



***Keerthi***

***Industries Limited***

(Formerly Known as Suvarna Cements Limited)

**26<sup>th</sup>**

***Annual Report 2008-2009***

(9 Months)



**Board of Directors**

Sri J S Krishna Murthy	Executive Chairman
Sri J S Rao	Director
Sri J V Choudary	Director
Sri J Sivaram Prasad	Director
Sri E Siva Sankaram	Director
Sri B Venkata Subbaiah	Director
Sri K Harishchandra Prasad	Director
Smt J Triveni	Managing Director

**Registered Office & Factory :**

Mellacheruvu (Village & Mandal)  
Nalgonda District  
Andhra Pradesh – 508 246.  
Tel: 08683-226028, 226034

**Administrative Office :**

Plot No.40, I.D.A  
Balanagar  
Hyderabad – 500 037.  
Tel: 23076538, 39 Fax : 040-23076543  
E-mail ID: keerthi\_ltd@yahoo.co.in

**Bankers :**

Canara Bank  
Somajiguda  
Hyderabad.  
State Bank of India  
Industrial Finance Branch  
Somajiguda  
Hyderabad:

**Auditors:**

M/s. K.S. Rao & Company  
Chartered Accountants  
Hyderabad.

**Cost Auditors:**

M/s. Narasimha Murthy & Company  
Cost Auditors  
Hyderabad.

**Share Transfer Agents:**

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



**NOTICE**

**NOTICE** is hereby given that the 26<sup>th</sup> Annual General Meeting of Shareholders of the Company will be held on Tuesday, the 29<sup>th</sup> September, 2009 at 11:45 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, 2009 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 J.V.Choudary, Director who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri K.Harishchandra 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 Auditors.

By Order of the Board of Directors

Place: Hyderabad  
Date: 31-08-2009

J. Triveni  
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) Proxy forms to be valid, shall be lodged at the Company's Administrative Office of the Company at least 48 hours before the meeting at Plot No.40, IDA, Balanagar, Hyderabad-500 037
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from 22<sup>nd</sup> September, 2009 to 29<sup>th</sup> September, 2009 (both days inclusive).
- (d) Members/proxies should bring the Attendance Slip duly filled in for attending the 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 Administrative Office.

On Behalf of the Board

Place: Hyderabad  
Date: 31-08-2009

J.S. Rao  
Director



**DIRECTORS' REPORT**

Dear Members,

Your Directors are pleased to present their 26<sup>th</sup> Annual Report for the Financial Year 2008-09(9 Months) together with the Audited Balance Sheet as at 31<sup>st</sup> March, 2009 and the Profit & Loss Account for the year ended on that date.

**1) FINANCIAL RESULTS:**

	(Rs.lakhs)	
	2008-09	2007-08
	(9 months)	(15 months)
Operational Income	<b>7546.54</b>	12139.67
Operating Profit	<b>1758.29</b>	3811.36
Depreciation & Interest	<b>179.08</b>	267.40
Profit for the year (before income tax)	<b>1579.21</b>	3543.96

**2) OPERATIONS:**

Financial year 2008-09 proved to be a challenging one for the corporate world. The economies across the globe experienced demand slowdown and liquidity crunch which led to sharp volatility in the financial markets as well as commodity prices. The impact on Indian industry was visible in the second half of the financial year.

The production of cement and clinker were 2,34,378 mts and 2,23,183 mts respectively during the nine months period ended 31<sup>st</sup> March,2009 as against 3,59,613 mts and 3,89,366 mts respectively during the previous year(15months).

**3) FUTURE PROSPECTS:**

Company initiated capacity expansion to maintain growth and improve efficiencies. The capacity expansion is progressing well. The Unit will be operational in the third quarter of the current year. Upon commissioning of expanded capacity, Company's total capacity will be 6,27,000 tons per annum.

The demand for cement is expected to grow at 10% 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 after the current expansion of existing capacity is completed. The performance of the company is also much better and it has achieved a turnover of Rs.24.45 Crores during the first quarter of the current financial year and earned a net profit (before tax) of Rs.7.06 Crores. In view of the on-going encouraging trend in the Infrastructure and construction industry, the cement industry is also likely to do well. Thus, your Directors are confident that the performance of the company would be much better in the current year.

**4) SCHEME OF AMALGAMATION:**

The scheme of amalgamation of M/s. Hyderabad Flextech Limited (transferor Company) with the

Company is pending before the Hon'ble High Court of Andhra Pradesh for its approval.

**5) DEMAT OF SHARES:**

As you are aware your company's shares are yet to be demated. The company has submitted all the information to CSDL/NSDL and their approval is awaited. Further your company has been in constant touch with CDSL/NSDL for admitting the Equity shares at the earliest.

**6) DIRECTORS:**

In accordance with the provisions of Companies Act, 1956 and the Company's Articles of Association, Sri J.V.Choudary and Sri K.Harishchandra Prasad, Directors would retire by rotation and, being eligible, offer themselves for re-appointment.

**7) 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 31<sup>st</sup> March, 2009, 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 31<sup>st</sup> March, 2009 on a going concern basis.

**8) REPLY TO AUDITOR'S QUALIFICATIONS:**

Regarding Auditor's Qualification on Sundry Debtors, Sundry Creditors and for Loans and Advance, the management is confident of realising the receivables at the stated values other than those disclosed as doubtful and in the process of obtaining confirmation from the parties.

The Company has extended unsecured loans of (i) Rs. 25.03 lacs to M/s. Hyderabad Bottling Company Ltd (HBCL) for its urgent requirements. Infact, HBCL has invested an amount of Rs. 770.10 lacs



in the 9% redeemable preference shares issued by the Company in the years 200-01 and 2001-02 and on which the Company has not been able to pay dividend so far and moreover, HBCL has also given a corporate guarantee for the borrowings being made by the Company from time to time, and (ii) Rs. 45.67 lacs to M/s. Hyderabad Flextech Limited for Certain repairs at maintenance. As you are kindly aware Hyderabad Flextech is being merged with the Company and your Company has given a small loan for Certain repairs maintenance to keep the Condition of the machinery intact. In view of the above, your Directors are of the opinion that the loans extended to those companies not prejudicial to the Company.

**9) AUDITORS:**

M/s. K.S. Rao, Chartered Accountants, Hyderabad, the present Auditors, retires at the ensuing Annual General Meeting, and are eligible for re-appointment.

**10) 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.

**11) 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.

**12) MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

**Industry Structure and Developments:**

India is one of the major producers of cement. The demand is largely based on infrastructure projects, Private construction sectors, Roads and Buildings, Ports etc., of the Government of India and the State Government, besides the growing Housing Sector. Cement, hitherto a controlled product, is presently decontrolled. However, the cost of the raw material and fuel namely Limestone, Coal, Power and Freight charges are all controlled (directly or indirectly) 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 in ups and downs. During the current year the trend is very positive and this inturn being lead for expansions in capacity.

**Opportunities and Threats:**

Consolidations by way of mergers, entry of global cement players and strategic investments by one

company in another to retain/improve its market share continues catching-up with the encouraging infrastructure and construction industry is an opportunity for the time being. The cement players in order to meet the competitive market have been taking all-round efforts including expansion (for economy of scale) and cost management techniques.

**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 unauthorised use of disposition. Further all transactions entered into by the company are duly authorized and recorded correctly. M/s. G.P. Associates, Chartered Accountants, Hyderabad have been working as the Internal Auditors of the company. The Internal Auditors are submitting their 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.

**13) ACKNOWLEDGEMENTS:**

Directors are thankful to Canara Bank, Somajiguda Branch, Hyderabad 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. Directors also wish to place on record their appreciation of the services rendered and co-operation extended by the Workmen, Staff, Dealers, Customers and all other concerned.

**By order of the Board of Directors**

**J.Triveni**  
**Managing Director**

**J.S.Rao**  
**Director**

Place: Hyderabad  
Date: 31-08-2009

**Annexure 'A'****Information as required under section 217(1) (e) read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1998.****FORM - A**

Form for disclosure of particulars with respect to conservation of energy.

