



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

**29<sup>th</sup>**  
***Annual Report 2011-2012***



## 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 & Investors' Grievance Committee

1. Sri. Boddu Venkata Subbaiah	Chairman
2. Sri. J.S.Rao	Member
3. 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: keerthiltd @gmail.com

### Bankers

Canara Bank  
Andhra Bank  
Indian Bank

### Auditors

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

### Cost Auditors (Cement)

M/s. Narasimha Murthy & Co.  
Cost Accountants  
Hyderabad.

### Cost Auditors (Power)

M/s. BV Rao & Co.  
Cost Accountants  
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

### ISIN

INE145L01012



## **NOTICE**

**NOTICE** is hereby given that the 29<sup>th</sup> Annual General Meeting of Shareholders of the Company will be held on Saturday the 29<sup>th</sup> September, 2012 at 11:00 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 31<sup>st</sup> March, 2012 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 Sivarama 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 Auditor.

### **SPECIAL BUSINESS:**

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

“RESOLVED THAT in accordance with section 198,309, 310 and other applicable provisions of the Companies Act 1956 read with its schedule XIII and in partial modification of resolution passed by the shareholders at the 27<sup>th</sup> Annual general Meeting held on 30<sup>th</sup> September, 2010 regarding the reappointment and remuneration payable to Smt.J Triveni, Executive Chairperson of the Company and subject to approvals, if any as may be required from shareholders, financial institutions and other authorities concerned, consent be and is hereby accorded to the payment of enhanced remuneration to Executive Chairperson as revised below with effect from 13<sup>th</sup> August, 2012.

- a) **Salary:** ₹400, 000 per month which includes Basic, DA, HRA and all other allowances by whatever name called.
- b) **Commission:** such amount for each accounting year as may be decided by the Committee /Board subject to the overall limit(s) of 5% of Net profits as stated in

Section 198, 309 and 310 of the Companies Act, 1956.

- c) **Perquisites:** Perquisites shall be restricted to 100% 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 at actual.
- ii. **Leave Travel Concession:** Leave Travel Concession for self and family once in a year.

Explanation: Family for (i) and (ii) above shall mean spouse, dependant children and dependant parents.

- iii. **Club Fees:** Fees for two clubs and no admission and life membership fee shall be paid;
- iv. **Personal Accident Insurance:** Personal Accident Insurance premium shall be as per the rules of the Company;
- v. **Reimbursement of expenses** for utilities such as gas, electricity, water, 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) and Cell Phone 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 of the annual salary.

- d) **Minimum Remuneration:** Where, in any financial year, the Company has no profits or its profits are inadequate, during the currency of tenure of the Executive Chairperson, the Company shall pay ₹400,000/- per month



as minimum remuneration subject to such approvals, if any, as may be required under Schedule XIII of the Companies Act, 1956.”

“FURTHER RESOLVED THAT Sri J S Rao Managing Director or Company Secretary of the Company be and are hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to the above resolutions”

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

“RESOLVED THAT in accordance with section 198,309, 310 and other applicable provisions of the Companies Act 1956 read with its schedule XIII and in partial modification of resolution passed by the shareholders at the 27<sup>th</sup> Annual general Meeting held on 30<sup>th</sup> September, 2010 regarding the reappointment and remuneration payable to the Sri JS Rao, Managing Director of the Company and subject to approvals, if any as may be required from shareholders, financial institutions and other authorities concerned consent be and is hereby accorded to the payment of enhanced remuneration to the Managing Director as revised below with effect from 13<sup>th</sup> August , 2012.

- a) **Salary:** ₹400, 000 per month which includes Basic, DA, HRA and all other allowances by whatever name called.
- b) **Commission:** such amount for each accounting year as may be decided by the Committee /Board subject to the overall limit(s) of 5% of Net profits as stated in Section 198, 309 and 310 of the Companies Act, 1956.
- c) **Perquisites:** Perquisites shall be restricted to 100% 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 at actual.
  - ii. **Leave Travel Concession:** Leave Travel Concession for self and family once in a year.

Explanation: Family for (i) and (ii) above shall mean spouse, dependant children and dependant parents.

  - iii. **Club Fees:** Fees for two clubs and no admission and life membership fee shall be paid;

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

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

- d) **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 ₹400,000/- per month as minimum remuneration subject to such approvals, if any, as may be required under Schedule XIII of the Companies Act, 1956.”

