

Keerthi Industries Limited

***Chairperson's Speech
at***

***The 35th Annual General Meeting
on***

Saturday, 29th September, 2018

***Mellacheruvu, Suryapet District,
Telangana***

Dear Shareholders,

A very warm good morning to each and every one of you. It gives me immense pleasure in welcoming you to the 35th Annual General Meeting of the Company. The Company's accounts for the year ended March 31, 2018, along with the Directors' and Auditors' report, a Letter to the Shareholders, and Management's Discussion and Analysis, have already been circulated to you. I take this opportunity to brief you about the Company's performance in the Financial Year 2017-18 and the prospects for the years ahead.

INDIAN ECONOMY

India's economy has shown considerable resilience to the transitory effects of demonetisation and implementation of Goods and Services Tax (GST). The economy posted a seven-quarter high GDP growth of 7.7% in the exist quarter of FY 18 and a GDP growth of 6.7% for the full year. India's macroeconomic indicators are encouraging. The fiscal deficit has been cut to 3.5% of GDP.

1. Cement Industries

The Indian cement industry witnessed a pick-up in demand and after seven years' is likely to achieve good growth. The Government's thrust on infrastructure development remains the key growth driver. The revival of rural housing demand, and the accelerated pace of execution under the low cost housing program have supported strong volume off-take. Still, FY 2017-18 was a year of challenges. The ban on sand mining and on the use of pet-coke in major States impacted construction activity. The hike in import duty on pet coke from 2.5 percent to 10 percent and the increase in diesel prices, pushed freight cost upwards. This resulted in higher operating costs. It impacted margins. Growth in the cement sector is estimated at around 8% in FY 2018-19. Indeed, very good, as compared to the trends of the last few years. Telangana is undertaking major irrigation projects and Andhra Pradesh is committed to building a new capital city by FY 2021-22 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 2018, we recorded:

- **Overall revenue** at Rs 19259.33 Lakhs is reduced by 2.86% (Rs. 19827.33 Lakhs in 2016-2017)
- **Operating profit** at Rs. 1095.35 Lakhs is reduced by 39.49% (Rs. 1810.05 Lakhs in 2016-2017) and

- **Net profit** for the year at Rs. 763.39 Lakhs is also reduced by 34.38% (Rs. 1163.35 Lakhs in 2016-2017).

Thus, the overall performance of the Company both in terms of revenue and earnings has been reduced due to lower in production and increase in cost of coal. However the company shall make its best efforts to position in robust condition so as to keep the bottleneck at bay.

2. The Overall production also remained satisfactory. During fiscal year 2018, we recorded:

I. In Cement Division:

- Production of Cement were 4,79,663 MTS as against (4,85,637MTS during the previous year ended 31st March, 2017).
- Production of Clinker 4,48,635 MTS as against (4,40,730 MTS during the previous year ended 31st March, 2017).

II. In Electronic Division

- The Company has produced 2,096 sq. mts of Printed Circuit Boards as against 1,796 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 27,59,112 units as against 31,11,983 units during the previous year.

3. WASTE HEAT RECOVERY PROJECT:

Due to some technical problems the waste heat recovery project was not operated from August 2017 to December 2017. The details of the unit generated for the FY 2017-18 are mentioned below:

Total generated units	: 42,69,500
Less: Auxiliary Cumulative	: 4,83,609
Net Units	: 37,85,931

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.

SOCIALLY COMMITTED

Your Company has been forefront of inclusive growth and since inception it has been undertaking projects for improving the quality of life of the society at large. The core areas of CSR activities has been promoting preventive healthcare, education, rural development and welfare of the society at large, particularly in the areas around Company's manufacturing facilities. During the FY 2017-18 the co. has spent Rs.34.66 Lakhs for Rural Development and Training to promote rural sports.

We are continuing and strengthening our initiatives on improving livelihood, education, health and water quality for sustainable development in the areas we operate in.

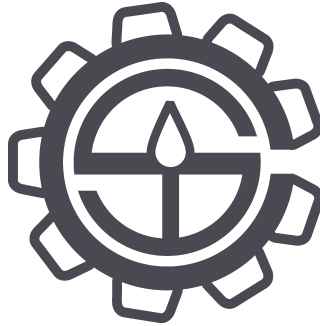
TO CONCLUDE

I would like to take this opportunity to convey my appreciation for the valuable guidance provided by my fellow Directors on the Board. I place on record the excellent cooperation from the state and central government departments, customers, suppliers, bankers' auditors and those living around our units and offices. I would particularly like to acknowledge the dedication, tireless support and commitment of the employees in the forward march of the Company.