Particulars	Current Year (9 months)		Previous Year (15 months)	
	Cement	Wind power	Cement	Wind power
<b>A. Power and Fuel Consumption:</b>				
<b>1. Electricity:</b>				
a. Purchased				
Units (Nos.)	2,47,08,000		4,08,16,243	
Amount (Rs.)	7,81,56,373	NIL	13,23,31,987	NIL
Rate/unit (Rs.)	3.16		3.24	
b. Own Generation:				
i. Through Diesel Generator				
Units (Nos.)	5,300		7,323	
Units per Ltr. of Diesel Oil	2.61		2.61	
Cost/Unit (Rs.)	11.95	NIL	14.16	NIL
ii. Through Steam Turbine/Generator:				
Units (Nos.)				
Units per Ltr. of Fuel Oil Gas	NIL	NIL	NIL	NIL
Cost/Unit (Rs.)				
<b>2. Coal and Lignite used as fuel in Kiln:</b>				
Quantity (M.T.)	47,669		79,951	
Total Cost (Rs.)	14,04,52,180	NIL	19,27,90,158	NIL
Average Rate/M.T. (Rs.)	2946.40		2411.35	
<b>3. Furnace Oil</b>	NIL	NIL	NIL	NIL
<b>4. Others/Internal Generation</b>	NIL	NIL	NIL	NIL
<b>B. Consumption per unit production:</b>				
Electricity (Units)	104.91	NIL	104.56	NIL
Furnace Oil	NIL	NIL	NIL	NIL
Coal	0.213	NIL	0.205	NIL
Others (Specify)	NIL	NIL	NIL	NIL



**FORM – B**

Form for disclosure of particulars with respect to Technology Absorption

**Research and Development (R&D):**

- |  |     |
|--|-----|
| 1. Specific areas in which R&D carried out by the Company  | NIL |
| 2. Benefits derived as a result of the above R&D           | NIL |
| 3. Future Plan of Action                                   | NIL |
| 4. Expenditure on R&D                                      |     |
| a) capital   |     |
| b) recurring   |     |
| c) Total   |     |
| d) Total R&D expenditure as a percentage of total turnover | NIL |

**Technology absorption, adoption and innovation**

- |   |     |
|---|-----|
| 1 Efforts, in brief, made towards innovation  | NIL |
| 2 Benefits derived as a result of the above efforts,<br>e.g. product improvement, cost reduction, production<br>development, import substitution etc.                   | NIL |
| 3 In case of imported technology (Imported during the<br>last 5 years reckoned from the beginning of the financial Year),<br>the following information may be furnished |     |
| a) Technology   |     |
| b) Been imported  |     |
| c) Year of import   |     |
| d) Has technology been fully absorbed   |     |
| e) If not fully absorbed, reasons therefore and future plans of action  | NIL |

**Foreign Exchange Earnings & Outgo:**

- |  |                  |
|--|------------------|
| 1) Activities relating to exports, initiatives taken to<br>increase exports, development of new export markets for<br>products and services and export plans | NIL              |
| 1) a) Foreign Exchange Outgo   | Rs. 328.67 Lakhs |
| b) Foreign Exchange Earned   | NIL              |

**a) Particulars of Employees :**

There are no employees governed by the provision of section 217(2A) of the Companies Act, 1956

**By order of the Board of Directors**

Place: Hyderabad  
Date: 31-08-2009

**J.Triveni**  
**Managing Director**

**J.S.Rao**  
**Director**

**REPORT ON CORPORATE GOVERNANCE**

Your Company fully adheres to the standards set out by the Securities and Exchange Board of India's Corporate Governance practices and has implemented all of its stipulations. As required by Clause 49 of the Listing Agreement of Stock Exchanges, a detailed report on Corporate Governance forms part of this Annual Report.

**1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

Your Directors philosophy on Corporate Governance aimed at the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and all its interactions with its stakeholders including shareholders, employees and the Government.

**2. BOARD OF DIRECTORS**

The Board comprises 8 Directors of which one is Managing Director. The non-executive directors bring with them rich and varied experience in different facets of corporate functioning. They play active role in the meetings of the Board. The Chairman of the Board is an Executive Director. The composition of the Board is short of independent Directors in view of Chairman being Executive Chairman.

**a) Composition of the Board**

S.No	Category	No. of Directors	Percentage of Total No. of Directors
1	Functional Directors	2	25.00
2	Non executive Independent Directors	3	37.50
3	Other Non Executive Directors	3	37.50
	Total Directors	8	100.00

**b) Code of Conduct**

The Board shall lay down a code of conduct for all Board members and senior management of the company. All Board members and senior management personnel shall affirm compliance with the code on an annual basis. The Annual Report of the company shall contain a declaration to this effect signed by the Chief Executive Officer (CEO).

The Board of Directors has laid down the Code of Conduct applicable to all Board members and senior executives of the company.

All Board members and senior management executives have affirmed compliance with the Code of Conduct. A declaration by Managing Director (being CEO) affirming the compliance of the Code of Conduct for Board Members and senior management executives is also annexed separately at the end of this report.

**3. BOARD MEETINGS AND ATTENDANCE RECORD – 2008-09 (9 MONTHS) :**

The Company's Corporate Governance policy requires the Board to meet at least four times in a year.

Sl.No.	Name of the Director	Designation	No. of Meetings attended	Whether attended the last AGM	No. of Directorships in other Boards as on 31.03.09	No of Membership/ Chairmanships in other Board Committee(s) as on 31.03.09
1.	Mr. J.S. Krishnamurthy	Executive Chairman	4	Yes	6	6
2.	Mrs. J. Triveni	Managing Director	4	Yes	3	Nil
3.	Mr. J.S. Rao	Director	4	Yes	14	6
4.	Mr. K. Harish Chandra Prasad	Director	4	No	10	2
5.	Mr. E. Siva Sankaram	Director	3	No	1	1
6.	Mr. B.V. Subbaiah	Director	3	No	Nil	Nil
7.	Mr. J.S.R. Prasad	Director	2	No	9	4
8.	Mr. J.V. Choudary	Director	Nil	No	7	2





The dates of the Board Meetings held during the year under review were:30.07.2008, 30.10.2008, 05.12.2008 & 29.01.2009.

The annual calendar of meetings is agreed upon at the beginning of each year. Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for consideration of the Board.

In accordance with the provisions of the Companies Act, 1956 and the company's Articles of Association, Mr. J.V.Choudary and Sri K.Harishchandra Prasad, Directors retire by rotation and are eligible for re-appointment.

### 3. GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under:

S.No	Venue	Date and Time of AGM	Whether any Special Resolutions were passed	Postal Ballots
1	Mellacheruvu (Village & Mandal). Nalgonda District-508246 Andhra Pradesh.	29.09.2006 at 4.00 pm	Yes	Yes
2	Mellacheruvu (Village & Mandal). Nalgonda District-508246 Andhra Pradesh.	28.09.2007 at 11.00 AM	Yes	NA
3	Mellacheruvu (Village & Mandal). Nalgonda District-508246 Andhra Pradesh.	29.12.2008 at 11.00 AM	NO	NA

### 4. AUDIT COMMITTEE

The Board of Directors of the Company has constituted an Audit Committee consisting of the following Directors, with the role and responsibility duly defined and in accordance with the applicable statutory and other requirements. During the year, in all, 4 meetings of the committee took place and attendance thereat was as under:

S.No.	Name of the Director	No. of the Meetings Attended
1.	Sri.E.Siva Sankaram, Chairman	4
2.	Sri. J.S. Rao	4
3.	Sri. B.V.Subbaiah	3

### 5. SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE

The Board of Directors of the company constituted Shareholders/Investors' Grievances Committee for utmost attention for resolving shareholders/ Investors grievances / complaints received from shareholders/ Investors directly or through Stock exchanges or SEBI and are replied to immediately. There are no outstanding or unresolved complaints.

The Board of Directors of the company constituted Shareholders Grievance Committee consisting of the following Directors, to deal with complaints regarding transmission of shares, non receipt of share certificates, dividends, annual reports and such other matters :

S.No.	Name	Designation
1.	Sri.E.Siva Sankaram	Chairman
2.	Sri. B.V. Subbaiah	Member
3.	Sri.J. Seshagiri Rao	Member



During the year under review the company has received any complaints and all have been resolved and there are no pending complaints.

**6. REMUNERATION COMMITTEE**

Other than the Managing Director, no other Director receives any remuneration from the company except sitting fees for attending the Board Meetings. The details of remuneration paid to the Managing Director are mentioned in Schedule L (Notes on Accounts) to the Balance Sheet of the Company.

The Board of Directors of the company constituted Remuneration Committee consisting of the Non-Executive Directors, with role and responsibilities duly defined and in accordance with the applicable statutory and other requirements.

S.No.	Name	Designation
1	Sri. J.S. Krishna Murthy	Chairman
2	Sri. J.Sivaram Prasad	Member
3	Sri.J.Seshagiri Rao	Member

The remuneration paid to the Executive and Whole-time Directors during the year 2008-09 (9 Months) are:  
(Amt Rs.)

Name of Director	Salary	HRA	Perks	Total
Mrs. J.Triveni	5,40,000	Nil	3,43,523	8,83,523
Mr. J.S. Krishna Murthy	Nil	Nil	3,32,396	3,32,396

Details of other benefits being paid to Executive and whole time Directors :  
 Bonus, Stock options, Pension etc., being paid : Nil  
 Details of fixed component and Performance linked incentive : Nil  
 Service Contracts : The Appointment of Mrs. J.Triveni as Managing Director is for 5 Years w.e.f from 27th June, 2005

Notice Period & Severance Fees : Nil

**7. CEO/CFO CERTIFICATION:**

The Certificate issued by the Chief Executive Officer (i.e. the M.D) is enclosed to this report.

