

Keerthi Industries Limited

**Chairman's Speech
at**

**The 34th Annual General Meeting
on**

Thursday, 31st August, 2017

**Mellacheruvu, Suryapet District,
Telangana**

Dear Shareholders,

I warmly welcome all of you to your Company's 34th AGM. Thank you for your presence here today. Now, 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.

INDIAN ECONOMY

1. Cement Industries

Cement demand in India is expected to increase due to government's push for large infrastructure projects, leading to 45-50 million tonnes of cement needed in the next three to four years. In addition, cement production in India is expected to touch 550-600 million tonnes (MT) in the next three to four year. Telangana is undertaking major irrigation projects and Andhra Pradesh is committed to building a new capital city by FY 2017-18 which give a major boost to cement industries in Southern India.

2. Electronic & PCB Industries

PCB industry is witnessing sizeable growth in the consumer electronics sector. In the coming years, the market in these segments is expected to grow around 40% to 50% as compare to the current scenario. Your company intends to reap benefits from this growth and accordingly, the turnover of PCB business may increase further.

3. Power Industries

India has the fifth largest power generation capacity in the world. The country ranks third globally in terms of electricity production. Renewable energy is fast emerging as a major source of power in India. Wind energy is the largest source of renewable energy in India. It accounts for an estimated 60 % of total installed capacity (21.1GW). There are plans to double wind power generation capacity to 20GW by 2022. India has also raised the solar power generation capacity addition target by five times to 100GW by 2022.

PERFORMANCE OF OUR COMPANY

1. During fiscal year 2017, we recorded:
 - **Overall revenue** at Rs 19220.74 Lakhs is higher by 5.24% (Rs. 18263.98 Lakhs in 2015-2016)
 - **operating profit** at Rs. 1940.82 Lakhs is reduced by 34.76% (Rs. 2974.80 Lakhs in 2015-2016) and
 - **net profit** for the year at Rs. 1331.85 Lakhs is also reduced by 33.11% (Rs. 1991.16 Lakhs in 2015-2016).

Hence, the overall performance of the Company both in terms of revenue and earnings is satisfactory.

2. The Overall production also remained satisfactory. During fiscal year 2017, we recorded:
 - I. **In Cement Division:**
 - Production of Cement were 4,85,637 MTS as against (4,12,284 during the previous year ended 31st March, 2016).
 - Production of Clinker 4,40,730 MTS as against (4,02,841 MTS during the previous year ended 31st March, 2016).
 - II. **In Electronic Division**
 - The Company has produced 1,796 sq. mts of Printed Circuit Boards as against 2,111 sq. mts during the previous year.

The division is continuously growing well and 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 31,11,983 units as against 28,17,466 units during the previous year.
3. In addition, during the year the Company has completed the setting up 2.24 MW waste heat recovery systems of a project cost of around Rs. 25.00 Crores. The project has started commercial production w.e.f. 15/12/2016 (*Synchronization date).

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.

Your Company continues to concentrate on cost reduction measures in all areas of production and distribution to protect and improve its profitability. Despite of few adverse conditions, your Directors are hopeful that the performance of the company would achieve another level of milestone in producing the cement.

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. All of these help stoke your Company's future growth and development.

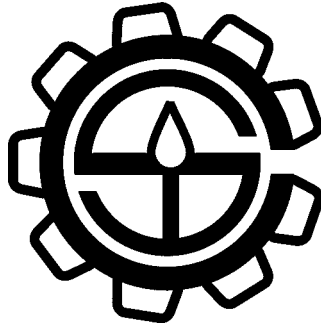
Before I conclude, I, on behalf of the Company's Board, would like to thank other stakeholders – our clients, vendors and partners – for their trust and support. I thank the governments, ministries and departments of various countries and states that we operate in, for their continued support.

And of course, I look forward to your continued support and best wishes.

Thanking You,



Er. J. S. Rao
Managing Director



Keerthi
Industries Limited
(Formerly known as Suvarna Cements Limited)

34th
Annual Report 2016 - 2017

INDEX TO THE REPORT:

S. No	Particulars	Pg. No
1.	Corporate Information	1-2
2.	Notice of Annual General Meeting	3-14
3.	Directors report	15-23
4.	Corporate Governance Report	24-52
	a Annual Report of CSR	36-37
	b Secretarial Audit Report	38-41
	c Extract of Annual Return	42-50
	d Particulars as per Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.	50-52
5.	Management Discussion and Analysis Report	53-56
6.	Practising Company Secretary's Certificate on Corporate Governance	56-57
7.	Declaration on compliance of Code of Conduct	57
8.	Certification of REGULATION 17(8) OF SEBI (LODR) Regulation	58
9.	Standalone Financial Statements	
	a Auditors Report on Standalone Financials	59-64
	b Standalone Balance Sheet	65
	c Standalone Statement of Profit and Loss	66
	d Standalone Cash Flow Statement	67
	e Notes forming part of the Standalone Financial Statements	68-88
10.	Proxy Form	90-91
11.	Attendance Slip	92