“FURTHER RESOLVED THAT Sri J S Rao Managing Director or company Secretary of the Company be and are hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to the above resolutions”

By Order of the Board of Directors

Place: Hyderabad  
Date: 1-09-2012

(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 24<sup>th</sup> September, 2012 to 28<sup>th</sup> September, 2012 (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 least 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 dated, 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 Securities Exchange Board of India has notified that the shareholders/transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their PAN Card to the company/RTA while transacting in the securities market including transfer, transmission or any other corporate action. Accordingly, all the shareholders/ transferee of shares (including joint holders) are requested to furnish a certified copy of their PAN Card to the company/RTA.
- (h) The annual report of your Company for the Financial Year 2011-12 would also be made available in the Company's website: [www.keerthiindustries.com](http://www.keerthiindustries.com).
- (i) Annexed hereto the explanatory Statement pursuant to provisions of section 173(2) of the Companies Act, 1956.



## EXPLANATORY STATEMENT

### Item No. 5.

Smt. J Triveni was re appointed as Executive Chairperson of the Company for a period of Five years w.e.f. 11<sup>th</sup> May 2010, at a remuneration of Rs 2.00 Lakhs per month plus certain allowances and perquisites, as per the approval of the Board of Directors in its meeting held on 11<sup>th</sup> May, 2010 and further approval of the shareholders of the Company in the Annual General Meeting of the Company held on September 2010.

Now, it is proposed to increase the remuneration of Smt J Triveni, Executive Chairperson of the Company to Rs 4.00 lakhs (₹ Four Lakhs only) per month plus certain allowances and perquisites, as approved by the Remuneration Committee and Board w.e.f. 13<sup>th</sup> August, 2012 which are enlisted in the resolution for the remaining period of tenure.

Smt. Jasti Triveni (age 51 years) is a graduate in Commerce and is the driving force behind the success of organization. She is having 25 years of vast experience in cement and Electronic Printed circuit Board Industries.

The total remuneration being drawn by the Executive Chairperson would be subject to overall ceiling limit of 5% of net profits of the Company.

The above may also be treated as an abstract under the terms of contract/agreement entered into between the Company and Smt. J Triveni Executive Chairperson pursuant to Section 302 of the Companies Act, 1956. None of the Directors are interested in the above resolution except Sri J Seshagiri Rao, Smt J Triveni and J Sivarama Prasad.

As per the provisions of the Companies Act, 1956, read with schedule XIII, thereof, approval of shareholders is required for the purpose. Hence, the Board recommends the resolution for your approval by way of special resolution.

Sri J Triveni is one of the major shareholders in the promoters group and she has 76.20% controlled stake in the Company along with her relatives.

### Item No. 6:

Sri. J Seshagiri Rao was re appointed as Managing Director of the Company for a period of Five years w.e.f. 11<sup>th</sup> May 2010, at a remuneration of Rs 200,000 per month plus certain allowances and perquisites, as per the approval of the Board of Directors in its meeting held on 11<sup>th</sup> May, 2010 and further approval of the shareholders of the Company in the Annual General Meeting of the Company held on September 2010.

Now, it is proposed to increase the remuneration of Sri J Seshagiri Rao, Managing Director of the Company to Rs 4.00 lakhs (₹ Four Lakhs only) per month, as approved by the Remuneration Committee and Board w.e.f. 13<sup>th</sup> August, 2012 which are enlisted in the resolution for the remaining period of tenure.

Sri J Seshagiri Rao (age 60 years) is a graduate in Engineering and having vast experience in technical and General administration of Beverages, cement and Electronic Printed circuit Board Industries.

The total remuneration being drawn by the managing Director would be subject to maximum ceiling limit of 5% of net profits of the Company.

The above may also be treated as an abstract under the terms of contract/agreement entered into between the Company and Sr. J Seshagiri Rao Managing Director pursuant to Section 302 of the Companies Act, 1956. None of the Directors are interested in the above resolution except Sri J Seshagiri Rao, Smt J Triveni and J Sivarama Prasad.

As per the provisions of the Companies Act, 1956, read with schedule XIII, thereof, approval of shareholders is required for the purpose. Hence, the Board recommends the resolution for your approval by way of special resolution.

Sri J Seshagiri Rao is one of the major shareholders in the promoters group and he has 76.20% controlled stake in the Company along with his relatives.

By Order of the Board of Directors

Place: Hyderabad  
Date: 1-09-2012

**(J. S.Rao)**  
Managing Director



## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present your Company's 29<sup>th</sup> Annual Report for the Financial Year 2011-12 together with the Audited Balance Sheet as at 31st March, 2012 and the Profit & Loss Account for the year ended on that date.