**8. DISCLOSURES:**

The pecuniary disclosure with regard to interested Directors

(a) Disclosures on materially significant related party transactions of the Company of material nature with the promoters, the Directors or the management, their subsidiaries or relatives that may have potential conflict with the interests of the Company at large.

None of the transactions with any of related parties were in conflict with interests of the Company.

(b) Details of non-compliance by the Company, penalties, stricture on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to Capital Markets during the last three years.

There were no instances of non-compliance of any matter related to Capital Market during the last three years.

**9. MEANS OF COMMUNICATION:**

Quarterly Financial Results of the Company are forwarded to the Bombay Stock Exchange and published in Financial Express and Andhra Prabha. Half Yearly report is not sent to each shareholder as the results of the Company are published in the News papers.

- The results or official news were not displayed in any Website.
- Company has not made any presentations to any Institutional Investors/analysts during the year.
- All terms required to be covered in the Management Discussions & Analysis Report have been included in the Directors' Report to Members.

**10. GENERAL SHAREHOLDER INFORMATION:**

- |                           |   |   |
|---------------------------|---|---|
| a) Annual General Meeting | : | 26 <sup>th</sup> Annual General Meeting                                 |
| Date                      | : | 29 <sup>th</sup> September, 2009  |
| Time                      | : | 11.45.A.M   |
| Venue                     | : | Mellacheruvu (Village & Mandal), Nalgonda Dist, 508246, Andhra Pradesh. |



- b) Financial Calendar : 1<sup>st</sup> July 2008 to 31<sup>st</sup> March 2009 (9 months)  
 c) Date of Book closure : 22.09.2009 to 29.09.2009 (both days inclusive)  
 d) Dividend payment date : Not applicable  
 e) Registered Office : Mellacheruvu (Village & Mandal), Nalgonda Dist,  
 Pin : 508246, Andhra Pradesh.  
 Phone (08683) 226028; Fax: (08683) 226039  
 E-mail : keerthi\_ltd@yahoo.com,  
 kilinvestorservices@gmail.com  
 f) Administrative Office : Plot No. 40, IDA, Balanagar, Hyderabad-500037.  
 Phone : 040-23076538  
 g) Listing on Stock Exchange : The Bombay Stock Exchange Ltd.  
 h) Code/Symbol : BSE – 518011

i) Market Price Data:

The monthly high and low share quotation on the Bombay Stock Exchange month-wise for the financial year 2008-09 (9 months) are as follows: (Amount in Rs.)

S.No	Monthly High Price	Monthly Low Price
July 2008	Nil	Nil
August 2008	100	41
September 2008	105	105
October 2008	Nil	Nil
November 2008	Nil	Nil
December 2008	Nil	Nil
January 2009	Nil	Nil
February 2009	Nil	Nil
March 2009	Nil	Nil

There is no trading in the months were "Nil" is mentioned.

j) Address of Registrars and Share Transfer Agents:

Registrars for Physical and Demat Services:

XL Softech System Limited

Plot No. 3, Sagar Society Road No.2, Banjara Hills, Hyderabad-500034.

Phone No.040-23545913

k) Share Transfer systems:

Transfer of Securities in physical form are registered and duly transferred share certificates are dispatched within thirty (30) days of receipt provided the transfer documents are in order.

l) Shareholding Pattern as 31<sup>st</sup> March, 2009:

Category	No. of Shares	Percentage
<b>Promoter's Holding:</b>		
Indian Promoters	80,18,186	81.86
Foreign Promoters	Nil	Nil
Persons acting in Concert	Nil	Nil
<b>Institutional Investors:</b>		
Mutual Funds and UTI	600	0.01
Banks, Financial Institutions, Insurance companies	1,74,486	1.78
<b>Others:</b>		
Private Body Corporate Bodies	66,610	0.68
Indian Public	14,47,881	14.78
NRIs / OCBs	87,387	0.89
<b>Total</b>	<b>97,95,150</b>	<b>100.00</b>



- l) Outstanding GDR's/ADR's/Warrants or any convertible instruments, conversion date and likely impact on equity:  
The Company has not issued any of these instruments.
- m) As on 31<sup>st</sup> March 2009, out of the total shares Nil were dematerialised with the following depositories:  
i) National Securities Depositories Limited - Nil.  
ii) Central Depository Services (India) Limited - Nil
- n) Factory location: Mellacheruvu, (Village & Mandal), Nalgonda District-508246, Andhra Pradesh.
- o) Address for correspondence:  
Shareholders can correspond at the Administrative Office of the Company
- p) Particulars of Directors seeking re-appointment at the forthcoming Annual General Meeting pursuant to Clause 49 of the Listing Agreement:

<b>Name of Director</b>	<b>Sri. J.V.Choudary</b>	<b>Sri. K.Harishchandra Prasad</b>
Expertise in Specific Functional Areas	Having over 2 decades of rich business experience in retail marketing. He has constantly contributed to the improvement of marketing areas of the company.	Having over 2 decades of business experience with excellent academic record, highly qualified with B.Tech, MS and MBA from USA. He has been guiding the company and management in various managerial decisions.
Date of Birth	29.07.1955	15.09.1952
Qualification	B.Com	B.Tech, MS and MBA
List of other Companies in which Directorship is held as on 31 <sup>st</sup> March, 2009	JSK Aqua Minerals Pvt Ltd., Vijaya Estates & Holdings Pvt Ltd., Hyderabad Bottling Co. Ltd., Hyderabad Flextech Ltd., JSK Holdings Pvt Ltd. Sri Venkateswara Crowns Ltd. Stypack Agri Exports Pvt. Ltd.	L.Pack Polymers Ltd, Green Park Hotels & Resorts Pvt Ltd, B.N.Rathi Securities Ltd, Healthy Investments Ltd, KLN Holding Pvt Ltd, Unijolly Investments Company Ltd, Lakshmi Financial & Industrial Corporation Ltd, Surya Jyothi Spinning Mills Ltd, Andhra Printers Ltd, Hyderabad Flextech Ltd.
Chairman / Member of the Committees of the Board of other Companies in which he is a Director as on 31 <sup>st</sup> March, 2009	Hyderabad Flextech Ltd.	Surya Jyothi Spinning Mills Ltd, Hyderabad Flextech Ltd.

**DECLARATION**

As provided under clause 49 of the Listing Agreement with the Stock Exchanges(s), it is hereby declared that all the Board members and senior management personnel of the company have affirmed compliance with the code of conduct for the year ended 31.03.2009.

Place: Hyderabad  
Date: 31<sup>st</sup> August, 2009

J.Triveni  
Managing Director



**Certification of Financial Results for the period ended 31<sup>st</sup> March, 2009**

To

The Board of Directors

Keerthi Industries Limited

Hyderabad.

- ◆ I have reviewed the financial statements and cash flow statement for the said period and that to the best of my knowledge and belief:
  - ◆ these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ◆ these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- ◆ There are, to the best of my knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or violative of the company's code of conduct.
- ◆ I accept responsibility for establishing and maintaining internal controls and I have evaluated the effectiveness of the internal control systems of the company and I have disclosed to the auditors, and to the audit committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- ◆ There are no
  - ◆ significant changes in internal control during the period;
  - ◆ significant changes in accounting policies during the period and that the same have been disclosed in the notes to the financial statements; and
  - ◆ instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.
- ◆ I have fully complied with the Accounting manual of the Company and reviewed very carefully the checklists prepared by the Company.

Place: Hyderabad

Date: 31.08.2009

J. Triveni

Managing Director



**Practicing Company Secretary's Certificate on compliance of conditions of Corporate Governance as per Clause 49 of the Listing Agreement with the Stock Exchange**

To  
The Members of  
Keerthi Industries Limited  
Hyderabad.

We have examined the compliance of conditions of Corporate Governance by **KEERTHI INDUSTRIES LIMITED, HYDERABAD** for the year ended on 31<sup>st</sup> March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management subject to the following:

- i) The total of the Independent Directors is less than 50%, as against the requirement of minimum 50%, as the Chairman being Executive Chairman.
- ii) The CEO/CFO Certification is signed by only the CEO.

We certify that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement, except those mentioned above.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Narender & Associates  
Company Secretaries**

Place: Hyderabad  
Date: 31.08.2009

**G.Narender  
Proprietor  
Membership No.4898**



**AUDITORS' REPORT**

To

The Members of

**KEERTHI INDUSTRIES LIMITED** (formerly known as SUVARNA CEMENTS LIMITED).

1. We have audited the attached Balance Sheet of KEERTHI INDUSTRIES LIMITED (formerly known as SUVARNA CEMENTS LIMITED, HYDERABAD (A.P) as at 31st March, 2009 and also the Profit and Loss Account for the year ended on that date annexed thereto and the cash flow statement for the period ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion :
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above we report that:
  - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - iii) The Balance Sheet, Profit and Loss Account and Cashflow statement dealt with by this report are in agreement with the books of account.
  - iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cashflow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - v) On the basis of the written representations received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
5.
  - a) **The Company has not provided for the interest payable on sales tax dues. Exact amount of interest and its impact on Profit for the year and on surplus could not be ascertained as the rate of interest is not informed by the Sales Tax Department. (Refer Note No.6 of Schedule L - "Notes on Accounts".**
  - b) **There is a change in Accounting policy in respect of gratuity and leave encashment provisions. (Refernote No. 11 of schedule 'L' notes on accounts.)**
  - c) **There are no confirmation of balances, by Sundry Debtors, Creditors and for Loans and Advances**
  - d) **The Company has given loans two bodies Corporates in which some of the Directors are interested without complying with the provisions of Sec.295(1)(d) of Companies Act. (Refer Note No. 19 of schedule 'L' notes to accounts).**
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, **subject to our comments in para 5 above**, give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
  - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
  - ii) In the case of the Profit and Loss Account, of the Profit of the Company for the period ended on that date; and
  - iii) In the case of Cashflow Statement of the cash flows for the period ended on that date.

for K.S.RAO & CO.,  
Chartered Accountants.