CORPORATE INFORMTION

Board of Directors

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

Chief Financial Officer (CFO)

Sri. J. S. Rao (Appointed w.e.f. 28.01.2017)	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. K. Harishchandra Prasad	Member
3. Sri. J. Sivaram Prasad	Member
4. Sri. J. S. Rao	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)
Suryapet 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

ISIN

INE145L01012



NOTICE

NOTICE is hereby given that the 34th Annual General Meeting of Shareholders of the Company will be held on Thursday the 31st August, 2017 at 11:00 AM at the Registered Office of the Company situated at Mellacheruvu (Village & Mandal), Suryapet District-508246, Telangana, to transact the following business:

ORDINARY BUSINESS:

1. **ADOPTION OF FINANCIAL STATEMENTS FOR THE FY 2016-17**

To consider and adopt the Balance Sheet as at 31st March, 2017, the Statement of Profit and

“RESOLVED THAT a final dividend @ 9% on 9% Cumulative Redeemable Preference Shares capital for the financial year ended 31st March, 2017 as recommended by the Board be and is hereby declared in the manner as tabulated hereunder

Sl. No	No of 9% Cumulative Preference Share	Per share (in Rs.)	Total amount of Dividend entitle to receive	Dividend Per share (In Rs.)
1.	5,00,000	70/-	31,50,000	6.30/-
2.	5,38,440	100/-	48,45,960	9.00/-
Total	10,38,440		79,95,960	

“RESOLVED FURTHER THAT pursuant to the recommendation of the Board, the consent of the members of the company be and is hereby accorded to pay a total dividend of not exceeding Rs. 11,38,94,820/- which is in arrear upto the year 2015-16 to 9% Cumulative Redeemable

Sl. No	No of 9% Cumulative Preference Share	Date of allotment	Date upto which remain unpaid	Arrears of Dividend entitle to be received @ 9% (In Rs.)
1.	5,00,000	31-03-2001	31-03-2016	4,54,98,082
2.	2,70,100	31-10-2002	31-03-2016	3,26,34,000
3.	2,68,340	31-06-2001	31-03-2016	3,57,62,738
Total	10,38,440			11,38,94,820

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. **REAPPOINTMENT OF DIRECTOR WHO RETIRES BY ROTATION**

To appoint a Director in place of Smt. J. Triveni, the Executive Chairperson & Whole-time Director (DIN: 00029107) who retires by rotation, and being eligible, offers herself for re-appointment.

3. **DECLARATION OF DIVIDEND ON 9% CUMULATIVE REDEEMABLE PREFERENCE SHARES**

To pass with or without modification the following resolutions as **Ordinary Resolution**

Preference Shares (as tabulated hereunder) out of the distributable profits of the current year 2016-17 plus the accumulated profit of the previous financial year 2015-16 which is available for distribution of dividend:



4. APPOINTMENT OF STATUTORY AUDITORS

To appoint auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of fifth consecutive Annual General Meeting and to fix their remuneration, and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT, pursuant to Section 139 (2) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendation made by the Audit committee of the Board, M/s. Brahmayya & Co., Chartered Accountants, Hyderabad, having Firm registration No. 000513S allotted by The Institute of Chartered Accountants of India (ICAI) be and are hereby appointed as the Auditors of the Company in place of the retiring Auditors M/s. K.S. Rao & Co, Chartered Accountants, Hyderabad (Registration No.: 003109S), who shall hold office from the conclusion of this 34th Annual General Meeting for a term of consecutive Five (5) years till conclusion of the 39th Annual General Meeting (subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) and that the Board be and is hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditors, in addition to reimbursement of all out-of-pocket expenses as may be incurred in connection with the audit of the accounts of the Company.”

SPECIAL BUSINESS:

5. 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 held on 29-05-2017 the remuneration payable during the year 2017-18 to M/s. BVR & Associates (FRN: 000453), Cost Accountants, to conduct the audit of the cost records of the Company for the financial year 2017-18, amounting to Rs. 50,000/- (Rupees Fifty 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 such acts and deeds and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

6. APPOINTMENT OF SRI J. SIVARAM PRASAD AS AN INDEPENDENT DIRECTOR

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

“Resolved that, pursuant to the provisions of Sections 149, 150 and 152, and any other applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force) read with Schedule IV to the Companies Act, 2013 (including any statutory modifications or re-enactment(s) thereof, for the time being in force) and Regulation 16 of the SEBI (LODR), Regulation, 2015, Mr. J. Sivaram Prasad, Non-Executive Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. J. Sivaram Prasad as a candidate for the office of director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) year up to the conclusion of the 39th AGM of the