

Keerthi Industries Limited

**Chairman's Speech
at**

**The 33rd Annual General Meeting
on**

Saturday, 27th August, 2016

**Mellacheruvu, Nalgonda District,
Telangana**

Dear Shareholders,

I warmly welcome all of you to your Company's 33rd AGM. Let me begin by sharing with you the highlights of the year's performance and the prospects going forward in the context of the economy.

GLOBAL ECONOMY

The global scenario continues to be trapped in a low growth trajectory, despite the steep drop in crude oil and commodity prices.

Furthermore, a bombarding of monetary stimulus has driven down interest rates close to zero in many of the advanced economies. With the monetary stimulus option by and large exhausted, governments are more likely to turn to fiscal and structural measures to revive growth.

The International Monetary Fund (IMF) projects global growth to inch up from 3.1% in 2015, to 3.2% in 2016, and increasing to 3.5% in 2017. Growth in the advanced economies is projected at 1.9% in 2016, with US growth pegged at 2.4%, Europe at 1.5% and Japan at 0.5%. Growth in the emerging markets in 2016, overall, is projected at 4.1%. No sustained upside is seen in oil and commodity prices in 2016.

Fiscal pressures will accentuate in the oil producing countries, including the rich Middle-East countries. Financial markets remain nervous and exchange rate volatility has been pronounced. This is reinforced by the impending reversal of the interest rate cycle in the US.

INDIAN ECONOMY

Against the muted global economy, India's economy is an outperformer. For 2016-17, GDP growth is projected at 7.5%. This would make it the fastest growing economy among the large economies. This is particularly creditable in the context of two successive unfavourable monsoons and a decline in exports. Recent data indicate a 5.7% year-on-year growth in eight of the key core sector industries, against 2.3% growth registered last year.

Inflationary pressures have been contained. The rise in the consumer price index averaged 4.9% in 2015-16, down from 5.9% in the previous year. The wholesale price index declined 2.5% on an averaged basis, compared to a rise of 2.0% in the previous year. In 2015-16, merchandise exports and imports each fell over 15% over 2014-15. The trade deficit in 2015-16 was US\$ 118.5 billion, a decline of 14% over the previous year. The current account deficit narrowed sharply from US\$ 26.1 billion to US\$ 22.0 billion, representing 1.4% of GDP. Overall, the economic fundamentals are sound.

There have also been positive moves on the policy front, in areas related to ease of doing business, promoting start-ups, rationalising the tax structure and administration, and opening up more areas for foreign investment through the

automatic route. The government is substantially stepping up infrastructure spending.

PERFORMANCE OF OUR COMPANY

1. During fiscal year 2016, we recorded:

- **Overall revenue** at Rs 18375.30 Lakhs is higher by 19.24% (Rs 15410.17 Lakhs in 2014-15)
- **operating profit** at Rs. 2974.80 Lakhs is higher by 184.86% (Rs. 1044.32 Lakhs in 2014-15) and
- **net profit** for the year at Rs. 1991.16 Lakhs is higher by 5.55% (Rs. 1886.55 Lakhs in 2014-15).

Hence, we have done well both in terms of revenue and earnings. As a matter of fact, the EBIDT attained has been the highest ever.

2. The Overall production also remained satisfactory. During fiscal year 2016, we recorded:

I. In Cement Division:

- Production of Cement were 4,12,284 MTS as against (3,88,946 MTS during the previous year ended 31st March, 2015).
- Production of Clinker 4,02,841 MTS as against (3,72,780 MTS during the previous year ended 31st March, 2015).

II. In Electronic Division

- The Company has produced 2,111 sq. mts of Printed Circuit Boards as against 1838 sq. mts during the previous year.

Today after 3 plus years of turbulence, I am happy to say that our faith in the business has been validated by acceptance of large no of clients getting into long-term contracts. Your Company has turned the corner in many ways and is once again on a positive move.

During the year 2015-16, the net sales for the division was recorder at Rs. 825.89 Lakhs, showing more than 18% growth in sales volume and proportionate increase in operating profit as compared to the previous year 2014-15. The division has established a loyal customer base

We are sure that the division will definitely continue to keep strengthen the PCB edge. The Company is taking the necessary steps to streamline the operations and expects to improve the performance by further increasing the sales volumes in the coming years.

III. In Wind Power Division:

- The Company has generated 28,17,466 units as against 29,48,120 units during the previous year.

3. In addition, during the year the Company has started setting up 2.24 MW waste heat recovery systems of a project cost of around Rs. 18.00 Crores. This will help to save 90% of the power consumption in the pyro section.

FIRST QUARTER PERFORMANCE:

In the first quarter of FY' 2016, your Company's Net Sales stood at Rs.3017.82 Lakhs as compared to Rs. 4998.01 Lakhs in the corresponding quarter of the previous year. Profit before Tax at Rs. 38.58 Lakhs as compared to Rs. Rs. 1443.17 Lakhs in the corresponding quarter of the previous year and Profit after Tax at Rs. 13.51 Lakhs as compared to Rs. 1443.17 Lakhs in the corresponding quarter of the previous year.

Due to severe droughts and decrease in demand of cement, there was a gradual stepdown in the performance of the 1st Quarter of this year as compared to the corresponding quarter of the previous year. We foresee a better result in the next quarter.

KEERTHI INDUSTRIES LTD: In perspective

We are working extensively on the people front from last couple of years and I am happy to state that at the management level we have built a quality bench strength.

We are planning to launch various fellow programmes in the factory from time to time to educate the workers to make the work place accident-free.