Place: Hyderabad  
Date : 31-08-2009

(P.GOVARDHANA REDDY)  
Partner  
Membership No.29193



**Statement on the Companies (Auditor's Report) Order 2003**

Re: KEERTHI INDUSTRIES LIMITED (formerly known as SUVARNA CEMENTS LIMITED)

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) During the year, the company has not disposed off any fixed assets.
- ii) a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) a) The Company has granted unsecured loans to two Companies covered in the register maintained u/s.301 of the Companies Act 1956. The maximum amount involved was Rs.78,96,858 and the year end balance was Rs.70,69,815.
- b) According to the information and explanations given to us, we are of the opinion that the rate of interest and terms and conditions are prima facie prejudicial to the interest of the company on account of following reasons -
  - i) The Company has granted the loans at free of interest; and
  - ii) There are no covenants with regard to the repayment of loans.
- c) The Company had taken unsecured loan from a Body Corporate Covered in the register maintained under section 301 of the Companies Act, 1956. Maximum amount involved and the year end balance was Rs. 2,54 lakhs; and
- d) In our opinion, the rate of interest and other terms and Conditions on which loans have been taken are not prima facie, prejudicial to the interest of the Company.
- e) Time schedule for repayment has not been fixed. Hence we cannot offer any comment on the overdues.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v) a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section; and
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of Companies Act, 1956 during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted deposits from the public. Hence the provisions of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company for the time being.
- vii) In our opinion, the company has internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.





- ix) a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it. There are no arrears of undisputed statutory dues as at 31st March, 2009, which were outstanding for a period of more than 6 months from the date they became payable.
- b) According to the information and explanations given the following amounts have not been deposited on account of dispute.

**Statemet of Disputed Dues**

Sl. No.	Name of the Statute	Nature of the Dues	Amount Rs. Relates	Period to which the amount pending	Due Date	Forum where dispute is
i.	A.P.General Sales Tax Act .	Tax Liability on packing material	18,77,197	1990-91 & 1991-92	not mentioned in demand	Sales Tax Appellate Authority
ii.	Central Sales Tax	Central Sales Tax	78,87,500	2003-04 & 2004-05	not mentioned in demand	Appellate Dy.Commissioner
iii.	Commercial tax Dept. Govt. of Karnataka	Central Sales Tax	6,20,112	1993-94	not mentioned in demand	Honourable High Court of Karnataka
iv.	A.P.General Sales Tax Act.	Interest on delayed payment of Deffered Sales Tax	3,61,110	1999-00 & 2000-01	not mentioned in demand	Appellate Dy.Commissioner

- x) At the end of the financial year under report, there were no accumulated losses and the company has not incurred cash losses during the financial year and in the immediately preceding financial year.
- xi) The company has not defaulted in repayment of dues to financial institutions and banks.
- xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The company is neither a chit fund nor a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the above referred Order are not applicable to the company.
- xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the above referred Order are not applicable to the company.
- xv) The Company has not given any guratanee for loans taken by others from banks or financial institutions.
- xvi) In our opinion the term loans have been applied for the purpose for which they were availed.
- xvii) According to the information and explanations given to us and on all overall examination of the balance sheet of the company, we report that the funds raised on short-term basis have prima facie not been used during the year for long-term investment.
- xviii) The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
- xix) The company has not issued any debentures Accordingly, the provisions of clause 4(xix) of the above referred Order are not applicable to the company.
- xx) During the year the company has not raised money by public issue. Accordingly, the provisions of clause 4(xx) of the above referred Order are not applicable to the company.
- xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

for K.S.RAO & CO.  
Chartered Accountants

Place : Hyderabad.  
Date : 31-08-2009

PGOVARDHANA REDDY  
Partner  
Membership No.29193

**BALANCE SHEET AS AT 31ST MARCH, 2009**

Particulars	Schedule	As at 31.03.2009		As at 30.06.2008	
		Rupees	Rupees	Rupees	Rupees
<b>I. SOURCES OF FUNDS:</b>					
1. Share Holders' Funds:					
a. Share Capital	A	<b>174961500</b>		174961500	
b. Share Appl. Deposit (pending allotment)		<b>20000000</b>		20000000	
c. Reserves & Surplus	B	<b><u>342067084</u></b>		<u>239874424</u>	
			<b>537028584</b>		434835924
2. Loan Funds:					
a. Secured Loans	C	<b>3802392</b>		59600936	
b. Unsecured Loans	D	<b><u>159296860</u></b>	<b>163099252</b>	<u>139413964</u>	199014900
Deferred Tax Liability			<b>49201521</b>		48161301
Total			<b><u>749329357</u></b>		<u>682012125</u>
<b>II. APPLICATION OF FUNDS:</b>					
1. Fixed Assets:	E				
Gross Block		<b>510502977</b>		510431489	
Less: Depreciation		<b><u>236229401</u></b>		<u>220637557</u>	
		<b><u>274273576</u></b>		<u>289793932</u>	
Capital work in progress		<b>334585681</b>		102184090	
Net Block			<b>608859257</b>		391978022
2. Investments	F		<b>2000000</b>		2000000
3. Current Assets					
Loans & Advances:	G				
a. Inventories		<b>44543078</b>		51960633	
b. Sundry Debtors		<b>11282092</b>		54760554	
c. Cash & Bank Balances		<b>18735998</b>		145190167	
d. Loans & Advances		<b><u>394797843</u></b>		<u>277071885</u>	
		<b><u>469359011</u></b>		<u>528983239</u>	
Less: Current Liabilities & Provisions:	H	<b><u>330888911</u></b>		<u>240949136</u>	
			<b><u>138470100</u></b>		<u>288034103</u>
Total			<b><u>749329357</u></b>		<u>682012125</u>

Per our report of even date  
for K.S.Rao & Co.  
Chartered Accountants

For and on behalf of the Board

(P. Govardhana Reddy)  
Partner  
Place: Hyderabad  
Date: 31st March, 2009

J.S.Rao  
Director

J. Triveni  
Managing Director

**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2009**

Particulars	Schedule	Current Year (for 9 months)		Previous Year (for 15 months)	
		Rupees	Rupees	Rupees	Rupees
<b>INCOME:</b>					
Sales		<b>754654016</b>		1213967136	
Less: Excise Duty		<b>83814983</b>	<b>670839033</b>	<u>133866236</u>	1080100900
Other Income	I		<b>4034614</b>		15464153
Total			<u><b>674873647</b></u>		<u>1095565053</u>
<b>EXPENDITURE:</b>					
Manufacturing, Administrative,	J				
Selling & Other expenses			<b>414523803</b>		573474493
Taxes and Duties			<b>80808732</b>		135559108
Interest:					
On Term Loans		<b>2563</b>		10629	
On Others		<u><b>2313585</b></u>		<u>2565474</u>	
			<b>2316148</b>		2576103
(Increase)/Decrease in Stocks	K		<b>3712227</b>		5395656
Depreciation	E		<b>15591844</b>		24163791
Total			<u><b>516952754</b></u>		<u>741169151</u>
Profit for the year			<b>157920893</b>		354395902
<b>Provision for Taxation:</b>					
Tax for the year			<b>54434689</b>		97856903
Fringe Benefit Tax			<b>253324</b>		607214
Deferred Tax Liability			<u><b>1040220</b></u>		<u>28724526</u>
Net Profit			<b>102192660</b>		227207259
Profit brought forward from previous year			<u><b>237945424</b></u>		<u>10738165</u>
Surplus carried to Balance Sheet			<u><b>340138084</b></u>		<u>237945424</u>
Earning Per Share(Refer note no.16 of Schedule L)			<b>8.66</b>		19.26
NOTES ON ACCOUNTS	L				

