



Board of Directors

Smt. J.Triveni	Executive Chairperson (w.e.f.11.05.2010)
Sri. J.S.Rao	Managing Director (w.e.f.11.05.2010)
Sri. K.Harishchandra Prasad	Director
Sri. J.Sivaram Prasad	Director
Sri. E.Siva Sankaram	Director
Sri. Boddu Venkata Subbaiah	Director

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 & Investors' 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: keerthi_ltd@yahoo.co.in

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 Limited
3, Sagar Society, Road No.2,
Banjara Hills, Hyderabad - 500 034
Tel: 040-23545913,14

ISIN

INE145L01012



NOTICE

NOTICE is hereby given that the 27th Annual General Meeting of Shareholders of the Company will be held on Thursday, the 30th September, 2010 at 11:00 AM at the Registered Office of the Company situated at Mellacheruvu (Village & Mandal), Nalgonda District-508 246, Andhra Pradesh to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Balance Sheet as at 31st March, 2010 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 E.Siva Sankaram, Director who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri J.Sivaram Prasad, 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 a Special Resolution:

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310, 316, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof that may hereafter be made by the Central Government) and subject to approval of the Central Government, if any, and based on the recommendations of the Remuneration Committee, approval of the shareholders be and is hereby accorded for the appointment of Mr.J.S.Rao as Managing Director for a period of 5 (Five) years with effect from 11th May, 2010 on the salary and perquisites as set out below;

1. **Period of Appointment:** The Appointment is for a period of 5 years with effect from 11th May, 2010.
2. **Salary:** Salary of ₹ 2,00,000/- per month which includes Basic, DA, HRA and all other allowances by whatever name called. There will be an increment of ₹ 25,000/- per annum thereafter every year for next five years.
3. **Commission:** 1% of net profits of the company computed in a manner laid down under section 198 of the Companies Act, 1956.

4. **Perquisites:** Perquisites shall be restricted to 50% of an amount equivalent to annual salary and shall be valued in terms of the provisions of Income Tax Act, 1961.

- i) **Medical Reimbursement:** Reimbursement of medical expenses incurred for self and family.
- ii) **Leave Travel Concession:** Leave Travel Concession for self and family once in a year.
Explanation: Family for (i) and (ii) above shall mean spouse, dependant children and dependant parents.
- iii) **Club Fees:** Fees for two clubs and no admission and life membership fee shall be paid;
- iv) **Personal Accident Insurance:** Personal Accident Insurance premium shall be as per the rules of the Company;
- v) **Reimbursement of expenses for utilities** such as gas, electricity, water furnishings, air conditioning and repairs all of which may be hired or owned;
- vi) **Use of Company's car for official duties and telephones at residence** (including long distance calls) shall not be considered as perquisites;
- vii) **Earned Leave:** Encashment of leave at the end of the tenure is as per the rules of the Company.
- viii) **Contribution to the provident fund, superannuation fund or annuity fund** to the extent these either singly or put together are not taxable under the Income Tax Act, 1961; and
- ix) **Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.**

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

5. **Minimum Remuneration:** Where, in any financial year, the Company has no profits or its profits are inadequate, during the currency of tenure of the Managing Director, the Company shall pay remuneration by way of salary and perquisites as specified above as minimum remuneration subject to such approvals, if any, as may be required under Schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER THAT Mrs. J. Triveni, Executive Chairman and Mr. K.Harishchandra Prasad, Director and of the Company be and are hereby individually authorised to take necessary steps as may be required for giving effect to this resolution."



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

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310, 316, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof that may hereafter be made by the Central Government) and subject to approval of the shareholders and the Central Government, if any, and based on the recommendations of the Remuneration Committee, approval of the Board be and is hereby accorded for the appointment of Mrs.J.Triveni as Executive chairperson for a period of 5 (Five) years with effect from 11th May, 2010 on the salary and perquisites as set out below;

1. Period of Appointment: The Appointment is for a period of 5 years with effect from 11th May, 2010.
2. Salary: Salary of ₹ 2,00,000 per month which includes Basic, DA, HRA and all other allowances by whatever name called. There will be as increment of ₹ 25,000/- per annum thereafter every year for next five years.
3. Commission: 1% of net profits of the company computed in a manner laid down under section 198 of the Companies Act,1956.
4. Perquisites: Perquisites shall be restricted to 50% of an amount equivalent to annual salary and shall be valued in terms of the provisions of Income Tax Act, 1961.
 - i) Medical Reimbursement: Reimbursement of medical expenses incurred for self and family.
 - ii) Leave Travel Concession: Leave Travel Concession for self and family once in a year.
Explanation: Family for (i) and (ii) above shall mean spouse, dependant children and dependant parents.
 - iii) Club Fees: Fees for two clubs and no admission and life membership fee shall be paid;
 - iv) Personal Accident Insurance: Personal Accident Insurance premium shall be as per the rules of the Company;

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

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

5. Minimum Remuneration : Where, in any financial year, the company has no profits or its profits are inadequate, during the currency of tenure of the Executive Chairman, the company shall pay remuneration by way of salary and perquisites as specified above as minimum remuneration subject to such approvals, if any, as may be required under Schedule XIII of the Companies Act, 1956.

