



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

**31<sup>st</sup>**  
***Annual Report 2013-2014***



## 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

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

## Registered Office & Factory (Cement Division)

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

## Administrative Office & Factory (Electronic Division)

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

## Bankers

Canara Bank  
Andhra Bank  
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  
CIN No. : L26942TG1982PLC003492



## NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of Shareholders of the Company will be held on Saturday the 9th August, 2014 at 11:00 AM at the Registered Office of the Company situated at Mellacheruvu (Village & Mandal), Nalgonda District-508246, Telangana to transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss Account and cash flow statement for the year ended on that date together with the Notes, Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri J Sivarama Prasad, Director (DIN: 00221271) who retires by rotation, and being eligible, offers himself for re-appointment.
3. To consider the appointment of M/s. K.S. Rao & Co, Chartered Accountants, (Firm Regd. No.003109S) as Auditors of the Company to hold the office from the conclusion of this Annual General Meeting, for three consecutive years until the conclusion of the 34th Annual General Meeting of the Company in the calendar year 2017 at such remuneration and terms as may be mutually agreed to between the Board of Directors and the Auditors.

### SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of section 149,150,152 and any other applicable provisions of the Companies Act 2013 and the rules made there under including any statutory modifications or reenactments thereof for the time being in force) read with schedule IV to the companies Act 2013, Mr. BV Subbaiah(DIN. No.01147062)Director of the company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as an independent director of the Company to hold office for five consecutive years for a term upto 2019 from the date of this meeting.”

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

“RESOLVED THAT pursuant to the provisions

of section 149,150,152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under including any statutory modifications or reenactments thereof for the time being in force) read with schedule IV to the companies Act 2013, Mr. K Harish chandra Prasad(DIN.No. 00012564) director of the company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as an independent director of the Company to hold office for five consecutive years for a term upto 2019 from the date of this meeting.”

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

“RESOLVED THAT pursuant to the provisions of section 149,150,152 and any other applicable provisions of the Companies Act 2013 and the rules made there under including any statutory modifications or reenactments thereof for the time being in force) read with schedule IV to the companies Act 2013, Mr. E Sivasankaram (DIN. No. 01147134) director of the company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as an independent director of the Company to hold office for five consecutive years for a term upto 2019 from the date of this meeting.”

By Order of the Board of Directors

Place: Hyderabad  
Date: 29-05-2014

(J. S.Rao)  
Managing Director  
DIN:00029090

### 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) A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not



more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company may appoint a single person as proxy. However, such person shall not act as a proxy for any other person or shareholder

- (d) The Register of Members and Share Transfer Books of the Company will remain closed from 4th August, 2014 to 9th August, 2014 (both days inclusive).
- (e) 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.
- (f) 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
- (g) 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.
- (h) 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.

- (i) The e-voting period commences vide EVSN No. 140712007 on 4th August 2014 at 9.00 AM and ends on 6th August 2014 at 6.00 PM. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form as on cut off date of 12th July 2014 may cast their vote electronically. The CDSL will disable E voting facility after the expiry of e voting period. Once the vote on resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
  - (j) The voting rights of the shareholders shall be in proportion to their shares of the paid-up share capital of the Company as on the cut off date
  - (k) Mr Narender Gandhari, B.Com., FCS a practicing company secretary has been appointed as the scrutinizer to scrutinize the E-voting process in a fair and transparent manner.
  - (l) The scrutinizer shall within a period not exceeding 3 working days from the conclusion of e-voting period unblock the votes in the presence of at least two witness not in the employment of the Company and make a scrutinizer report of the votes cast in favour or against, if any, to the chairman of the Company.
  - (m) The company has opened a DEMAT suspense Account with Anandrathi share and stock Broking Limited and credited all the unclaimed shares of the shareholders despite the best efforts of the company and RTA. The details are as follows:
    - (a) Number of shareholders outstanding at the beginning of the year: 1545
    - (b) Outstanding shares in the DEMAT suspense account at the beginning of the year. **8928**
    - (c) Number of shareholders who approached the company for transfer of shares from the suspense account during the year: **6**
    - (d) Number of shareholders to whom shares were transferred from the suspense account during the year. **6**
    - (e) Aggregate number of shareholders outstanding at the end of the year :**1539**
    - (f) Outstanding shares in the suspense account lying at the end of the year. **8899**
- Voting rights of these shares were frozen till the rightful owner of such shares claims these shares.
- (n) The annual report of your Company for the Financial Year 2013-14 would also be made available in the Company's website: [www.keerthiindustries.com](http://www.keerthiindustries.com).
  - (o) Annexed hereto the explanatory Statement pursuant to provisions of section 102 of the Companies Act, 2013.