Per our report of even date  
for K.S.Rao & Co.  
Chartered Accountants

For and on behalf of the Board

(P. Govardhana Reddy)  
Partner  
Place: Hyderabad  
Date:31st March, 2009

J.S.Rao  
Director

J. Triveni  
Managing Director

**SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH, 2009 (9 MONTHS)**

<b>Particulars</b>	<b>As at 31.03.2009</b>	<b>As at 30.06.2008</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>A SHARE CAPITAL</b>		
Authorised:		
1,20,00,000 Equity Share of Rs.10/- each	<b>120000000</b>	120000000
8,00,000 - 9% cumulative redeemable Preference Shares of Rs.100/- each	<b>80000000</b>	80000000
	<b><u>200000000</u></b>	<b><u>200000000</u></b>
Issued, Subscribed and paid up:		
97,95,150 Equity Shares of Rs.10/- each	<b>97951500</b>	97951500
7,70,100 - 9% Cumulative Redeemable Preference Shares of Rs.100/- each	<b>77010000</b>	77010000
	<b><u>174961500</u></b>	<b><u>174961500</u></b>
<b>B RESERVES &amp; SURPLUS</b>		
Central Subsidy	<b>1500000</b>	1500000
Capital Reserve	<b>429000</b>	429000
(Amount received on Forfeited shares)		
Profit & Loss Account - Surplus	<b><u>340138084</u></b>	<b><u>237945424</u></b>
Total	<b><u>342067084</u></b>	<b><u>239874424</u></b>
<b>C SECURED LOANS</b>		
a) Term Loans		
i. Canara Bank	<b>0</b>	18344
ii. SBI, Industrial Finance Branch	<b>8816</b>	17818
b) Working Capital Loans		
i. Canara Bank	<b>3310877</b>	17562549
ii. Federal Bank	<b>0</b>	40117712
c) Loan against Vehicle Hypothication	<b>0</b>	372574
d) Loan against hypothication of loading equipment (Due with in one year Rs.4,82,699)	<b>482699</b>	1511939
Total	<b><u>3802392</u></b>	<b><u>59600936</u></b>
<b>D UNSECURED LOANS</b>		
Inter Corporate Deposit ( Interest free )	<b>253571</b>	253571
Deferred Sales Tax Liability	<b><u>159043289</u></b>	<b><u>139160393</u></b>
Total	<b><u>159296860</u></b>	<b><u>139413964</u></b>

**E. FIXED ASSETS**

(Rupees)

Sl No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 01-07-2008	Additions during the year	Deductions during the year	As at 31-03-2009	Up to 01-07-2008	For the year (9 months)	Deductions during the year	Up to 31-03-2009	As at 31-03-2009	As at 30-06-2008
1	Land	57657757	0	0	57657757				57657757	57657757	
	Lease Free hold Land										
	(Wind Power)	1800000	0	0	1800000	75000	45000	0	120000	1680000	1725000
2	Buildings:										
	Factory	37122921	0	0	37122921	17488470	935981	0	18424451	18698470	19634451
	Factory (Wind Power)	5755000	0	0	5755000	145348	144163	0	289511	5465489	5609652
	Non-Factory	5663398	0	0	5663398	1639406	69410	0	1708816	3954582	4023992
3	Plant & Machinery	259272588	0	0	259272588	173364141	9001935	0	182366076	76906512	85908447
	Plant & Machinery										
	(Wind Power)	86045000	0	0	86045000	3435388	3407382	0	6842770	79202230	82609612
4	Electrical Installations	44991206	0	0	44991206	16188011	1443839	0	17631850	27359356	28803195
5	Furniture & Fixtures	1471595	23402	0	1494997	1181088	39842	0	1220930	274067	290507
6	Office Equipment	3445621	48086	0	3493707	1500062	207442	0	1707504	1786203	1945559
7	Vehicles	3463886	0	0	3463886	2109707	262948	0	2372655	1091231	1354179
8	Other Assets	1794568	0	0	1794568	1790006	2753	0	1792759	1809	4562
9	Data Processing Equipment	897239	0	0	897239	785919	23679	0	809598	87641	111320
10	Power Line \$	1050710	0	0	1050710	935011	7470	0	942481	108229	115699
11	Capital work in progress	102184090	232401591	0	334585681	0	0	0	0	334585681	102184090
	Total	612615579	232473079	0	845088658	220637557	15591844	0	236229401	608859257	391978022
	Previous Year	389553714	223061865	0	612615579	196473766	24163791	0	220637557	391978022	193079949

\$ Cost incurred by the company. Ownership vests with Andhra Pradesh Electricity Board.


**Keerthi Industries Limited**



Particulars	As at 31.03.2009		As at 30.06.2008	
	Rupees	Rupees	Rupees	Rupees
<b>F. INVESTMENTS</b>				
(At Cost, Non-Trade, Long-Term, Unquoted)				
1,95,121 Units of ING Global Real Estate Fund Growth face value of Rs.10/- each		<b>2000000</b>		2000000
Total		<b><u>2000000</u></b>		<b><u>2000000</u></b>
<b>G CURRENT ASSETS, LOANS AND ADVANCES</b>				
i) Inventories:				
a. Stores & Spares	<b>24967878</b>		28329862	
b. Raw Materials	<b>4081779</b>		3036927	
c. Coal	<b>13722797</b>		13691850	
d. Packing Materials	<b>736937</b>		2643775	
e. Work-in-process	<b>410826</b>		3316058	
f. Finished Stock - Cement	<b>135166</b>		942161	
g. Material in transit	<b><u>487695</u></b>		<u>0</u>	
		<b>44543078</b>		51960633
ii) Sundry Debtors (Unsecured)				
Debts outstanding for a period exceeding six months	<b>4521350</b>		36815948	
other debts	<b><u>6760742</u></b>		<u>35601900</u>	
	<b><u>11282092</u></b>		<u>72417848</u>	
Less: Prov. for doubtful debts	<b><u>0</u></b>		<u>17657294</u>	
		<b>11282092</b>		54760554
iii) Cash & Bank Balances:				
a. Cash in Hand	<b>326167</b>		510546	
b. Cash at Scheduled Banks:				
In Current Accounts	<b>2309896</b>		1018549	
In Fixed Deposit Accounts	<b><u>16099935</u></b>		<u>143661072</u>	
		<b>18735998</b>		145190167
iv) LOANS AND ADVANCES				
(Unsecured, considered good, otherwise stated, recoverable in cash or in kind or for value to be received)				
a. Advances for: purchases & expenses	<b>11034795</b>		11949437	
b. Capital Items	<b>149957195</b>		100124529	
c. Other Advances	<b>17687614</b>		9192072	
d. Sales tax Paid under Protest	<b>3074830</b>		15168633	
e. Deposits recoverable	<b>35137491</b>		23101398	
f. Prepaid Expenses	<b>1610112</b>		716189	
g. Interest accrued	<b>1546408</b>		2341369	
h. Balances with Central Excise	<b>11645334</b>		2797768	
i. Input VAT Receivable	<b>675188</b>		851208	
j. Tax Deducted at Source	<b>5361807</b>		3730921	
k. Advance Tax - MAT	<b>16569000</b>		16569000	
l. Advance Income Tax	<b>138939384</b>		89229000	
m. Advance Fringe Benefit Tax	<b><u>1558685</u></b>		<u>1300361</u>	
		<b>394797843</b>		277071885
TOTAL		<b><u>469359011</u></b>		<b><u>528983239</u></b>



Particulars	As at 31.03.2009		As at 30.06.2008	
	Rupees	Rupees	Rupees	Rupees
<b>H CURRENT LIABILITIES &amp; PROVISIONS</b>				
i) Current Liabilities:				
1. Total outstanding dues to Micro and Small Enterprises		0		0
2. Total outstanding dues to other than Micro and Small Enterprises				
a) Creditors for Capital Works		<b>45204228</b>		4595750
b) Creditors for others		<b>67043320</b>		64667436
3. Other Finances		<b>950469</b>		1015892
		<u>113198017</u>		<u>70279078</u>
4. Advances received against sales		<b>49201909</b>		56604286
5. Trade deposits		<b>473214</b>		738014
Total ( i)		<u>162873140</u>		<u>127621378</u>
ii) Provisions:				
Minimum Alternative Tax		<b>16454620</b>		16454620
Fringe Benefit Tax		<b>1797180</b>		1543856
Income Tax		<b>149763971</b>		95329282
Total (ii)		<u>168015771</u>		<u>113327758</u>
Total (i+ii)		<u>330888911</u>		<u>240949136</u>
(Note: There are no outstanding dues to Micro, Small and Medium Enterprises)				
		<b>Current Year</b>		<b>Previous Year</b>
<b>I. OTHER INCOME</b>				
Interest Earned (Others)(TDS Rs.16,30,885)		<b>3554201</b>		13737140
Miscellaneous Receipts		<b>480413</b>		1726833
Excess Provision Written back		<b>0</b>		180
Total		<u>4034614</u>		<u>15464153</u>
<b>J. MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES</b>				
A. Manufacturing Expenses:				
1. Raw Materials Consumed (including royalty & other levies)		<b>50712471</b>		75794313
2. Packing materials consumed		<b>27677441</b>		42940240
3. Stores & Spares consumed		<b>23508865</b>		28434717
4. Other Manufacturing Expenses		<b>3171934</b>		4501109
5. Power & Fuel				
a. Power		<b>78219710</b>		132519174
b. Coal		<b>140452180</b>	<b>218671890</b>	<u>192790158</u>
6. Staff Cost:				325309332
a. Salaries, Wages & Bonus		<b>21365124</b>		24909566
b. Contribution to Provident & Other Funds		<b>1224966</b>		1424823
c. Gratuity		<b>340329</b>		1777280
d. Staff & Workmen Welfare Expenses		<b>1524694</b>		2171273
		<u>24455113</u>		<u>30282942</u>



