	38.02
	2005.41	1755.49
Deferred Tax Liability	666.15	596.69



20. Defined Benefit Scheme in accordance with A S-15 "Employee Benefits" issued by ICAI.

As per actuarial valuation as on 31.03.2011 and recognised in financial statements in respect of employee defined benefit scheme.

	Gratuity	Leave encashment
Current Service Cost	3,86,115	1,09,881
Interest Cost on benefit obligation	7,52,542	2,06,699
Expected return on plan assets	NIL	NIL
Net Actuarial(gain)/loss recognised in the year	6,86,207	9,52,716
Net Benefit expense	18,24,864	12,69,296
Actual return on plan assets	NIL	NIL
Details of provision for		
Change in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	94,06,770	25,83,738
Interest cost	7,52,542	2,06,699
Current services cost	3,86,115	1,09,881
Benefits paid	(1,64,738)	(15,68,535)
Actuarial(gains)/losses on obligation	6,86,207	9,52,716
Closing defined benefit obligation	1,10,66,896	22,84,499

21. Impairment of Assets – AS 28:

The management has not noticed any impairment in the existing assets of the Company.

22. Previous year figures have been regrouped wherever necessary.

Signatures to Schedule 'A' to 'L'

Per our report of even date

For and on behalf of the Board

for **K.S.Rao & Co.**
Chartered Accountants

(P. Govardhana Reddy)
Partner

J. Triveni
Executive Chairperson

Place : Hyderabad
Date : 31st August, 2011

J. S. Rao
Managing Director

Company Secretary



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration details

Registration No. State Code

Balance Sheet Date

II. Capital Raised during the year (Amount in Rs. Lacs)

Public Issue Rights issue

Bonus Issue Preferential Allotment

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Lacs)

Total Liabilities Total Assets

Sources of Funds Application of Funds

Paid-up Capital Net Fixed Assets

Share Appl. Deposit Investments

Reserves & Surplus Net Current Assets

Secured Loans

Unsecured Loans

Deferred Tax Liability

IV. Performance of Company (Amount in Rs. Lacs)

Turnover Total Expenditure

Profit Before Tax Profit After Tax

Earning Per Share Rs. Dividend Rate

V. Generic Names of Three Principal Products / Services of Company (As per monetary terms)

1. Item Code No. (ITC Code)
Product Description

2. Item Code No. (ITC Code)
Product Description

3. Item Code No. (ITC Code)
Product Description

**CASH FLOW STATEMENT FOR THE TWELVE MONTHS ENDED 31 ST MARCH, 2011**

(Rs.In Lakhs)

	Year ended 31 st March, 2011	Year Ended 31st March, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Extraordinary Items	208.40	418.77
Adjustments for:		
Depreciation	669.51	325.94
Deferred Tax	69.46	104.67
Interest	420.49	28.11
Interest Earned	(31.84)	(30.20)
Operating Profit before working capital changes	1336.02	847.29
Changes in working capital:		
Inventories	(186.88)	(250.45)
Trade and other receivables	588.54	(412.80)
Trade and other payables	597.12	60.08
Cash generated from operations	2334.80	244.12
Interest paid	(420.49)	(28.11)
Cash Flow before Extraordinary items	1914.31	216.01
Cash Flow from Operating Activity (A)	1914.31	216.01
B. CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	41.05	33.86
Purchase of Fixed Assets	(12705.64)	(32.07)
Capital Work in progress	9953.25	(5720.69)
Net Cash used in Investing Activities (B)	(2711.33)	(5718.90)
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Un-Secured Loans	(16.87)	(60.57)
Proceeds from Term Loans	448.60	6354.22
Net Cash used in Financing Activities (C)	431.73	6293.65
D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(365.30)	790.76
Cash and Cash Equivalents as at the commencement of the year	1062.64	271.88
Cash and Cash Equivalents as at the close of the year	697.34	1062.64

*After giving effect of Merger

Per our report of even date

For and on behalf of the Board

for **K.S.Rao & Co.**
Chartered Accountants**(P. Govardhana Reddy)**
PartnerPlace : Hyderabad
Date : 31st August, 2011**J. S. Rao**
Managing Director**J. Triveni**
Executive Chairperson

Company Secretary



INTENTIONALLY KEPT BLANK



Keerthi Industries Limited

KEERTHI INDUSTRIES LIMITED
28th ANNUAL GENERAL MEETING

Registered Office: Mellacheruvu (Village & Mandal), Nalgonda District,
Andhra Pradesh-508 246.

PROXY FORM

D.PId* _____

Folio No _____

Client Id* _____

I/We _____ of _____

being Member/ Members of Keerthi Industries Limited, hereby appoint Mr./ Ms. _____

of _____ or failing him/ her, Mr./ Ms. _____

of _____ as my/our proxy to attend and vote for me/us on my/
our behalf at the 28th Annual General Meeting of the Company to be held on Friday, the 30th September, 2011 at 10.00
A.M. at the Registered Office of the Company at Mellacheruvu (Village & Mandal), Nalgonda District, Andhra Pradesh-508
246 and at any adjournment(s) thereof.

Signature : _____

Date : _____

Affix
Revenue
Stamp of
Re. 1.00

Note: The Proxy form duly completed must be deposited at the registered office of the Company not less than 48 hours before
the time for holding the meeting. A proxy need not be a member.

TEAR OFF HERE

KEERTHI INDUSTRIES LIMITED
28th ANNUAL GENERAL MEETING

Registered Office: Mellacheruvu (Village & Mandal), Nalgonda District,
Andhra Pradesh-508 246.

ATTENDANCE SLIP

Please complete this attendance slip and hand over it over at the entrance of the meeting hall joint shareholders may obtain
additional attendance slips on request.

D.PId* _____

Folio No _____

Client Id* _____

Name & Address of the Shareholder _____

I hereby record my presence at the 28th Annual General Meeting of the Company to be held at the Regd.office & Factory:
Mellacheruvu (Village & Mandal), Nalgonda District, Andhra Pradesh-508 246 at 10.00 A.M on 30th day of September, 2011

Signature of the Shareholder or Proxy

(NO GIFTS PLEASE)

PRINTED MATER

BOOK POST

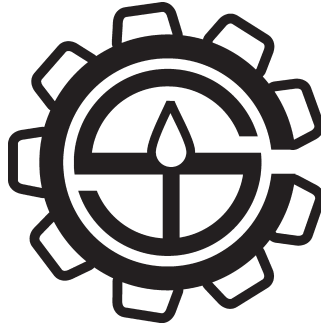
If undelivered, Please return to :

KEERTHI INDUSTRIES LIMITED

Administrative Office :

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

Hyderabad - 500 037.



Keerthi
Industries Limited
(Formerly known as Suvarna Cements Limited)

28th
Annual Report 2010-2011