"FURTHER RESOLVED THAT the duties of the Executive Chairperson so appointed as above shall be the overall supervision of the functioning of the Company and to perform all such duties that the Board may delegate to her from time to time."

"RESOLVED FURTHER THAT Mr K.Harishchandra Prasad and Mr J.S.R.Prasad directors of the Company be and are hereby individually authorised to take necessary steps as may be required for giving effect to this resolution."

By Order of the Board of Directors

Place: Hyderabad
Date: 30-08-2010

(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) Proxy forms to be valid, shall be lodged at the Company's Administrative Office of the Company at least 48 hours before the meeting at Plot No.40, IDA, Balanagar, Hyderabad-500 037
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from 24th September, 2010 to 30th September, 2010 (both days inclusive).
- (d) Members/proxies should bring the Attendance Slip duly filled in for attending the 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.

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

Item No. 5.

Sri.J.S.Rao was appointed as Director of the company in the year 1999, the contribution of Mr. J.S. Rao in bringing up the company to the present stage from where it was taken-over about a decade back is laudable. The company has achieved many mile-stones during the last one decade and Mr. J.S. Rao was behind every such achievement. In view of his significant contribution as Director of the Company, the Board of Directors have considered to appoint him as Managing Director of the company with effect from 11th May, 2010 for a period of five years.

According to Schedule XIII to the Companies Act, 1956, the appointment of Managing Director requires the approval of members in a General Meeting.

The terms and conditions of Sri.J.S.Rao's appointment as set out above may also be treated as an abstract of the terms of the draft Agreement between Sri.J.S.Rao and the Company.

None of the Directors except Sri.J.S.Rao, Smt.J.Triveni and Sri.J.Sivaram Prasad are concerned or interested in the resolution at Item No. 5 of the Notice.

The Board of Directors recommends the passing of the resolutions at Item No. 5 of the Notice.

Item No. 6.

Smt.J.Triveni was appointed as Managing Director of the company in the year 2000, under her leadership, the Company has recorded all round growth in its business, considering the significant contribution made by her and also her rich industrial experience which will help the company to scale to new heights, the Board of Directors have considered to appoint her as Executive Chairperson of the company with effect from 11th May, 2010 for a period of five years.

According to Schedule XIII to the Companies Act, 1956, the appointment of Executive Chairman requires the approval of members in a General Meeting.

The terms and conditions of Smt.J.Triveni's appointment as set out in the resolution may also be treated as an abstract of the terms of the draft Agreement between Smt.J.Triveni and the Company.

None of the Directors except Smt.J.Triveni, Sri.J.S.Rao and Sri.J.Sivaram Prasad are concerned or interested in the resolution at Item No. 6 of the Notice.

The Board of Directors recommends the passing of the resolutions at Item No. 6 of the Notice.



DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present your Company's 27th Annual Report for the Financial Year 2009-10 together with the Audited Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date.

FINANCIAL RESULTS:

		(Rs. lakhs)
	2009-10	2008-09 (9 months)
Operational Income	7789.61	7774.52
Operating Profit/(Loss)	1263.35	1764.97
Depreciation & Interest	354.05	272.89
Profit/(Loss) for the year	909.30	1492.08

OPERATIONS:

The performance of your company for the year under review was satisfactory in spite of steep fall in cement prices for last six months. Another reason was sluggish market demand coupled with excess supply of cement in the market which resulted in steep fall in cement prices. Due to the implementation of capacity expansion, the Company has shutdown its plant from the month of February 2010 for erecting the expanded cement capacity, which lead to the revenue loss for the last quarter of the year.

Cement Division: The production of Cement and Clinker were 2,80,107 MTS and 2,72,078 MTS respectively during the twelve months ended 31st March, 2010 as against 2,34,378 MTS and 2,23,183 MTS respectively during the previous year(nine months).

Wind Power: The Company has generated 31,42,779 KWH as against 24,99,271 KWH during the previous year (nine months).

Electronic Division: The company produced 3,349 sq.mts of PCB as against 3,343 sq.mts during the previous year(nine months).

FUTURE PROSPECTS:

CEMENT DIVISION:

Your Company initiated capacity expansion and de-bottlenecking programs to maintain growth and improve efficiencies. The trial production of the expanded capacity began in the month of August, 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 definitely 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.

WIND POWER DIVISION:

Wind energy, with an average growth rate of 30%, is the fastest growing source of renewable energy in the world. India occupies the fifth place in the world in wind energy generation after USA, Germany, Spain, and China. New technological developments in wind energy design have contributed to the significant advances in wind energy penetration and to get optimum power from available wind. In this study, an attempt has been made to analyze and review the development and dissemination of wind energy in India.