### FINANCIAL RESULTS:

(₹ In Lakhs)

	2011-12	2010-11
Net Operational Income	<b>17593.25</b>	8353.84
Other income	<b>48.71</b>	40.68
Profit before interest and depreciation	<b>4240.97</b>	1338.11
Less: Interest	<b>953.23</b>	421.96
Less: Depreciation	<b>1356.95</b>	669.51
Profit/(Loss) before taxation	<b>1930.79</b>	246.65
Less : Provision for taxation	<b>714.03</b>	69.46
Less: short provision of earlier years	<b>22.79</b>	-
Add: excess provisions of earlier years	-	31.21
Net Profit after taxation	<b>1193.97</b>	208.40
Add: Surplus Brought Forward from previous years	<b>2606.05</b>	2397.65
Balance carried to Balance Sheet	<b>3800.02</b>	2606.05

### OPERATIONS:

During the year 2011-12, Keerthi industries Ltd witnessed splendid performance. While, our revenues increased 210% over the previous year, our post-tax profit surged manifold on account of increased margins and augmentation of additional capacity in cement division.

**Cement Division:** The production of Cement and Clinker were 4,85,391 MTS and 4,28,303 MTS respectively during the twelve months ended 31<sup>st</sup> March, 2011 as against 2,77,716 MTS and 2,21,259 MTS respectively during the previous year.

During the year under review the Company was augmented at 81% of the installed capacity. In view of augmentation of additional capacity, the operational results of the company during the year are not comparable with the previous year.

**Wind Power:** The Company has generated

34,88,954 KWH as against 27,71,454 KWH during the previous year .

**Electronic Division:** The Company produced 2087 sq.mts of Printed Circuit Boards as against 1441sq.mts during the previous year.

### FUTURE PROSPECTS:

#### CEMENT DIVISION:

Demand for cement is expected to grow at 8% in the coming year due to the continued fillips given for the infrastructure projects. The Company expects to sustain and improve the output levels during the year. Also, the Company will have the benefit of increased production from its capacity enhancement project, which will enable the Company to meet the increased market demand for cement. The Company also continues to concentrate on cost reduction measures in all areas of production and distribution to protect and improve its profitability. However, exorbitant increase of input prices of cement and frequent power holidays are the major constraints to sustain in the market. Despite of few adverse conditions, your Directors are hopeful that the performance of the company would achieve satisfactory level.

#### 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. During the year under review there is an appreciable improvement in the performance of electronic division. The division has shown more than 30% growth in sales volume and proportionate increase in operating profit. The division has established a loyal customer base in health care instrumentation segment. The high temperature resistant cables made by the division for a defense PSU have been approved for use in their missile programme. There is an improvement in the projected off take to the above segments in the next financial year.

#### SUGAR DIVISION

The Company has planned to install 3500 TPD integrated sugar mill, 50 KLPD ethanol Plant and 20 MW Co-generation power plant with an estimated cost of 31992 Lakhs at Mosttor 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. Considering the operational difficulties, the Chief Director (Sugar), Department of Food and public distribution, Ministry of Consumer affairs, New Delhi has extended the validity period of our Industrial Entrepreneurs Memorandum (IEM) up to 26<sup>th</sup> July, 2014 whereby the unit should be commissioned and achieve the commercial production.

### **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 of the Company would retire by rotation and, being eligible, offer themselves for re-appointment.

### **DIVIDEND:**

Having applied the internal accrued funds of ₹ 2400 Lakhs for cost escalation of the project at cement division and on going redemption plan of first trench of 9% Cumulative Redeemable preferential shares in the month of November 2012, your Board could not recommend any dividend for the financial year 2011-2012.

### **OPTIONALLY CONVERTIBLE DEBENTURES/PREFERENTIAL SHARES:**

The 9% Optionally Fully Convertible unsecured Debentures of face value of ₹100/- each aggregating value of ₹ 770.98 allotted to various shareholders in pursuant to Scheme of amalgamation sanctioned by Honorable High court of Andhra Pradesh has been redeemed. The First tranche of 9% redeemable preferential shares have fallen due for redemption by November, 2012.

### **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 share holding through their depository participants so that it will improve the liquidity of our stock.

### **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, 2012, 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, 2012 on a going concern basis.

### **PUBLIC DEPOSITS:**

Your Company has not invited any deposits from public / shareholders in accordance with the Section 58A of the Companies Act, 1956.

### **COST AUDITORS:**

Cost Audit records have been maintained in respect of Cement and power divisions for the F.Y.2011-12. Pursuant to the directives of the Central Government and provisions of Section 233B of the Companies Act, 1956, qualified Cost Auditors have been appointed to conduct the cost audit for the F.Y.2012-13.

### **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 is 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.

## **HEALTH AND SAFETY:**

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

## **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. Per capita cement consumption in India is still very low at around 200 kg against the world average of about 500 kg and China at approximately 1200 kg. This underlines the tremendous scope for growth of the Indian cement industry in the long term.

#### **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. Excess supply of cement in the market because of new entrants and frequent imposition of power holidays by the APCPDCL would affect the sustainability of operations.

### **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. Undervaluation of our Indian rupee makes imported raw material prices dearer.

## **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 has 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: 01-09-2012

**(J. Triveni)**  
Executive Chairperson