Particulars	Current Year		Previous Year	
	Rupees	Rupees	Rupees	Rupees
7. Repairs & Maintenance				
a. Plant & Machinery	<b>9438387</b>		9079519	
b. Vehicles	<b>1146383</b>		1142074	
c. Others	<b>101580</b>		114700	
		<b>10686350</b>		10336293
B. Administrative Expenses				
1. Remuneration to Managing Director & Executive Chairman	<b>872396</b>		1378710	
2. Travelling & Conveyance	<b>1202084</b>		4284168	
3. Directors' Sitting fee	<b>4000</b>		7750	
4. Printing & Stationery	<b>373428</b>		571901	
5. Legal & Professional charges	<b>1509754</b>		2400001	
6. Insurance	<b>445509</b>		1081960	
7. Auditors Remuneration As Auditors:	<b>45000</b>		75000	
Tax Audit Fee	<b>15000</b>		25000	
Certification Fee	<b>10000</b>		37500	
8. Rent	<b>360000</b>		600000	
9. Rates, Taxes & Licences	<b>794756</b>		324285	
10. Miscellaneous Expenses	<b>5355838</b>		5382400	
11. Prior period Items	<b>12185991</b>		0	
12. Postage and Telephones	<b>436575</b>		735392	
13. Amalgamation Expenses	<b>445767</b>		0	
		<b>24056098</b>		16904067
C. Selling & Other Expenses :				
1. Freight & Handling expenses	<b>24605326</b>		26731075	
2. Advertisement & Publicity	<b>6472861</b>		2509502	
3. Discounts & Commission	<b>0</b>		40000	
4. Business Promotion Expenses	<b>38895</b>		6330	
5. Others	<b>466559</b>		741769	
6. Provision for Doubtful Debts	<b>0</b>		8942804	
		<b>31583641</b>		38971480
Total		<b>414523803</b>		573474493
<b>K. (INCREASE)/DECREASE IN STOCKS</b>				
A) Opening Stock :				
Work in Process	<b>3316058</b>		9511614	
Finished Goods	<b>942161</b>		142261	
Total (A)	<b>4258219</b>		9653875	
B) Closing Stock :				
Work in Process	<b>410826</b>		3316058	
Finished Goods	<b>135166</b>		942161	
Total (B)	<b>545992</b>		4258219	
(Increase)/Decrease in Stock (A - B)		<b>3712227</b>		5395656





**L. NOTES ON ACCOUNTS**

**1. ACCOUNTING POLICIES:**

The following are the significant Accounting Policies adopted by the Company in the preparation and presentation of financial statements.

- a) Financial statements are based on historical cost.
- b) Fixed Assets:  
Tangible fixed assets are stated at cost net of depreciation provided.
- c) Depreciation:  
i) Depreciation is provided on Straight Line method on the assets other than office equipment, furniture & fixtures and vehicles, on which depreciation is provided on written Down Value Method in accordance with Schedule XIV to the Companies Act, 1956.  
ii) Upfront lease amount in respect of land is amortised over the period of lease.
- d) Inventories:  
i) Finished goods and Work in process are valued at cost or net realisable value whichever is lower.  
ii) Raw materials, Packing materials, Coal are valued at cost on FIFO basis and Stores & Spares are valued at cost on Weighted average basis.
- e) Sales:  
Sales are inclusive of excise duty and sales tax collected.
- f) Retirement benefits:  
i) Provident fund contributions are remitted to Provident Fund Commissioner and the contributions are charged to revenue.  
ii) Provision for gratuity and leave encashment is made on the basis of actuarial valuation in accordance AS-15 "Employee Benefits".
- g) Contingent Liabilities:  
All contingent liabilities are indicated by way of a note and will be paid/provided on crystallisation.
- h) Internal Consumption:  
Internal consumption of the company's end product, is accounted at cost and is included in sales.

2. Current year figures are for 9 months whereas that of previous year were for 15 months. Hence, current year figures are not directly comparable with those of previous year.

- 3. a) Contingent Liabilities not provided for in respect of:  
i) Gratuity payable to erstwhile managing director Rs. 3,38,341 (Previous year Rs. 3,38,341) as the Company disputed this and the matter is pending in courts of law.  
ii) Karnataka Sales Tax demand of Rs.6,20,112/- (up to Previous year Rs.6,20,112/-) for the accounting year 1993-94 as the company preferred an appeal in the Hon'ble High Court of Karnataka.  
iii) A.P. General Sales Tax liability of Rs.18,77,197/- (up to Previous year Rs.18,77,197/-) on packing materials purchased during the accounting years 1990-91 and 1991-92 as the Company preferred appeals before Appellate Authorities and the same are pending.

iv)	<u>Current Year</u> Rs.in lacs	<u>Previous Year</u> Rs.in.lacs
Bank Guarantee	149.29	149.29
Letter of Credit	-	119.70
v) Demand from Central Excise Dept. of Rs.12,85,979 (up to previous year Rs.8,28,690) in respect of differential duty against cement sold to A P State Housing Corporation. However, the company paid under protest Rs.12,85,979/-(Previous year Rs.8,28,690) and treated as advance.		
b) Estimated amount of contracts to be executed on capital on account of Project expansion Rs. 4393.39 lacs(previous year Rs.401.03 lacs) (Net of advances).		
c) 9% cumulative dividend for the current period Rs.51,98,175/- (up to Previous year Rs.4,37,75,100/-).		



- d) In the year 2003-04 Central Power Distribution Company of Andhra Pradesh had levied Voltage Surcharge of Rs.1,30,29,457/- for getting the power through general lines over and above the contracted load instead of dedicated lines. As getting the power through specified line is not within the purview of the company, the company challenged the levy before Hon'ble High Court of Andhra Pradesh and the High Court was pleased to grant staying the collection of the said levy. In view of this, the said amount was not provided for in the books. However, the company had paid an amount of Rs.1,30,29,457 (up to previous year Rs.13,83,164/-) under protest against the said levy and shown under loans and advances. The appeal is pending.
- e) The Commercial Tax Department of Andhra Pradesh passed orders raising a demand for the interstate sales made in 2001-02 and 2002-03 levying 16% rate of tax instead of 4% for the non-submission of C-Forms. The Company has provided in the books of accounts the difference in tax of Rs.1,20,93,803 and filed appeals before the Appellate Authorities for grant of time for submission of C-Forms. The appeals are pending. However the Company has paid Rs.1,20,93,803 (up to Previous year Rs.1,20,93,803) against these demands.
- f) The Commercial Tax Department of Andhra Pradesh passed orders raising a demand for the interstate sales made in 2003-04 and 2004-05 levying 16% rate of tax instead of 4% for the non-submission of C-Forms. The Company has provided in the books of accounts the difference in tax of Rs.84,41,444 and Rs.1,18,49,917 for the years 2003-04 and 2004-05 respectively and filed appeals before the Appellate Authorities for grant of time for submission of C-Forms. The appeals are pending. However the Company has paid Rs.1,28,61,971 (up to Previous year Rs.1,24,03,861) against these demands.
- g) In the year 2007-08 A P Commercial Tax Department had revised the CST Assessment for the year 2000-2001 and demanded Rs.39,25,213. The company got stayed the demand through an order of Hon'ble High Court of A.P. and deposited Rs.19,08,835/- being 50% of the demand. As the matter is pending in appeal before the A P Sales Tax Appellate Tribunal, no provision is made in the accounts for the disputed tax of Rs.39,25,213/-.
- h) Company had availed VAT input credit of Rs.11,65,995 on coal purchased during the period April'05 to August'05 and utilised the said amount against its VAT liability on sales. Government of Andhra Pradesh Vide G.O.Ms. No.2201 Revenue Dated 29.12.2005 withdrawn the Input Tax Credit on coal purchases retrospectively from 01.04.2005. Pursuant to the notification the Commercial Tax Authorities raised a demand for the payment of said Rs.11,65,995. The Company disputed the said demand and filed appeal before the Deputy Commissioner (Appeals). However the Company had paid entire demand Rs.11,65,995/- and treated as deposit with sales tax authorities.
- i) In the year 2007-08 Commercial Tax Department of A.P issued notice demanding Rs.6,75,118 @ 21.5% P.A interest against late payment of deferred liability for the years 1993-94 and 1994-95. The Company disputed the said amount and filed appeal before the Appellate Dy. Commissioner (C.T.). However the Company has paid Rs.3,14,008 @ 10% P.A against the said demand and expensed in the years of payment. No Provision is made for balance amount of Rs.3,61,110, as the appeals are pending.
- j) In the year 2007-08 a supplier filed a suit and obtained an ex-parte decree against the Company from District Court Cuddalore, Tamilnadu demanding Rs.39.50 lacs against the liability of Rs.23.59 lacs towards Lignite supplied in earlier years. Company disputed the liability of Rs.39.5 lacs and deposited Rs.5.0 lacs in court as directed and appealed to withdraw the ex-parte order and the matter is pending.
4. 9% Cumulative Redeemable Preference Shares 5,00,000 Nos. allotted on 24.10.2001 and 2,70,100 Nos. allotted on 31.10.2002 are redeemable at par at the end of 11th, 12th and 13th year from the date of allotment and the amount payable per share is Rs.30, Rs.35 and Rs.35 respectively.
5. Secured Loans:
- (i) Term loans from Canara Bank and State Bank of India are secured by an equitable mortgage of immovable properties and a charge by way of hypothecation of all the movable properties (save and except Book Debts) including movable machinery, spares, tools and accessories both present and future subject to prior charges created in their favour on specific movable assets for Working Capital loans together with interest and commitment charges.
- Further the Term Loans are guaranteed by four of the directors of the company individually and Corporate guarantee given by M/s. Hyderabad Bottling Company Limited.
- (ii) Working Capital Loans from Canara Bank are secured by hypothecation of raw-materials, work-in-process, finished goods, stores and spares and receivables both present and future and also by a second charge on the immovable properties and other fixed assets of the company.



