
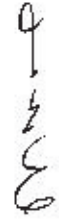
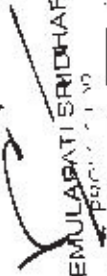




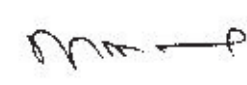
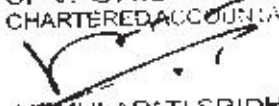

# FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	SRI KPR INDUSTRIES LIMITED
2.	Annual financial statements for the year ended	31st March 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N.A.
5.	To be signed by:	
	• CEO / Managing Director	
	• CFO	
	• Auditor of the company	<p>FOR V. SRIDHAR &amp; CO. CHARTERED ACCOUNTANTS</p>  <p>VEMULAPATI SRIDHAR Partner</p>
	• Audit Committee Chairman	

**FORM B**

**Format of covering letter of the annual audit report to be filed with the stock exchanges**

1.	Name of the Company:	SRI KPR INDUSTRIES LIMITED
2.	Annual financial statements for the year ended	31st March 2014
3.	Type of Audit qualification	Un-qualified
4.	Frequency of qualification	
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	Nil
6.	Additional comments from the board/audit committee chair:	Nil
7.	To be signed by:	
	• CEO/Managing Director	
	• CFO	
	• Auditor of the company	 For V. SRIDHAR & Co. CHARTERED ACCOUNTANTS VEMULAPATI SRIDHAR PROPRIETOR
	• Audit Committee Chairman	



**SRI KPR INDUSTRIES LIMITED**



**26<sup>th</sup>  
Annual Report  
2013-2014**



**CORPORATE INFORMATION**

**BOARD OF DIRECTORS**

(As on July 30, 2014)

Mr. Kishan Reddy Nalla  
Mr. Raja Reddy Gaddam  
Mr. Srinath Reddy Nalla  
Mr. Krishna Prasad Srinivas  
Mr. Naveen Chandra Thammishetty  
Mr. Jagadeeshwar Reddy Prodduturi  
Mr. Bhoopal Reddy Aleti  
Mr. Vineel Reddy Nalla  
Mrs. Vinitha Reddy Nalla

**REGISTERED OFFICE**

5<sup>th</sup> Floor, KPR House, Sardar Patel Road,  
Secunderabad 500 003, Telangana, India

**AUDITORS**

M/s. V. Sridhar & Co.,  
Chartered Accountants  
Hyderabad

**BANKERS**

State Bank of India,  
Commercial Branch, Koti, Hyderabad

State Bank of Hyderabad,  
Commercial Branch, Secunderabad



**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 26<sup>th</sup> Annual General Meeting of **SRI KPR INDUSTRIES LIMITED** will be held on Tuesday, the 30<sup>th</sup> day of September, 2014 at 10.00 A.M. at Nagarjuna Community Hall, Nagarjuna Nagar, Yellareddyguda, Ameerpet, Hyderabad 500 073, to transact following business:

**ORDINARY BUSINESS:**

1. To consider and adopt the audited Balance Sheet of the Company for the financial year ended March 31, 2014, along with the Statement of Profit and Loss and Cash Flow Statement for the period along with the reports of auditors' and directors thereon.
2. To declare dividend for the year ended March 31, 2014.
3. To appoint Director in the place of Mr. Srinath Reddy Nalla, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Director in the place of Mr. Raja Reddy Gaddam, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Statutory Auditors and to consider and, if thought fit, to pass the following resolution as Ordinary Resolution:

**"RESOLVED THAT** pursuant to provisions of Sections 139 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder, M/s. V Sridhar & Co, Chartered Accountants, Hyderabad be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of the 26<sup>th</sup> Annual General Meeting till the conclusion of the 27<sup>th</sup> Annual General Meeting of the Company, at such remuneration plus service tax, out of pocket expenses and other expenses etc as agreed and decided by the Board of Directors of the Company in consultation with them."

**SPECIAL BUSINESS**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 Mr. Naveen Chandra Thammishetty (DIN:00052923), a non-executive Director of the Company and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation to hold office up to 30<sup>th</sup> September 2019".

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 Mr. Krishna Prasad Srinivas (DIN:00360198), a non-executive Director of the Company and who has submitted a declaration that he meets the criteria for independence as provided in



Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation to hold office up to 30<sup>th</sup> September 2019".

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 Mr. P. Jagadeeshwar Reddy (DIN:02582809), a non-executive Director of the Company and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation to hold office up to 30<sup>th</sup> September 2019".

9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** in supersession to resolution passed through postal ballot dated 28.09.2013 and pursuant to Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification or re-enactment thereof, for the time being in force, consent of the members be and is hereby accorded authorizing the board of directors (hereinafter referred as "Board" which term shall be deemed to include any committee which the Board may constitute for this purpose) to mortgage and/or create charge in such form or manner at such time and on such terms and conditions as determined by the Board on all or any of the movable and/or immovable properties of the Company both present and future and/ or the undertaking/ s of the Company for securing any loan obtained or to be obtained by the Company in favor of financial institution, Banks, body corporate, firm, person or persons for securing the loan availed by the Company together with interest, cost, charges and such other expenses as stipulated in that behalf and agreed between the board and the lenders."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board be and is hereby authorize to do all such acts, deeds and things, as it may in its absolute discretion deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt, that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient".

**"RESOLVED FURTHER THAT** all actions taken by the Board in connection with any matter referred to contemplated in any of the forgoing resolutions are hereby approved, ratified and confirmed in all respects".