## EXPLANATORY STATEMENT

### Item No. 4

Mr. BV Subbaiah is a non executive independent Director of the Company. He was co-opted to the Board of Directors of the Company in the year 2005. Mr. BV Subbaiah is a member of Audit committee, remuneration committee and the investor grievances committee of the Board of Directors.

Mr. BV Subbaiah is a law graduate and practicing High court advocate in the state of Telangana.

Mr. BV Subbaiah is proposed to be appointed as an independent Director for five consecutive years from the date of this meeting. A notice has been received from a member proposing him as a candidature for the office of the Independent Director of the Company.

In the opinion of the Board, Mr. BV Subbaiah fulfils the conditions specified in section 149 (6) of the Companies Act 2013 and Rules made there under for his appointment as an independent Director of the Company and is independent of the management.

The draft letter for appointment of Mr. BV Subbaiah as independent Director setting out terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day.

The Board considers that his continued association would be immense benefit to the company and it is desirable to continue to avail his services as an independent Director. Accordingly the Board recommends the resolution in relation to his appointment as an independent Director, for the approval of the shareholders of the Company.

Except Mr. BV Subbaiah being an appointee, none of the Directors and Key managerial persons of the Company and their relatives is concerned or interested, financial or otherwise in the resolution set out at item no.4. The explanatory statement may also be regarded as a disclosure under clause 49 of the listing agreement with the stock exchanges.

### Item No. 5

Mr. K Harishchandra Prasad is a non executive independent Director of the Company. He was co-opted to the Board of Directors of the Company in the year 2006. Mr. Harishchandra Prasad is a member of Audit committee, Nomination and remuneration committee of the Board of Directors.

Mr. K Harishchandra Prasad did his B.Tech (Chemical Technology) from Madras University, Chennai, India and MS (Chemical Engineering) from Washington University, St.Louis, USA and also M.B.A. (Special Emphasis on Finance) from St.Louis University, St.Louis, USA. He is on the Board of several companies and the past President of FAPCCI, Hyderabad

Mr. Harishchandra Prasad is proposed to be appointed as an independent Director for five consecutive years from the date of this meeting. A notice has been received from a member proposing him as a candidature for the office of the Director of the Company.

In the opinion of the Board, Mr. Harishchandra Prasad fulfils the conditions specified in Section 149 (6) of the Companies Act 2013 and a Rule made there under for his appointment as an independent Director of the Company and is independent of the management.

The draft letter for appointment of Mr. Harishchandra Prasad as independent Director setting out terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day.

The Board considers that his continued association would be immense benefit to the company and it is desirable to continue to avail his services as an independent Director. Accordingly the Board recommends the resolution in relation to his appointment as an independent Director, for the approval of the shareholders of the Company.

Except Mr. Harishchandra Prasad being an appointee, none of the Directors and Key managerial persons of the Company and their relatives is concerned or interested, financial or otherwise in the resolution set out at item no.5. The explanatory statement may also be regarded as a disclosure under clause 49 of the listing agreement with the stock exchanges.

### Item No.6

Mr. E Sivasankaram is a non executive independent Director of the Company. He joined the Board of Directors of the Company in 2005. Mr. E Sivasankaram is a member of Audit committee, Nomination and remuneration committee of the Board of Directors.

Mr. E Sivasankaram is a practicing Chartered Accountant well versed with accounting and finance aspects.



Mr. E Sivasankaram is proposed to be appointed as an independent Director for five consecutive years from the date of this meeting. A notice has been received from a member proposing him as a candidature for the office of the Director of the Company.

In the opinion of the Board, Mr. E Sivasankaram fulfils the conditions specified in Section 149 (6) of the Companies Act 2013 and Rules made there under for his appointment as an independent Director of the Company and are independent of the management.

The draft letter for appointment of Mr. E Sivasankaram as independent Director setting out terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day.

The Board considers that his continued association would be immense benefit to the company and it is desirable to continue to avail his services as an independent Director. Accordingly the Board recommends the resolution in relation to his appointment as an independent Director, for the approval of the shareholders of the Company.