6. Government of Andhra Pradesh has permitted the company to pay Sales Tax dues of Rs.1,08,61,961/- in installments with interest over a period of 5 years with a moratorium of 2 years starting from September, 2003 and the company had paid Rs.108.61 lacs by the end of the year 2007-08. However, the Government of Andhra Pradesh has not communicated the rate of interest. In view of this, interest for the year and earlier years could not be calculated and provided for on the above said amount.
7. Consequent to the introduction of VAT from 01.04.2005, the Tax Holiday, being the sales tax incentive, against expanded capacity, has been converted into Deferment and the Company got entitlement to defer tax collections up to Rs.1590.43 lacs over a period of ten years effective 01.04.2005 and repayable after fourteen years from the end of the relevant financial year.

Pursuant to the above during the year the Company had deferred an amount of Rs.198.82 lacs (previous year Rs.591.70 lacs) and shown under Deferred Sales Tax.

Due dates for repayment are given below.

<u>Due date</u>	<u>Amount (Rs. in lacs)</u>
01.04.2020	308.18
01.04.2021	491.73
01.04.2022	591.70
01.04.2023	198.82

8. In the year 2007-08 Company paid Rs.1.47 crores to the land owners in the vicinity of the factory for surrendering their Pattadar pass Books for acres 98 and 15 guntas to the Revenue authorities, Government of A.P. to facilitate granting the lease rights in favour of the company, over the said surrendered lands for lime stone mining. Company's application for lease rights in this regard is under process. The said amount of Rs.1.47 crores shown as advance for mining lease rights.
9. Upfront lease amount of Rs.18,00,000/- paid to Karnataka Forest Dept. towards Wind mill land lease is amortised over the lease period of 30 years. Accordingly Rs.45,000/- for the current year is amortised (up to Previous year Rs.75,000/-).
10. During the year the company made political contribution of Rs.20,000 to Communist party of India (CPI) and debited to P & L a/c.
11. Hitherto the Company provided gratuity liability on estimated basis in accordance with payment of gratuity act, Similarly liability towards leave encashment was also provided on an estimated basis. During the year Company got both the liabilities actuarially valued and the expenditure is recognised on the basis of the valuation Certificate issued by an actuary. Consequent this the gratuity and leave encashment expenditure has come down by Rs. 11,85,284 and the profit gone up by Rs. 11,85,284

12. Managerial remuneration:

	<b>Current Year</b>	Previous Year
	<b>Rupees</b>	Rupees
i) Managing Director Remuneration	5,40,000	9,00,000
Perquisites	3,43,523	1,10,266
ii) Executive Chairman: perquisites	3,32,396	4,78,710

13. Additional information as required under Part II of Schedule VI to the Companies Act, 1956.

	<b>As at 31.03.2009</b>	<b>As at 31.03.2009</b>	As at 30.06.2008	As at 30.06.2007
	<b>Cement Division</b>	<b>Wind Mill</b>	Cement Division	Wind Mill
a) Licensed & Installed Capacity (As certified by the Managing Director this being the Technical matter not verified by the auditors.)	<b>2,97,000 (TPA)</b>	<b>1.5 (MW)</b>	2,97,000 (TPA)	1.5 (MW)

b) i) Production, Opening Stock, Closing Stock of Cement:

	<b>Current year</b>	Previous year
	<b>Quantity</b>	Quantity
	<b>M.T.</b>	M.T.
Production	<b>2,34,378</b>	3,59,613
Opening Stock	<b>564</b>	98
Closing Stock	<b>80</b>	564



	Current year		Previous year	
	Quantity M.T.	Value in Rupees	Quantity M.T.	Value in Rupees
ii) Turnover:				
Clinker	5,809	1,69,13,708	53,169	13,56,16,695
Cement	* 2,34,856	72,92,49,315	3,59,139	107,12,70,656
Wind Mill	24,99,271	84,90,993	20,83,749	70,79,785
		(Kwh)		(Kwh)

\*(Including internal consumption of 4,495 MT's and excluding samples of 6 MT's)  
(Previous year internal consumption of 525 MT's and excluding samples of 8 MT's)

c) Details of Raw materials consumed:

	Qty. M.T.	Rs	Qty M.T.	Rs.
i) Limestone	3,03,735	3,22,82,407	5,08,756	4,73,11,727
ii) Clay	12,892	7,33,621	37,513	18,90,607
iii) Gypsum	7,666	1,11,67,534	15,290	1,88,59,707
iv) Fly Ash	9,160	48,52,750	9,621	45,30,200
v) Laterite	3,158	7,24,171	14,464	32,02,072
vi) Iron ore	1,899	9,51,988	-	-
Total:		<u>5,07,12,471</u>		<u>7,57,94,313</u>

d) Value of Materials and spares consumed:

	Current year (9 Months) Value Rs.	%	Previous year (15 Months) Value Rs.	%
i. Raw Materials:				
Indigenous	5,07,12,471	100	7,57,94,313	100
ii. Stores & spares				
Indigenous	2,35,08,865	100	2,84,34,717	100
iii. Packing Material				
Indigenous	2,76,77,441	100	4,29,40,240	100

e) Foreign Exchange Earnings and Expenditure:

	Current Year Rs.in lacs	Previous Year Rs.in lacs
i) Value of Imports calculated on CIF basis		
Project equipment	328.67	30.96
ii) Expenditure in foreign currency on account of Travelling	-	20.69

14. Segment Reporting:

	Cement Division		Wind Mill		Consolidated Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Primary Disclosures:						
External Sales	7461.63	12068.87	84.91	70.80	7546.54	12139.67
Inter-segment Sales	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	7501.98	12223.51	84.91	70.80	7586.89	12294.31
Segment Result:	1477.11	3344.28	84.91	70.80	1562.02	3415.08
Less : Interest Expenses	23.16	10.89	0.00	14.87	23.16	25.76
Add : Interest Received	40.35	154.64	0.00	0.00	40.35	154.64
Less : Income Taxes	557.28	1271.89	0.00	0.00	557.28	1271.89
Profit	937.02	2216.14	84.91	55.93	1021.93	2272.07
Segment Assets	9899.00	8329.36	903.18	970.25	10802.18	9299.61
Total Assets	9899.00	8329.36	903.18	970.25	10802.18	9299.61
Segment Liabilities	10802.18	9299.61	0.00	0.00	10802.18	9299.61
Total Liabilities	10802.18	9299.61	0.00	0.00	10802.18	9299.61
Depreciation	119.95	205.09	35.97	36.55	155.92	241.64
Non cash expenses other than Depreciation	0.00	0.00	0.00	0.00	0.00	0.00



15. AS -18 Related party disclosures:

Related party disclosures as required by AS-18 are given below:

i) Particulars of Associate Companies :

<b>Name of the Related Party</b>	<b>Nature of Relationship</b>
a. Hyderabad Flextech Limited	Associate Companies
b. Hyderabad Bottling co.Ltd	
c. Triveni Capital Leasing & Investments Pvt Limited	

ii) Key Management Personnel

Mrs. J. Triveni : Managing Director

iii) Mr. J. S. Krishna Murthy : Relative of key management personnel

iv) Transaction with Associate Companies

	<b>During Current Year</b> (Rs.in lacs)	During Previous year (Rs in lacs)	<b>Receivable (Payable)</b> as on 31.03.09 (Rs in lacs)	Receivable ( Payable) as on 30.06.08 (Rs in lacs)
a) Reimbursement of Expenses	<b>35.93</b>	9.74	<b>45.67</b>	9.74
b) Advance for Expenses	<b>1.49</b>	8.55	<b>25.03</b>	23.54
c) Inter Corporate Deposits	—	1.92	<b>(2.54)</b>	(2.54)

v) Details of transactions relating to person to in item (ii) & (iii) above

	<b>Current Year</b> Rs in lacs	Previous year Rs in lacs
a) Remuneration	<b>5.40</b>	9.00
Contribution to PF	<b>0.65</b>	1.08
Other perquisites	<b>3.44</b>	1.10
b) Other perquisites	<b>3.32</b>	4.79



16. Earning per share: AS - 20

Particulars	Current year (Rs. in lacs)	Previous year (Rs. in lacs)
Net Profit after tax (A)	<b>1021.93</b>	2272.07
No. of Shares including un-allotted		
Share application money (B)	<b>1,17,95,150</b>	1,17,95,150
Basic & Diluted earning per share of Rs.10 each (A)/(B)	<b>8.66</b>	19.26

17. Deferred Tax:

In accordance with accounting standard 22, "Accounting for Taxes on Income Tax" issued by the Institute of Chartered Accountants of India, the company worked out taxes on income resulting deferred tax liability of Rs.492.02 lacs as at 31.03.2009. The components of deferred tax assets and deferred tax liabilities are as follows.