10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** in supersession to resolution passed through postal ballot dated 28.09.2013 and pursuant to Section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification or re-enactment thereof, for the time being in force, consent of the members be and is hereby accorded



authorizing the board of directors (hereinafter referred as "Board" which term shall be deemed to include any committee which the Board may constitute for this purpose) to borrow from time to time all such sums of monies from any financial institution, banks, body corporate, firm, person or persons as it may deem requisite for the purpose of the business of the company notwithstanding that the moneys to be borrowed together with moneys already borrowed by the company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the company and its free reserves (i.e. reserves not set apart for any specific purpose) provided that the total amount upto which moneys may be borrowed by the board of directors shall not exceed a sum of Rs. 300 Crores at any time."

11. To consider and if thought fit to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to provisions of Section 148 and other applicable provisions of Companies Act, 2013 and Companies (Audit & Auditors) Rules, 2014 including any statutory modification or re-enactment thereof for the time being in force M/s N.S.V. Krishna Rao & Co., Cost Accountants appointed by and are hereby appointed as Cost Auditors to conduct the audit of cost records of the Company for the financial year ending March 31, 2015 be paid a remuneration plus out of pocket expenses at actual as may be decided by the Managing Director in consultation with them.

**"RESOLVED FURTHER THAT** the board of directors of the Company be and are hereby authorized to do all such acts, matters, deeds and things as may be necessary to give effect to above resolution."

12. To consider and if thought fit to pass with or without modifications, the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) consent of the Members be and is hereby accorded to alter/amend the Article of Association in the following manner :

i) To insert the following in place of Article 1 :

The regulations contained in Table F of Schedule I of the Companies Act 2013, shall apply to the Company in so far as they are not inconsistent with or repugnant to any of the regulations contained in the Articles of Association of the Company".

**By the Order of the Board  
FOR SRI KPR INDUSTRIES LIMITED**

Sd/-  
**Kishan Reddy Nalla**  
**Managing Director**

Place: Secunderabad  
Date: 30.07.2014



## NOTES

1. A member eligible to attend and to vote at the meeting is entitled to appoint a proxy and such proxy need not be a member of the company.
2. Proxies in order to be effective must be deposited by the company, not less than 48 hours before the commencement of the meeting
3. The Register of Members and Share Transfer books of the Company will remain closed from 23.09.2014 to 30.09.2014 (both days inclusive) for determining the names of members eligible for dividend on equity shares, if declared at the meeting.
4. Members are requested to bring their copies of Annual Report to the meeting along with original attendance slips duly filled.
5. Members are requested to notify immediately any change of address or bank mandates to their Depository Participants (DPs) in respect of their holdings in electronic form and to the Registrars of the Company i.e. Karvy Computershare Private Limited, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081 in respect of their physical share folios, if any.
6. To avoid entry of un-authorized persons into the meeting premises, the signature of the members shall be verified with the specimen signature recorded with the Company at the entrance of the venue. Inconvenience to members in this regard is highly regretted. The members are advised to carry their folio number with them.
7. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the companies and has issued circular stating that the service of documents/ notices including annual report can be sent by e-mail to its members. To support the same members are requested to register their e-mail addresses with the company.
8. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to Special Business to be transacted at the meeting is annexed hereto.
9. **E-Voting:**  
In compliance with Section 108 of the Companies Act, 2013 and Rule 20 of the Companies Management and Administration Rules 2014, the Company is pleased its shareholders with facility to exercise their right to vote at the 26<sup>th</sup> Annual General Meeting (AGM) by electronic means and the Business may be transacted through e-voting services.

The detailed instructions for E-Voting are given as separate attachment.



**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL RESOLUTIONS  
PUT FORTH BEFORE THE MEMBERS IN THE ANNUAL GENERAL MEETING****ITEM NO. 6, 7&8:**

The Company had, pursuant to the provisions of Clause 49 of the Listing Agreements entered into with the Stock Exchanges appointed Mr. Naveen Chandra Thammishetty, Mr. Krishna Prasad Srinivas and Mr. P. Jagadeeshwar Reddy as Independent Directors at various times, in compliance with the requirements of the said Clause.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 which came into effect from 1st April 2014, every company listed on a stock exchange is required to have at least one-third of the total number of directors as Independent Directors. Further, as per the new regulations an Independent Director shall hold office for a term upto five consecutive years on the Board of a company and is not liable to retire by rotation.

The matter regarding appointment of the above director as Independent Director was placed before the Nomination and Remuneration Committee and the Board, which recommended their appointment as Independent Directors which has approved for appointment of aforesaid director as Independent Director for a period of five years i.e. upto September 30, 2019.

The aforesaid directors have given declarations to the Board that they meet the criteria of independence as provided under Section 149(6) of the Act and Clause 49 of the Listing Agreement with the Stock Exchanges.

A brief profile of the Directors to be appointed is given below.

In the opinion of the Board, the above Directors fulfill the conditions specified in the Act and the Rules made thereunder for appointment as Independent Directors and they are independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV to the Act, the appointment of the above Directors as Independent Directors is now being placed before the Members for their approval.

Except Mr. Naveen Chandra Thammishetty, Mr. Krishna Prasad Srinivas and Mr. P. Jagadeeshwar Reddy none of the other Directors / Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the aforesaid resolution.

**ITEM NO 9&10:**

The Members of the Company through postal Ballot had approved respective resolutions under Section 293(1)(a) and 293(1)(d) of the erstwhile Companies Act, 1956 for mortgaging the properties of the Company in favour of the lenders and also for borrowing amounts up to an aggregate of Rs. 300 Crores for the purpose of business of the Company.