Except Mr. E Sivasankaram being an appointee, none of the Directors and Key managerial persons of the Company and their relatives is concerned or interested, financial or otherwise in the resolution set out at item no.6. The explanatory statement may also be regarded as a disclosure under clause 49 of the listing agreement with the stock exchanges.

By Order of the Board of Directors

Place: Hyderabad  
Date: 29-05-2014

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

## The instructions for members for voting electronically are as under:-

### In case of members receiving e-mail:

- Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- Click on "Shareholders" tab.
- Now, select the "Company Name" from the drop down menu and click on "SUBMIT"
- Now Enter your User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.



- viii. After entering these details appropriately, click on "SUBMIT" tab.
  - ix. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
  - xi. Click on the EVSN for the relevant < KEERTHI INDUSTRIES LTD.> on which you choose to vote.
  - xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  - xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
  - xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
  - xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
  - xvi. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
  - xvii. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
    - ❖ Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
    - ❖ They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - ❖ After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - ❖ The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - ❖ They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- In case of members receiving the physical copy:**
- A. Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
  - B. The voting period begins on <4th August 2014 at 9.00AM> and ends on <06th August 2014 6.00 PM Date and Time>. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of <Record Date>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - C. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).





## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present your Company's 31st Annual Report for the Financial Year 2013-14 together with the Audited Balance Sheet as at 31st March, 2014 and the Profit & Loss Account for the year ended on that date.

### FINANCIAL RESULTS:

(Rs. In Lakhs)

	2013-14	2012-13
Net Operational Income	<b>12506.71</b>	10769.28
Other income	<b>109.77</b>	55.78
Profit before interest and depreciation	<b>400.69</b>	(146.56)
Less: Interest	<b>897.47</b>	897.89
Less: Depreciation	<b>1352.73</b>	1372.68
Profit/(Loss) before taxation	<b>(1849.51)</b>	(2417.13)
Less : Provision for taxation including deferred tax liability	<b>(45.06)</b>	(36.98)
Less: short provision of earlier years	<b>0.00</b>	0.96
Net Profit/(Loss) after taxation	<b>(1804.45)</b>	(2455.07)
Less: Capital Redemption Reserve	<b>0.00</b>	150.00
Add: Surplus Brought Forward from previous years	<b>1194.95</b>	3800.02
Balance carried to Balance Sheet	<b>(609.50)</b>	1194.95

### OPERATIONS:

During the year 2013-14, your Company witnessed reduced performance. While, our revenues increased by 16.13% over the previous year, Rs.710.31 Lakhs of cash loss was incurred due to drop in margins and lower demand for the cement in the cement division.

Cement Division: Production of Cement and Clinker were 3,95,268 MTS and 3,54,323 MTS respectively during the twelve months ended 31st March, 2014 as against 3,29,357 MTS and 2,96,770 MTS respectively during the previous year. In view of strained cash flows, the finance facilities (working capital and term loans) of the company availed from the Canara Bank, Andhra Bank and Indian Bank has been restructured to align the future cash flows. The same was discussed elaborately elsewhere in the Annual report.

During the year under review 67% of the installed

capacity of the Company was utilised.

Wind Power: The Company has generated 35, 36,160 units as against 32, 76,684 units during the previous year.

Electronic Division: The Company has produced 2028 sq.mts of Printed Circuit Boards as against 2233 sq.mts during the previous year.

### FUTURE PROSPECTS:

#### CEMENT DIVISION:

India's potential in infrastructure is vast and cement plays a vital role in the growth and development of the nation. India is the second largest producer of cement in the world. The cement industry has been expanding on the back of increasing infrastructure activities and demand from housing sector over the past many years. An investment allowance for infrastructure projects of Rs 100 crore (US\$ 16.05 million) and above has also been announced by the Government. In addition, cement production in India is expected to touch 407 million tonnes (MT) by 2020.

The Sudden burst in capacity expansion in the industry situated in southern region coupled with low demand growth led to fierce competition for market share which resulted in prices dropping to unremunerative levels. 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 in input prices and frequent power holidays are the major constraints to sustain in the market. However, with the bifurcation of Andhra Pradesh into state of Telangana and residuary state of Andhra Pradesh, the construction of new capital and other development measures of the both the states as specified in the Andhra Pradesh Reorganization Act 2013 shall spurt enormous demand for the cement and other infrastructure related products. As such, the coming year's performance is estimated to be good. Despite of few adverse conditions, your Directors are hopeful that the performance of the company would achieve satisfactory level.