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

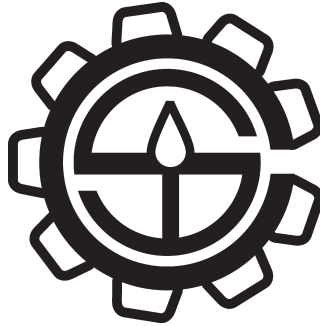
TO CONCLUDE

Let me conclude by saying that your Company has a strong Balance Sheet, robust cash flows and gearing levels well within reasonable limits. Your Company enjoys the confidence of its stakeholders. It has a market cap of Rs. 112.23 Crores as on 31st March, 2016. All of these help stoke your Company's future growth and development.

On behalf of your Company's Board, I convey our deep sense of gratitude to all our stakeholders, business associates, the Central and State Governments for their ongoing support. The commitment of all of our employees to the growth of your Company is invaluable. Finally, I want to thank each one of you and all of our other shareholders across the country for backing us always and reposing your faith in us.

Thanking You,

Sd/-
J. Triveni
Executive Chairperson



Keerthi
Industries Limited
(Formerly known as Suvarna Cements Limited)

33rd
Annual Report 2015 - 2016

INDEX TO THE REPORT:

S. No	Particulars	Pg. No
1.	Corporate Information	1-2
2.	Notice of Annual General Meeting	3-15
3.	Directors report	16-25
4.	Corporate Governance Report	26-57
	a Annual Report of CSR Policy	40-41
	b Secretarial Audit Report	42-45
	c Extract of Annual Return	46-55
	d Particulars as per Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.	55-57
5.	Management Discussion and Analysis Report	58-60
6.	Practising Company Secretary's Certificate on Corporate Governance	60-61
7.	Declaration on compliance of Code of Conduct	61
8.	Certification of REGULATION 17(8) OF SEBI (LODR) Regulation	62
9.	Standalone Financial Statements	
	a Auditors Report on Standalone Financials	63-68
	b Standalone Balance Sheet	69
	c Standalone Statement of Profit and Loss	70
	d Standalone Cash Flow Statement	71
	e Notes forming part of the Standalone Financial Statements	72-91
10.	Proxy Form	92-93
11.	Attendance Slip	94

CORPORATE INFORMATION

Board of Directors

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

Chief Financial Officer (CFO)

Sri. Y. Venkateswara Rao
(Resigned w.e.f. 30.07.2016)

Company Secretary

Mr. Rajesh Kumar Yadav

Committees of the Board

I. Audit Committee

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

II. Remuneration & Nomination Committee

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

III. Stakeholders Relationship Committee

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

IV. Corporate Social Responsibility Committee (CSR)

1. Sri. Boddu Venkata Subbaiah	Chairman
2. Sri. J. S. Rao	Member
3. Sri. J. Sivaram Prasad	Member
4. Sri. K. Harishchandra Prasad	Member

V. Risk Management Committee:

1. Sri. J. S. Rao	Chairman
2. Sri. Boddu Venkata Subbaiah	Member
3. Sri. K. Harishchandra Prasad	Member

Other Committees

VI. Internal Complaint Committee

- | | |
|------------------------------|----------------------------|
| 1. Smt. J.Triveni | Chairman |
| 2. Sri. J. S. Rao | Member |
| 3. Sri. E. Siva Sankaram | Member |
| 4. Smt. J. Sarada Govardhini | Member (w.e.f. 28-05-2016) |

Registered Office & Factory (Cement Division)

Mellacheruvu (Village & Mandal)
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

Auditors

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

Cost Auditors

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

Secretarial Auditor

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

Registrar & Share Transfer Agents (RTA)

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

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NOTICE

NOTICE is hereby given that the 33rd Annual General Meeting of Shareholders of the Company will be held on Saturday the 27th August, 2016 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, 2016, 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. S. Rao, the Managing Director (DIN: 00029090) who retires by rotation, and being eligible, offers himself for re-appointment.
3. To consider the ratification of appointment of M/s. K.S. Rao & Co, Chartered Accountants, (Firm Regd. No.003109S) as Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of the 34th Annual General Meeting of the Company at such remuneration and terms as may be mutually agreed to between the Board of Directors and the Auditors.

“RESOLVED THAT the appointment of M/s. K. S. Rao & Co., Chartered Accountants (Registration No. 003109S) as auditors of the Company as approved by the members at the Thirty First (31st) Annual General Meeting to hold office until the conclusion of the Thirty Fourth (34th) Annual General Meeting, be and is hereby ratified on such terms and conditions including remuneration as may be determined

by the Board of Directors of the Company, in addition to reimbursement of traveling and other out-of-pocket expenses actually incurred by them in connection with the audit.”

SPECIAL BUSINESS:

4. **Ratification of Remuneration of Cost Auditor::**

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

“RESOLVED THAT pursuant to Section 148 (3) of the Companies Act, 2013 read with Rule 14 (a) of Companies (Audit and Auditors Rules), 2014, and as recommended by the Audit Committee and approved by the Board of Directors at their respective meetings, the remuneration payable during the year 2016-17 to M/s. Narasimha Murthy & Co, Cost Accountants, to conduct the audit of the cost records of the Company for the financial year 2016-17, amounting to Rs. 70,000/- (Rupees Seventy Thousand only) plus service tax as applicable and re-imbursement of out of pocket expenses incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed.”

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

5. **Revision in salary of Smt. J. Sarada Govardhini, Chief Operating Officer (COO), relative of directors, holding office or place of profit, for the period from 14.02.2017 to 13.02.2021:**

To consider and, if thought fit, to pass with