As per the provisions of Section 180 of the Companies Act, 2013, consent of the Shareholders by way of Special Resolution is required to enable the Board of Directors to exercise these powers which enable the Board to borrow, in aggregate amounts, exceeding the paid-up capital and free reserves of the Company and to create charge on movable / immovable properties of the Company in favor of the lenders.

Further, the Ministry of Corporate Affairs vide their Circular No. 4 dated 25.03.2014 had clarified that all such resolutions passed under earlier Sections 293(1)(a) and 293(1)(d) of the erstwhile Companies Act, 1956 are valid and effective only for a period of one year i.e., up to 11.09.2014. Any such mortgages and borrowings after this date would require a fresh prior approval of the Shareholders under Section 180 of the Companies Act, 2013 through a Special Resolution. It is imperative that such an authority is required to be delegated to the Board of Directors or its Committee for carrying on the business of the Company in the ordinary course and also to cater to the proposed expansions / diversifications. Hence the resolution continuing the earlier sanctioned limits of Rs. 300 crores.

Accordingly, Board of Directors of the Company has proposed for passing of aforesaid resolution for approval of members.

None of the Directors and/or Key Managerial Personnel of the Company and/or their relatives is concerned or interested, financially or otherwise, in the resolution except to the extent of their shareholding.

#### **ITEM NO 11:**

The Board has approved for appointment of M/s N.S.V. Krishna Rao & Co., Cost Accountants as the cost auditors of the Company audit of the cost records of the company for the financial year ended 31.03.2015 and authorized the Managing Director to finalize their remuneration.

According to provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 the appointment of and remuneration payable to, the cost auditors has to be ratified by the members of the Company.

Accordingly consent of the members is sought for passing of Ordinary Resolution as set out at Item No 11 of the notice for ratification of the remuneration payable to cost auditors for the financial year ended March 31, 2015.

The Board recommends the aforesaid resolution for your approval.

None of the Directors / key managerial personnel and their relatives are interested in the aforesaid resolution except to the extent of their shareholding.



**ITEM NO 12:**

Table A of the erstwhile Companies Act, 1956, prescribes a standard and uniform set of regulations to be followed by every public limited Company. It is common practice for all such companies to adopt "Table A" regulations, except those that are not inconsistent or repugnant to their own set of Articles of Association.

The New Companies Act, 2013 is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction/confirmation of the National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66), compromises, arrangements and amalgamation (Chapter XV), prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, inter alia, relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). However substantive sections of the Act which deal with the general working of Companies stand notified.

Since the Companies Act, 2013 has been notified and became effective, a new "Table F" has been prescribed in place of "Table A" of erstwhile Companies Act, 1956. Your Company intends to adopt this New Table F, except in so far as they are not inconsistent with or repugnant to any of the regulations contained in the Articles of Association of the Company.

Pursuant to provisions of Section 14 of the Companies Act, 2013, consent of the members is required by way of Special Resolution for alteration of Articles of Association.

The Board recommends the aforesaid resolution for your approval.

None of the Directors / key managerial personnel and their relatives are interested in the aforesaid resolution except to the extent of their shareholding.

**By the Order of the Board  
FOR SRI KPR INDUSTRIES LIMITED**

Sd/-

**Kishan Reddy Nalla  
Managing Director**

Place: Secunderabad

Date: 30-07-2014



**INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT  
REGARDING APPOINTMENT OF DIRECTORS**

1.	PARTICULARS	INFORMATION
	Name of the Director	Nalla Srinath Reddy
	Date of Birth	14.05.1966
	Date of Appointment	29.09.2001
	Qualification	M.B.A
	Job Profile & Responsibilities	Marketing & General Administration
	Directorships in other Companies as on 31.03.2014	1. Sri KPR Infra & Projects Limited 2. Sri KPR Renewable Energy Limited
	No of Shares held in the Company	1058622

2.	PARTICULARS	INFORMATION
	Name of the Director	Gaddam Raja Reddy
	Date of Birth	05.05.1941
	Date of Appointment	29.12.2000
	Qualification	HSC
	Job Profile & Responsibilities	Finance and General Administration
	Directorships in other Companies as on 31.03.2014	1. Sri KPR Infra & Projects Limited 2. Sri KPR Renewable Energy Limited
	No of Shares held in the Company	1483310

**INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT  
REGARDING APPOINTMENT OF INDEPENDENT DIRECTORS**

1.	PARTICULARS	INFORMATION
	Name of the Director	Srinivas Krishna Prasad
	Date of Birth	27.07.1950
	Date of Appointment	15.06.2001
	Qualification	M.Sc Physics
	Job Profile & Responsibilities	Independent Director
	Directorships in other Companies as on 31.03.2014	Nil
	No of Shares held in the Company	Nil

2.	PARTICULARS	INFORMATION
	Name of the Director	Naveen Chandra Thammishetty
	Date of Birth	28.11.1960
	Date of Appointment	15.06.2001
	Qualification	Chartered Accountant
	Job Profile & Responsibilities	Independent Director
	Directorships in other Companies as on 31.03.2014	1. Saaketa Consultants Limited. 2. Balaji Amines Limited 3. Chj Securities Private Limited 4. Saaketa Finstock Private Limited 5. Zenith Ternative Energy Ventures Pvt Ltd 6. Saaketa Commodities Pvt Ltd
	No of Shares held in the Company	Nil



3.	PARTICULARS	INFORMATION
	Name of the Director	Jagadeeshwar Reddy Podduturi
	Date of Birth	04.03.1950
	Date of Appointment	01.02.2009
	Qualification	M.Com
	Job Profile & Responsibilities	Independent Director
	Directorships in other Companies as on 31.03.2014	Nil
	No of Shares held in the Company	Nil



**DIRECTORS' REPORT**

To the Members of  
Sri KPR Industries Limited  
Secunderabad

The directors, present herewith the Annual Report of the company together with the Audited Financial Statements (Balance Sheet as on March 31, 2014, Statement of Profit & Loss and the Cash Flow Statement for the period ended as on that date) along with the Reports of the Statutory Auditors.