#### ELECTRONIC DIVISION:

The improvement shown in the sales turn over of electronics division is satisfactory. Development of prototypes for new customers in the high-end automobile segment was done during the year. The division expects to improve its customer base in the automobile segment in the years to come. Supply of PCBs for Konkurs missile program is completed





for the existing requirements and development of flexi cables for Invar missile program is underway. The division is exploring further opportunities in the defense sector to improve business in the near future.

The division was identified as one of the potential vendors for developing Gas Electron Multiplier (GEM) foils by European Organization for Nuclear Research (CERN) for their Compact Muon Solenoid (CMS) division. Senior Executives of your company visited CERN, Switzerland during the year on CERN's invitation, for discussions. GEM foils are expected to be developed by electronics division in a time frame of two years. Apart from their present use in scientific experiments at CERN, GEMs are likely to find applications in medical imaging and other areas.

### 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 319.92 Crores 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 27-07-2014 whereby the unit should be commissioned and achieve the commercial production. The financial syndication for sugar division becomes a tedious task for the company in view of weak performance of cement division in general and the lackluster performance of sugar industry. In view of the adverse market for sugar industry and on going cash crunch in the company, could not take "effective steps" as defined in sugar control order to implement the sugar project.

### DIRECTORS:

In accordance with the provisions of Companies Act, 1956 Sri. J Sivarama Prasad Non Executive Director of the Company would retire by rotation and, being eligible, offer himself for re-appointment. In view of new legislative changes, we have received

proposals from the shareholders for reappointment of Sri E Siva sankaram, Sri BV Subbaiah and Sri K Harishchandra Prasad non executive directors as Independent directors of the Company in the ensuing Annual General meeting in accordance with Section 149 of the Companies Act, 2013 and clause 49 of the listing agreement for a period of five years. The profiles of the reappointed directors are mentioned elsewhere in the report.

### DIVIDEND:

In view of severe cash losses, your Board could not recommend any dividend for the financial year 2013-2014.

### REDEEMABLE PREFERENTIAL SHARES:

The second installment of Rs.35/- each on first tranche of 500000, 9% non convertible redeemable preferential shares of Rs.100/-each could not be paid on due date, due to no accumulated profits and adverse market for issue of new preferential shares. Your directors are taking steps for extension of period of redemption of 9 % redeemable preferential shares by 3 more years for which preferential shareholder has kindly agreed. The company will initiate postal ballot process to secure the necessary consent from the equity shareholders for extending the period of redemption of 9 % redeemable preferential shares by 3 more years.

### DEMAT OF SHARES:

The Equity Shares of your Company have been admitted by CDSL/NSDL for dematerialisation. All the Shareholders whose shares are in physical mode are requested to dematerialize their share holding through their depository participants so that it will improve the liquidity of our stock. The Board pleased to inform that in compliance with clause 5A of the listing agreement entered with Bombay Stock Exchange Limited, the unclaimed equity shares were dematerialized and the same are lying in the DEMAT suspense account. Shareholders are requested to claim their shares in DEMAT form by submitting their claims to the Company/RTA.

### 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, 2014, 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 loss 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, 2014 on a going concern basis.

## **PUBLIC DEPOSITS:**

Your Company has no public deposits in accordance with Section 73 or 74 of the Companies Act, 2013

## **COST AUDITORS:**

Cost Audit records have been maintained by the company for the F.Y.2013-14. Pursuant to the directives of the Central Government and provisions of Section 148 of the Companies Act, 2013, qualified Cost Auditors have been appointed to conduct the cost audit for the F.Y.2013-14.

## **REPLY TO AUDITOR'S QUALIFICATIONS:**

Regarding Auditor's emphasis matter on confirmation of balances from Sundry Debtors, Sundry Creditors and for Loans and Advances, the same were subsequently collected, adjusted and paid.

## **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.

## **CORPORATE SOCIAL RESPONSIBILITY:**

Your company has been contributing generously for upliftment of poor and needy people within and immediate vicinity of the factory for their development in education, cultural, vocational and philanthropic activities. Moreover, your company has been providing on job training to students of Engineering colleges at free of cost. As the company has been incurring losses for the last two years, the rules in connection with spending of money on specified projects under corporate social responsibility rules are not applicable to the Company.

## **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.