	As at 31.03.2009 (Rs. in lacs)	As at 30.06.2008 (Rs. in lacs)
a. Deferred Tax Liability:		
Depreciation	<b>1466.38</b>	1541.75
b. Deferred Tax Asset related to disallowance U/S 43 B of IT Act' 1961 and other disallowances	<b>18.85</b>	124.83
Deferred Tax Liability ( Net)	<b><u>492.02</u></b>	<u>1416.92</u>

18. Defined Benefit Scheme in accordance with AS-15 "Employee Benefits" issued by ICAI

As per actuarial valuation as on 31.03.2009 and recognised in financial statements in respect of employee defined benefit scheme.

	Gratuity	Leave encashment
Current Service Cost	1,86,930	1,09,650
Interest Cost on benefit obligation	4,41,834	1,44,735
expected return on plan assets		
Net Actuarial (gain) / loss recognised in the year	(2,72,152)	2,54,342
Net Benefit expense	3,56,612	5,08,727
Actual return on plan assets		
Details of provision for Change in the present value of the defined Benefit obligatin are as follows:		
Opening defined benefit obligation	55,22,930	18,09,191
Interest Cost	4,41,834	1,44,735
Current Services Cost	1,86,930	1,09,650
Benefits paid	(79,378)	(1,40,722)
Actuarial (gains) / losses on obligaitn	(1,67,837)	2,54,342
Closing defined benefit obligation	58,00,164	21,77,146

The Principal assumptions used in determining gratuity and post employment medical benefit

Obligations for the Company's plans are shown below :

Assumptions	%	%
Salaryrise	5	5
Discount Rate	8	8
Attrition Rate	1	1
AV Balance Service	17.86 yrs	



19. The Company has extended Unsecured loan of
- (i) Rs. 25.03 lacs to M/s. Hyderabad Bottling Company Limited (HBCL), in which some of the directors are interested to meet its statutory liabilities keeping in view that HBCL has invested an amount of Rs. 770.10 lacs in the 9% redeemable preference shares issued by the Company in the Year 2000-01 and 2001-02 and which the Company has not been able to pay any dividend so far, besides HBCL has also given a Corporate guarantee for the borrowings made by the Company from time to time and on which no guarantee fee paid and
  - ii) Rs. 45.67 lacs to M/s. Hyderabad Flextech Limited (HFL) to Carryout repairs to the Premises rented to the Company and also to carryout emergency repairs to the Plant and Machinery of HFL to keep in operation keeping in view the proposed merger of HFL with the Company.
20. Previous year figures have been regrouped wherever necessary.

Per our report of even date  
For K.S. Rao & Co.  
Chartered Accountants

(P. Govardhana Reddy)  
Partner

Place: Hyderabad  
Date: 31st August, 2009.

Signatures to Schedule 'A' to 'L'  
For and on behalf of the Board

J.S.Rao  
Director

J. Triveni  
Managing Director



Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No  -  -  State Code :

Balancesheet Date  -  -

II. Capital raised during the year (Amount in Rs. lacs )

Public Issue  Rights Issue :

Bonus issue  Preferential Allotment

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. in lacs)

Total Liabilities :  ●  Total Assets :  ●

Sources of Funds

Application of Funds

Paid-up Capital  ●  Net Fixed Assets  ●

Share Appl.Deposit  ●

Reserves & Surplus  ●  Net Current Assets  ●

Secured Loans  ●  Misc. Expenditure

Unsecured Loans  ●  Accumulated Losses

Deferred Tax Liability  ●

IV. Performance of Company (Amount in Rs. lacs)

Turnover  ●  Total Expenditure  ●

Profit before tax  ●  Profit after tax  ●

Earning pershare (Rs.)  ●  Dividend rate

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

1. Item Code No. (ITC co de)

Product description

2. Item Code No.(ITC code)

Product description



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009**

	Year ended (9 months) 31 <sup>st</sup> March 2009	(Rs. In lacs) Year Ended (15 months) 30 <sup>th</sup> June 2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Extraordinary Items	1021.93	2272.07
Adjustments for:		
Depreciation	155.92	241.64
Deffered Tax	10.40	287.25
Interest	23.16	25.76
Interest Earned	<u>(35.54)</u>	<u>(137.37)</u>
Operating Profit before working capital changes	1175.87	2689.35
Changes in working capital:		
Inventories	74.18	(138.50)
Trade and other receivables	(252.10)	(1235.18)
Trade and other payables	899.40	1082.08
Cash generated from operations	<u>1897.35</u>	<u>2397.75</u>
Interest paid	(23.16)	(25.76)
Cash Flow before Extraordinary items	<u>1874.19</u>	<u>2371.99</u>
Extraordinary items	0.00	0.00
Net Cash Flow from Operating Activity (A)	<b>1874.19</b>	2371.99
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest received	43.49	127.21
Purchase of Fixed Assets	(0.71)	(1218.60)
Capital Work in progress	(2324.02)	(1012.02)
Advance for Capital Goods	<u>(498.33)</u>	<u>(991.14)</u>
Net Cash used in Investing Activities (B)	<b>(2779.57)</b>	(3094.55)
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Increase in Un-Secured Loans	198.83	589.78
Repayment of Loans	<u>(557.99)</u>	<u>554.55</u>
Net Cash used in Financing Activities (C)	<b>(359.16)</b>	1144.33
<b>D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		
Cash and Cash Equivalents as at the commencement of the year	(1264.54)	421.77
Cash and Cash Equivalents as at the close of the year	1451.90	1030.13
	187.36	1451.90

Per our report of even date  
For K.S. Rao & Co.  
Chartered Accountants

For and on behalf of the Board

(P. Govardhana Reddy)  
Partner  
Place: Hyderabad  
Date: 31st August, 2009.

J.S.Rao  
Director

J. Triveni  
Managing Director



# KEERTHI INDUSTRIES LIMITED

Regd. Office & Factory : Mellacheruvu (Village & Mandal), Nalgonda Dist. A.P. – 508 246

## PROXY FORM

I/We.....  
 in the District of .....  
 being a member (s) of the above named Company, hereby appoint Mr. & Mrs.....  
 .....of..... in the  
 District of ..... as my/our proxy to attend and vote for me / us on  
 my/our behalf at the Twenty Sixth Annual General Meeting of the Company to be held  
 on Tuesday, the 29th day of September, 2009 at 11.45 A.M. at the registered office of the  
 company at Mella Cheruvu (Village & Mandal) Nalgonda Dist. A.P. 508 246. and at any  
 adjournment(s) thereof.

Signature : .....

Date : ..... Folio No. ....

Affix Revenue Stamp of Re. 1.00
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Note: The Proxy form duly completed must be deposited at Registered Office of the company notlessthan 48 hours before the time for holding the meeting. AProxy need not be a memeber

# KEERTHI INDUSTRIES LIMITED

Regd. Office & Factory : Mellacheruvu (Village & Mandal), Nalgonda Dist. A.P. – 508 246

## ATTENDANCE SLIP

Please Complete This Attendance Slip And Hand It Over At The Entrance Of The Meeting Hall Joint Share Holders May Obtain Additional Attendance Slips On Request.

Name & Address of the Shareholder ..... Folio No.....

.....  
 .....

I hereby record my presence at the 26th Annual General Meeting of the Company to be held at the Regd.Office & Factory : Mellacheruvu (Village & Mandal), Nalgonda Dist. A.P. – 508 246 at 11.45 A.M on 29th day of September, 2009.

.....  
 Signature of the Shareholder or Proxy

TEAR HERE

**PRINTED MATTER  
BOOK POST**

If un delivered, please return to :

**KEERTHI INDUSTRIES LIMITED**

Admin. Office : Plot No.40, IDA Balanagar,  
Hyderabad - 500 037.