**FINANCIAL RESULTS**

PARTICULARS	FOR THE YEAR ENDED 31.03.2014 Rs. In Lacs	FOR THE YEAR ENDED 31.03.2013 Rs. In Lacs
Income from Operations	4225.37	3284.77
Other Income	203.88	310.98
<b>Total Income</b>	<b>4429.25</b>	<b>3595.75</b>
Cost of Material Consumed / Purchases and changes in inventory	1964.87	1342.04
Administrative & Other Expenses	1533.36	1400.39
Financial Expenses	170.13	165.87
Depreciation	209.63	154.54
<b>Total Expenses</b>	<b>3877.99</b>	<b>3062.84</b>
Profit before Tax	551.26	532.91
Tax including deferred tax	162.09	91.60
Profit After Tax	389.17	441.31

**OPERATIONS**

Your Company's strength lies in identification, planning, execution and successful implementation of the projects undertaken by it. To strengthen the long-term prospects and ensuring sustainable growth in assets and revenue, it is important for your Company to evaluate various opportunities in the different business verticals in which your Company operates. Your Company continues to explore new opportunities.

Presently the company has interests in pipe manufacturing and power generation. The management feels that power generation has enormous scope and potential in the years to come and accordingly new ventures are being contemplated in this area. In addition to the power generation projects, the company is also exploring new avenues in manufacturing sector. The details of the projects as and when finalized will be put forward / informed to the shareholders.



Your Board of Directors considers the expansions to be in the strategic interest of the Company and believes that this will greatly enhance the long term shareholders' value. In order to fund these projects in their development, expansion and implementation stages, conservation of funds is of vital importance. Accordingly proposal to empower the Board to borrow monies in accordance with the new provisions of Companies Act, 2013 is moved before the shareholders for approval through appropriate resolutions.

### **DIVIDEND**

The company had in the earlier year declared a dividend of 7% on the paid-up of the company and based on the Company's performance, the Directors are pleased to recommend a dividend of 8% amounting to Rs.0.80 ps(eighty paiseonly) per equity share of Rs. 10/- each.

The proposal for payment of dividend if approved at the ensuing Annual General Meeting will be paid to those members, whose names appear as shareholders of the Company as on 23-09-2014.

### **DIRECTORS**

#### **RETIRING BY ROTATION**

In accordance with Section 152 of the Companies Act, 2013 (Erstwhile Section 256 of the Companies Act, 1956) read with Articles of Association of the Company Mr. Srinath Reddy Nallaand Mr. Raja Reddy Gaddam, directorsretire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

A brief profile of directorsis given in the notice of the Annual General Meeting.

#### **COMMITTEES CONSTITUTED BY THE BOARD OF DIRECTORS**

As provided in the Report on Corporate Governance.

### **AUDITORS**

M/s V. Sridhar & Co, Chartered Accountants, Hyderabad, the Statutory Auditors of the Company retire at the conclusion of ensuing Annual General Meeting and are eligible for appointment.

They have confirmed their eligibility and willingness to accept office of the statutory auditors, if appointed.



**DIRECTORS' RESPONSIBILITY STATEMENTS IN ACCORDANCE WITH PROVISIONS OF SECTION 217 (2AA)**

In compliance with the provisions of sec. 217(2AA) of the Companies Act, 1956, the directors confirm that:

- a. The accounting standards to the extent applicable to the company have been followed in the preparation of the annual accounts. There are no material departures there-from.
- b. The accounting policies selected by the Board for the purpose of preparation and presentation of the financial statements have been and are being applied consistently and reasonable and prudent the judgments and estimates (wherever applicable) have been made, for the said purpose, so as to give a true and fair view of the affairs of the company as at end of the financial year under review and of the profit for the said year.
- c. Proper and sufficient care has been taken 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.
- d. The annual accounts have been prepared on going concern basis.

**CORPORATE GOVERNANCE**

The Company continues to strive towards highest standards of Corporate Governance while interacting with all the stakeholders.

The report of Board of Directors of the Company on Corporate Governance is given as a separate section titled as "Report on Corporate Governance 2013 - 14" which forms part of this Annual Report.

The requisite Certificate of the Statutory Auditors of the Company regarding compliance with the Corporate Governance requirements, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, is annexed to the Corporate Governance Report.

**SUBSIDIARY COMPANIES**

The details of subsidiary companies are as follows:

1. Sri KPR Infra & Projects Limited (a Wholly owned subsidiary).
2. Sri KPR Renewable Energy Limited (a step down Wholly owned subsidiary of Sri KPR Infra & Projects Ltd).

Pursuant to the provision of Section 212(8) of the Companies Act, 1956, the Ministry of Corporate Affairs (MCA), Government of India, New Delhi vide its Circular No.2/2011 dated: 08.02.2011 has granted general exemption from attaching the Balance sheet, Statement of profit and loss and other documents of the subsidiary companies with the Balance sheet of the holding Company.



A statement containing the brief financial details of the Company's subsidiaries for the financial year ended March 31, 2014 is provided as Annexure and forms part of this report. Accordingly, this Annual report does not contain the reports and other statements of the subsidiary companies. Any member intends to have a certified copy of the Balance Sheet and other financial statements of these subsidiaries may write to the Company. These documents are available for inspection during business hours at the registered office of the company and also at the registered offices of the respective subsidiary companies.