Before I conclude, I on my own and on Behalf of the Board, would like to thank each one of you, our valued shareholders, for your unstinted faith and support in our endeavours. We from the Board of Directors, assure you of good governance in all the business activities of the company

Thanking You,

**S/d-
J Triveni
EXECUTIVE CHAIRPERSON**



Keerthi
Industries Limited
(Formerly known as Suvarna Cements Limited)

35th
Annual Report 2017 - 2018

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CORPORATE INFORMATION

Board of Directors

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

*Sri. E. Siva Sankaram
(Resigned w.e.f. 14-09-2017)

Chief Financial Officer (CFO)

- | | |
|---|---|
| Sri. J. S. Rao
(Appointed w.e.f. 28.01.2017)
(Resigned w.e.f. 31-03-2018) | Sri. Y. Sadasiva Rao
(Appointed w.e.f. 30-04-2018) |
|---|---|

Company Secretary

- | | |
|--|--|
| Mr. Rajesh Kumar Yadav
(Resigned w.e.f. 30.06.2018) | Ms. Akriti Sharma
(Appointed w.e.f. 09.08.2018) |
|--|--|

Committees of the Board

I. Audit Committee

- | | |
|---------------------------------|--|
| 1. Sri. J. Sivaram Prasad | Chairman (Appointed w.e.f. 14-09-2017) |
| 2. Sri. K. Harishchandra Prasad | Member |
| 3. Sri. Boddu Venkata Subbaiah | Member |
| 4. Sri. J. S. Rao | Member |
| 5. Sri. E. Siva Sankaram. | Chairman (Resigned w.e.f. 14-09-2017) |

II. Remuneration & Nomination Committee

- | | |
|---------------------------------|-------------------------------------|
| 1. Sri. K. Harishchandra Prasad | Chairman |
| 2. Sri. Boddu Venkata Subbaiah | Member |
| 3. Sri. J. Sivaram Prasad | Member |
| 4. Sri. E. Siva Sankaram | Member (Resigned w.e.f. 14-09-2017) |

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. Smt. J. Sarada Govardhini | Member |
| 4. Sri. E. Siva Sankaram | Member (Resigned w.e.f. 14-09-2017) |

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

Axis Bank Ltd

Statutory Auditors

M/s. Brahmayya & Co,
Chartered Accountants
#403 & 404, Golden Green Apartments,
Irrum Manzil Colony,
Hyderabad – 5000082
Ph: (040) 23370002/4
Email: hydbrahmayya@gmail.com.

Cost Auditors

M/s. BVR & Associates
104, R. V. Naipunya Apts,
H. No. 6-3-628/3, Anand Nagar Colony,
Khairatabad, Hyderabad - 500 004.
Email: rao_bhogadi@yahoo.co.in

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 35th Annual General Meeting of Shareholders of the Company will be held on Saturday the 29th September, 2018 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 2017-18

To consider and adopt the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss Account and cash flow statement for the year ended

“RESOLVED THAT a final dividend @ 9% on 9% Cumulative Redeemable Preference Shares capital for the financial year ended 31st March, 2018 as recommended by the Board be and is hereby declared in the manner as tabulated hereunder and the Dividend be paid to the eligible preference shareholders whose name (s) stand on the Register of Members as on the date of Book Closure fixed for the purpose of determining eligibility for payment of dividend in proportion to the paid up thereon.”

Sl. No	No of 9% Cumulative Preference Share	Per share (in Rs.)	Total amount of Dividend entitle to receive	% of dividend per share	Dividend Per share (In Rs.)
1.	5,00,000	70/-	31,50,000	9%	6.30/-
2.	2,70,100	100/-	24,30,900	9%	9.00/-
3.	2,68,340	81.37/-	19,65,134	9%	7.32/-
Total	10,38,440		75,46,034		

4. DECLARATION OF FINAL DIVIDEND ON EQUITY SHARES FOR THE FINANCIAL YEAR 2017-18

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

“RESOLVED THAT pursuant to the recommendation of the Board of Directors, final dividend of Re. 0.90/- per equity share of Rs. 10/- each be and is hereby approved and is declare out of the profit of the Company for the financial year ended 31st March 2018 and the Dividend be paid to the eligible equity shareholders whose name (s) stand on the Register of Members as on the date of Book Closure fixed for the purpose of determining eligibility for payment of dividend in proportion to the paid up thereon.”

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 Sri. J. S. Rao, the Managing Director (DIN: 00029090) 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 an **Ordinary Resolution**

SPECIAL BUSINESS:

5. RE-APPOINTMENT OF SMT. J. TRIVENI AS EXECUTIVE CHAIRPERSON AND WHOLE-TIME DIRECTOR OF THE COMPANY

To consider and, if thought fit, to give your assent or dissent to the following resolution as a **Special Resolution:-**

“RESOLVED THAT pursuant to the provisions of sections 196,197,203 and other applicable provisions of the Companies Act 2103 read with its schedule V of the Act subject to approvals, if any as may be required from financial institutions and other authorities concerned, if any, and based on the recommendations of the Nomination and Remuneration Committee and the Board of Directors, approval of the members be and is hereby accorded for the re-appointment of Smt. J. Triveni as