SCHEME OF ARRANGEMENT

During the period under report, the Hon'ble High Court of Andhra Pradesh vide order dated 19th January, 2010, sanctioned the Scheme of Arrangement, whereupon the erstwhile Hyderabad Flextech Limited stands merged with the company. The said order was filed with Registrar of Companies and subsequently got approval for the same.

LISTING APPROVAL FOR NEW SHARES ISSUED PURSUANT TO THE SCHEME OF AMALGAMATION

The Bombay Stock Exchange has given listing permission for listing of 2,21,588 equity shares issued to shareholder of Hyderabad Flextech Limited pursuant to the Scheme of Amalgamation as approved by the Hon'ble High Court of Andhra Pradesh.

DEMAT OF SHARES:

The Equity Shares of your Company have been admitted by CDSL/NSDL for demat.

DIRECTORS:

In accordance with the provisions of Companies Act, 1956 and the Company's Articles of Association, Sri



E.Siva Sankaram and Sri J.Sivaram Prasad, Directors 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, 2010, 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, 2010 on a going concern basis.

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 realising 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 re-appointment.

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, 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 substitute,



is 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.

Wind Power Division:

Industry Structure and Developments:

India began wind development in the 1990s, and development has only begun to take off in the last few years. Although a relative newcomer to the wind industry compared with Denmark or the US, a combination of domestic policy support for wind power and the rise of a leading global wind turbine manufacturer have led India to become the country with one of the largest installed wind power capacity in the world, and the wind energy leader in the developing world.

Opportunities and Threats:

However, fundamental risks in the Indian market remain, making international manufacturers somewhat reluctant to invest. In addition, India's relatively undeveloped national infrastructure meant that transport and installation of megawatt-scale wind power technology was impossible until recently. In addition, we have been undergoing power sector reforms of varying degrees, and the impact of such reforms on renewable energy is still somewhat uncertain.

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: 30-08-2010

(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 (9 months)		
	Cement Division	Electronic	Wind Power	Cement Division	Electronic	Wind Power
A. Power and Fuel Consumption:						
1 Electricity:						
a) Purchased Units (Nos)	3,04,17,028	3,91,746	NIL	2,47,08,000	3,05,136	NIL
Amount (Rs.)	10,11,93,972	17,36,169	NIL	7,81,56,373	13,39,251	NIL
Rate/unit (Rs.)	3.33	4.87	NIL	3.16	4.76	NIL
b) Own Generation:						
i) Through Generator	3,240	58,600	NIL	5,300	22,900	NIL
Diesel Units (Nos.)						
Units per Ltr. of Diesel Oil	2.70	7.71	NIL	2.61	7.16	NIL
Cost/Unit (Rs.)	15.29	4.78	NIL	11.95	5.36	NIL
ii) Through Steam Turbine/ Generator:	NIL	NIL	NIL	NIL	NIL	NIL
Units (Nos.)						
Units per Ltr. Of Fuel Oil						
Gas						
Cost/Unit (Rs.)						
2 Coal and Lignite used as fuel in Kiln:						
Quantity (M.T.)	57,116	NIL	NIL	47,669	NIL	NIL
Total Cost (Rs.)	16,50,10,798			14,04,52,180		
Average Rate/M.T. (Rs.)	2889	2946				
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)	105.28	134.45	NIL	104.91	98.11	NIL
Furnace Oil	NIL	NIL	NIL	NIL	NIL	NIL
Coal	0.21	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, adoption and innovation

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

Foreign Exchange Earnings & Outgo:

- | | |
|--|-----------------|
| 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.119.58 lakhs |
| b) Foreign Exchange Earned | Rs. 15.51 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 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 30th August, 2010

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 - 2009-10:

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 31.03.2010	Designation As on 30.08.2010	No. of Meetings attended	Whether attended the last AGM	No. of Directorships in other Boards as on 31.03.2010	No. of Memberships / Chairmanships in other Board Committee(s) as on 31.03.2010
1	Late Mr.J.S.Krishna Murthy	Chairman	Date of cessation 20.09.2009	NIL	NO	NA	NA
2	Mrs. J. Triveni	Managing Director	Executive Chairperson	6	YES	6	NIL
3	Mr. J.S.Rao	Director	Managing Director	6	YES	8	5
4	K.Harish Chandra Prasad	Director	Director	4	NO	11	2
5	Mr.J.S.R. Prasad	Director	Director	4	NO	9	4
6	Mr. E.Siva Sankaram	Director	Director	2	NO	NIL	NIL
7	Mr. B. V. Subbaiah	Director	Director	5	NO	1	1
8	Mr.J.V.Choudary	Director	Resigned w.e.f. 19.02.2010	NIL	NO	NA	NA