#### **PUBLIC DEPOSITS**

During the year under review, the Company has not accepted any deposits within the meaning of Sec. 58A of the Companies Act, 1956 and the rules made there under.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO [Sec. 217(1)(e)]**

The particulars prescribed under the provision of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is provided in annexure and the same forms part of the annual report.

#### **PARTICULARS OF EMPLOYEES [Sec. 217(2A)]**

There are no employees on the rolls of the company whose particulars are required to be disclosed in the report of the Directors pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended from time to time.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management discussion & analysis report for the year under review is provided separately and the same forms part of the annual report.

#### **ACKNOWLEDGEMENTS**

The Board of Directors wish to place on record their sincere appreciation and acknowledge with gratitude the support extended to the company by the bankers, State Bank of India, Commercial Branch, Hyderabad, the shareholders, the employees and look forward for their continued support and cooperation.

**By the Order of the Board  
FOR SRI KPR INDUSTRIES LIMITED**

Sd/-  
**Kishan Reddy Nalla**  
Managing Director

**Srinath Reddy Nalla**  
Director

Place: Secunderabad  
Date: 30.07.2014



**ANNEXURE TO DIRECTORS' REPORT  
YEAR ENDED 31.03.2014**

Form of Disclosure of Particulars with respect to Consumption & Generation of Energy

Power and Fuel	Current Year 31.03.2014	Previous Year 31.03.2013
Conservation of Energy		
<i>A) Electricity</i>		
Units Purchased	1311940	984792
Total cost (Rupees)	10358594	6483617
Rate per unit (Rupees)	7.90	6.58
<i>B) Diesel Generator Set</i>		
Units Generated	140430	130320
Total cost (Rupees)	2301903	2730204
Rate per unit (Rupees)	16.39	20.95

**FOREIGN EXCHANGE EARNINGS & OUTGO**

Particulars	Current Year 31.03.2014	Previous Year 31.03.2013
Earnings	Nil	Nil
Outgo-Towards import of raw material		
In US \$	11,66,452	14,93,540
In Indian Rupees	6,98,42,872	8,30,24,141



ANNEXURE TO DIRECTORS' REPORT  
YEAR ENDED 31.03.2014

**REPORT ON CORPORATE GOVERNANCE**  
**CORPORATE GOVERNANCE PHILOSOPHY**

Sri KPR Industries Ltd is committed to good corporate governance. The company has always focused on good corporate governance, which is a key driver of sustainable corporate growth and powerful medium to serve the long term value creation. Corporate governance strengthens investor's trust and ensures a long term partnership, and protects the interest of other stakeholders by way of transparency, accuracy and accountability.

**BOARD OF DIRECTORS**

**A. COMPOSITION OF BOARD**

In terms of the norms provided in Clause 49 of the Listing Agreement, the Chairman of the Company being a non executive director, at least 1/3rd of the board of directors is required to consist of independent directors.

The composition of the Board of Directors (as at 30-07-2014) and other details required in this regard are as under.

Sl. No	Name of Director	Category	No of Other Directorships	Membership in Other committees
1.	Sri. N. Kishan Reddy	Managing Director	3	1
2.	Sri. A. Bhoopal Reddy	Whole time Director	2	
3.	Sri. N. Srinath Reddy	Whole Time Director	2	0
3.	Sri G. Raja Reddy	Whole time Director	2	1
4.	Sri. T. Naveena Chandra	Independent Non - Executive Director	6	3
5.	Sri S. Krishna Prasad	Chairman Independent Non - Executive Director.	0	3
6.	Sri. P. Jagadheeswar Reddy	Independent Non-Executive Director	0	3
7.	Sri NallaVineel Reddy	Director	3	0
8.	Smt. Vinitha Reddy Nalla	Director	1	0



Note:

- a. An Independent Director is a director who apart from receiving directors remuneration, does not have any material pecuniary relationship or transactions with the company, its promoters or its management or its subsidiaries, which in the judgment may affect their independence of judgment.
- b. Number of directorships include directorships held in public limited companies and subsidiaries of public limited companies and including directorships held in private limited companies

#### **B. ATTENDANCE OF DIRECTORS AT BOARD MEETING AND ANNUAL GENERAL MEETINGS**

The Board of Directors of the company met 4 (Four) times during financial year on 30.05.2013; 30.07.2013; 13.11.2013 and 13.02.2014.

#### **DIRECTORS ATTENDANCE IN BOARD AND ANNUAL GENERAL MEETING**

Name of the Director	No of Board Meetings held	No of Board Meetings Attended	Attendance at last AGM
Sri.N.Kishan Reddy	4	4	Yes
Sri. A. Bhoopal Reddy	4	2	Yes
Sri.G.Raja Reddy	4	4	Yes
Sri.N.Srinath Reddy	4	4	Yes
Sri.T.Naveena Chandra	4	1	Yes
Sri.S.Krishna Prasad	4	1	Yes
Sri.P.Jagadheeswar Reddy	4	4	Yes
Sri. N. Vineel Reddy	4	1	Yes
Smt. N. Vinitha Reddy	4	2	Yes



**REMUNERATION OF DIRECTORS**

Details of Remuneration paid/payable to directors

Director	Relationship with other directors	Loans availed	Sitting Fees	Salary	Commission	Total
Sri.N.Kishan Reddy	Father-In-Law to Sri. N. Srinath Reddy	Nil	Nil	24,00,000	Nil	24,00,000
Sri.G.Raja Reddy	None	Nil	Nil	12,00,000	Nil	12,00,000
Sri. A. Bhoopal Reddy	None	Nil	Nil	12,00,000	Nil	12,00,000
Sri. N. Srinath Reddy	Son-In-Law to Sri. N. Kishan Reddy	Nil	Nil	12,00,000	Nil	12,00,000
Sri.T.Naveena Chandra	None	Nil	Nil	Nil	Nil	Nil
Sri.S.Krishna Prasad	None	Nil	Nil	Nil	Nil	Nil
Sri. N. Vineel Reddy	Son to Sri.N.Kishan Reddy	Nil	Nil	Nil	Nil	Nil
Smt. N. Vinitha Reddy	Daughter to Sri.N.Kishan Reddy	Nil	Nil	Nil	Nil	Nil
Sri.P.Jagadheeswar Reddy	None	Nil	Nil	Nil	Nil	Nil

**AUDIT COMMITTEE**

The committee met 4 times during the year 2013-14 on the following dates 30.05.2013; 30.07.2013; 13.11.2013 and 13.02.2014.

The constitution of the committee and the attendance of each member of the said committee are as under:

NAME OF THE DIRECTOR	DESIGNATION	NO OF MEETINGS HELD	NO OF MEETINGS ATTENDED
T.Naveen Chandra	Chairman	4	4
G. Raja Reddy	Member	4	4
S. Krishna Prasad	Member	4	4

The audit committee shall have following powers:

1. To investigate any activity within its term of reference.
2. To seek information from any employee.
3. To obtain legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise as considered necessary.



The terms of reference of the Audit Committee include the following:

1. To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board.
2. To oversee the financial reporting process and disclosure of financial information and to ensure that the financial statements are correct, sufficient and credible.
3. To hold periodic discussions with the statutory auditors and internal auditors of the company concerning the accounts of the company, internal control systems, scope of audit and observations of the auditors/internal auditors.
4. To make recommendations to the Board on any matter relating to the financial management of the company, including the audit report.
5. To recommend the appointment and removal of internal and external auditors, fixation of audit fee and also approval of fee for any other services by the auditors.
6. To investigate into any matter in relation to items specified in section 292A of the Company Act, 1956 or as may be referred to it by the Board and for this purpose to seek any relevant information contained in the records of the company and also seek external professional advice where considered necessary.
7. To review the functioning of the whistle-blower mechanism.
8. Discussion with statutory auditors about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.

#### **NOMINATION AND REMUNERATION COMMITTEE:**

In terms of Section 178(1) the company has renamed the Remunerations Committee as Nomination and Remuneration Committee (NRC)

The constitution of the committee and the attendance of each member of the said committee are as under:

The committee met 2 times during the year 2013-14 on the following dates 30.07.2013 and 13.02.2014.

NAME OF THE DIRECTOR	DESIGNATION	NO OF MEETINGS HELD	NO OF MEETINGS ATTENDED
T.Naveen Chandra	Chairman	2	2
G. Raja Reddy	Member	2	2
S. Krishna Prasad	Member	2	2



**Terms of Reference**

The Committee shall identify persons who are qualified to become directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.

The Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

While formulating this policy, the NRC shall ensure that –

- (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

**STAKEHOLDERS RELATIONSHIP COMMITTEE:**

In terms of Section 178(5) the company has renamed the Shareholder's / Investors Grievance Committee as Stakeholders Relationship Committee (SRC)

The committee met 4 times during the year 2013-14 on the following dates 30.05.2013; 30.07.2013; 13.11.2013 and 13.02.2014.

NAME OF THE DIRECTOR	DESIGNATION	NO OF MEETINGS HELD	NO OF MEETINGS ATTENDED
G. Raja Reddy	Chairman	4	4
N. Kishan Reddy	Member	4	4
S. Krishna Prasad	Member	4	4

During the year 2013-14, no complaints were received from Shareholders. There are no pending complaints and transfers as on the date of the report.

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Corporate Social Responsibility (CSR) Committee comprises of Mr. Krishna Prasad (Chairman), Mr. Naveen Chandra and Mr. G. Raja Reddy.



The CSR Committee shall -

- a) Formulate and recommend to the Board, a CSR Policy, which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Act, or as may be prescribed by the Rules thereto;
- b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- c) Monitor the CSR Policy of the Company from time to time

#### **COMPLIANCE OFFICER:**

Ms. V. Padmaja, Company Secretary was acting as compliance officer upto December 31, 2013. Thereafter Mr. N. Siddha Reddy, Chief Finance Officer has been acting as the Compliance officer of the Company.

#### **GENERAL MEETINGS**

The location and time of the Annual General Meetings held during the last 3 years are as under :

AGM	Date	Venue	No of Special Resolutions
23rd	24.09.2011	Nagarjuna Function Hall, Ameerpet	2
24 <sup>th</sup>	29.09.2012	Nagarjuna Function Hall, Ameerpet	Nil
25th	30.09.2013	Nagarjuna Function Hall, Ameerpet	Nil

#### **RESOLUTIONS PASSED BY POSTAL BALLOT**

The following resolutions have been passed through Postal Ballot for the approval of members:

- a. Alteration of Main Objects Clause of Memorandum of Association.
- b. Authorization to the Board of Directors to invest / lend / provide guarantee to it subsidiaries under section 372A of the Companies Act, 1956.
- c. Authorization to the Board of Directors to Borrow money in excess of paid up capital & free reserves 293(1)(d) of the Companies Act, 1956.
- d. Authorization to the Board of Directors to sell, lease, or Otherwise dispose of the assets and create charge on properties of the company under section 293(1) (a) of the Companies Act, 1956.
- e. Re- Appointment and payment of Remuneration to Mr. N Kishan Reddy Nalla, Chairman and Managing Director
- f. Re-Appointment and payment of Remuneration to Mr. G Raja Reddy as Whole Time Director
- g. Re-Appointment and Payment of Remuneration to Mr. N Srinath Reddy as Whole Time Director



**Details of Voting Pattern:**

Item nos.	Particulars	Total no. of Votes Received	Less: No. of invalid votes	Net no. of votes cast in favour of the	No. of votes cast against the resolution
1	Special resolution for alteration of main objects clause of the Memorandum of Association of the Company	14099585	1266	14098218	100
2	Special resolution for making inter corporate loans and guarantees to M/s. Sri KPR Infra and Projects Ltd and Sri. KPR Renewable Energy Ltd(wholly owned subsidiary).	14099585	1266	14098218	100
3	Ordinary resolution authorizing the Board to make borrowings under section 293(1)(d) of the companies Act, 1956 of the sum not exceeding Rs.300 crore	14099585	1266	14098218	100
4	Ordinary resolution for authorizing the Board to exercise the powers of sell/transfer/dispose of the whole or part of the company's undertaking to secure the loans, debentures and other credit facilities together with interest, cost, charges, expenses and any other money payable by the Company up to a sum not exceeding Rs. 300 Crores (Rupees Three Hundred Crores)	14099585	1266	14098218	400
5	Special resolution for re-appointment of Mr. NallaKishan Reddy as Chairman and Managing Director of the Company	14099585	1266	14098218	300



6	Ordinary resolution for re-appointment of Mr. Nalla Srinath Reddy as whole-time director of the Company	14099585	1266	14098218	300
7	Re-appointment of Mr. Gaddam Raja Reddy as whole-time director of the Company	14099585	1266	14098218	300

**Person who conducted the Postal Ballot exercise:**

Mr. N. Kishan Reddy, Chairman and Managing Director and  
Ms. PadmajaVummenthala, Company Secretary

**DISCLOSURES**

- During the year, there were no transaction of material nature that have been entered into by the Company with directors or management and / or their relatives etc. that may have a potential conflict with the interests of the company. The Register of contracts containing transactions in which directors are interested is placed before the Board regularly.
- There were no instances of non-compliance on any matter related to the Capital Markets, during the last three years.
- WHISTLE BLOWER POLICY**  
The Company promotes ethical behaviour in all its businessactivities and has put in place a mechanism of reporting illegal or unethical behaviour. The Company has a whistle blower policy wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor or such other person as may be notified by the management to the workgroups. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

**MEANS OF COMMUNICATION**

The quarterly, half-yearly and annual results of the company are regularly submitted to the stock exchanges wherever the shares of the company are listed and the same are published in leading newspapers.

**GENERAL SHAREHOLDER INFORMATION**

- 26<sup>th</sup> Annual General meeting
  - Date: 30.09.2014
  - Time: 10.00 A.M
  - Venue: Nagarjuna Function Hall, Nagarjuna Nagar, Yellareddyguda.(Backside of Chermas Showroom), Ameerpet, Hyderabad-500073.



- b. **Financial Year** : 1<sup>st</sup> April to 31<sup>st</sup> March  
c. **Book Closure Date**: 23<sup>rd</sup> September to 30<sup>th</sup> September 2014 (both days inclusive)  
d. **Dividend Payment date**: The warrants will be dispatched to the members after 1<sup>st</sup> October, 2014.  
e. **Listing on Stock Exchanges**: BSE Limited  
f. **Stock Code**: The Stock Exchange, Mumbai. - SRIKPRIND(514442).  
g. **Market Price Data - High/ Low during each month of the financial year** - Not actively traded.  
h. **Name and address of the Share transfer agents**:  
Karvy Computershare Pvt Ltd  
Regd Off: "KarvyHouse", 46 Avenue 4, Street No 1, BanjaraHills, Hyderabad - 500034  
Corporate Off: 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081

### Distribution of Shareholding

SHARE OR DEBENTURE HOLDING OF NOMINAL VALUE OF	SHARE/DEBENTURE HOLDERS		SHARE/DEBENTURE AMOUNT	
	Number	% to Total	In Rs.	% to Total
Rs. 10/-				
(1)	(2)	(3)	(4)	(5)
Upto-5,000	5198	90.21	8892600	4.41
5,001	269	4.67	2173640	1.08
10,000				
10,001	139	2.41	2093270	1.04
20,000				
20,001	46	0.80	1173160	0.58
30,000				
30,001	17	0.30	599320	0.30
40,000				
40,001	11	0.19	509720	0.25
50,000				
50,001	26	0.45	1714530	0.85
1,00,000				
1,00,001 and above	56	0.97	184300710	91.48
<b>TOTAL</b>	<b>5762</b>	<b>100.00</b>	<b>201456950</b>	<b>100.00</b>

### j. Dematerialization of shares:

As on 31<sup>st</sup> March, 2014, 16129080 shares being 80.07% of the total number of shares are in dematerialization form.



k. **Share transfer system:**

Share transfer requests are confirmed within prescribed period from the date of receipt. To expedite the share transfer process in the physical segment, authority has been delegated to the Registrar & Share Transfer Agents.

l. **Address for correspondence:**

The company's Registered office is situated at Vth Floor, KPR House, S.P. Road, Secunderabad - 500 003.

**Shareholders' correspondence may be directed to :**

Karvy Computershare Pvt. Ltd,

**Regd Off:** "KarvyHouse", 46 Avenue 4, Street No 1, Banjara Hills, Hyderabad - 500 034.

**Corporate Off:** 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081.



**ANNEXURE TO DIRECTORS' REPORT  
YEAR ENDED 31.03.2014**

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**1. BACKGROUND**

The Management Discussion and Analysis Report sets out the developments in the business environment and the company's performance since our last report. This analysis supplements the Director's Report and the Audited Financial Statements forming part of this Annual Report.

**2. BUSINESS ENVIRONMENT**

Reference may be had to the paragraph titled "History, Operations, and Management Discussion Analysis" in the main body of the Directors' Report.

**3. INTERNAL CONTROL SYSTEMS AND ADEQUACY**

The Company has sound internal control system, which ensures that all the assets are protected against loss from unauthorized use and all the transactions are recorded and reported correctly.

The internal control system is supplemented by an extensive programme of internal audits and reviews by management. The internal control systems are designed to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

Further the reliance of all the internal control functions and its entire gamut of activities are covered by independent audit conducted by separate internal auditors whose findings will be reviewed regularly by the Audit Committee and top management of the Company.

The internal audit is conducted as per the requirement of the Company and the report will be submitted to the Audit committee and to the management. It reviews the policies and procedures followed. The committee reviews the quarterly and half yearly financial results before they are submitted to the Board of Directors.

**4. HUMAN RESOURCE DEVELOPMENT**

Human capital is one of the key elements of your Company. The Company has employed the employees who are highly motivated and have been contributing for the growth of the company. The Company's human resources policies are aimed at motivating its employees to deliver high quality performance and reward talent with adequate compensation and accelerated career growth opportunities. The loyalty and faithfulness exhibited by employees at all levels, sustained and untiring efforts put by them show the motivation and commitment on their part.



## CERTIFICATE OF COMPLIANCE WITH CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement relating to Corporate Governance with the Stock Exchanges, all the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct during the financial Year 2013-14.

**For Sri KPR Industries Ltd**

**Sd/-**

**Kishan Reddy Nalla**  
**Managing Director**

**Srinath Reddy Nalla**  
**Director**

**Place: Secunderabad**  
**Date: 30.07.2014**



**Managing Director and Chief Financial Officer Certification under Clause 49 of the Listing Agreement with the Stock Exchanges**

In relation to the Audited Financial Accounts of the Company as at March 31, 2014, we hereby certify that:

- a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii) 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.
- b) There are to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal and violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee:
  - i) Significant changes in internal control over financial reporting during the year.
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) Instances of significant fraud of which we 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 over financial reporting.

Sd/-  
Kishan Reddy Nalla  
Managing Director

Sd/-  
Siddha Reddy Nandu  
Chief Financial Officer



**Auditors' Report**

To the Members of Sri KPR Industries Limited,  
Secunderabad.

**Report on the Financial Statements**

1. We have audited the accompanying financial statements of Sri KPR Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**2. Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 "the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**3. Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to



the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### 5. Report on Other Legal and Regulatory Requirements

A. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

B. As required by section 227(3) of the Act, 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 purpose 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, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;



- (iv) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For V.Sridhar & Co.  
Chartered Accountants  
FRN No: 006206 S

Vemulapati Sridhar  
Proprietor

ICAI Memb.No:202337  
Secunderabad. June 14, 2014.



**Annexure to the Auditors' Report**

Re: Sri KPR Industries Ltd, Year ended March 31, 2014.

Referred to in paragraph 6A of our report of even date under the heading "Report on other legal and regulatory requirements"

- (i) (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The management during the year at reasonable intervals has physically verified the fixed assets. According to information and explanations given to us no material discrepancies were noticed on such verification.
- (c) The company has not disposed of substantial part of fixed assets during the year.
- (ii) (a) The management has carried out physical verification of inventory during the year. In our opinion the frequency of verification is reasonable.
- (b) The procedures followed by the management for physical verification of inventory are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) The company has maintained proper records of inventory including in respect of traded shares and in our opinion and according to information and explanations no material discrepancies have been noticed on physical verification of the inventories.
- (iii) The company has neither granted nor taken any loans secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system 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 control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.



- (b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time. However there are no transactions exceeding rupees five lakhs in this regard.
- (vi) The company has not accepted deposits within the meaning of section 58A of the Companies Act, 1956.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the records 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 we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However we have not carried out detailed audit of the same.
- (ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues.
- According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty, service tax and cess were in arrears, as at March 31, 2014 for a period of more than six months from the date they became payable.
- (b) The company's appeal in respect of order under section 143(3) of the Income Tax Act, 1961 for the assessment year 2008-09 has been decided in favour of the company by the Hon'ble Commissioner of Income Tax (Appeals), the First Appellate Authority. Hence no amount is payable in respect of the same. However the department has preferred a second appeal before the Hon'ble Income Tax Appellate Tribunal, Hyderabad and the matter is pending. The amount of tax involved in the case is approximately Rs.32.50 lacs.
- (x) The company does not have any accumulated losses.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or banks. The company has not issued any debentures.



- (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 not a chit fund or a *nidhi* / mutual fund / society.
- (xiv) Proper records have been maintained in respect of the transactions in shares and timely entries have been made therein. In respect of the shares/ investments whose transfer has been pending as at the last day of the financial year the entries have been made as soon as the transfer is recorded. These shares and securities are held in the name of the company.
- (xv) The company has not given any guarantee for loans taken by others.
- (xvi) The term loans raised during the year have been applied for the purpose for which the same are obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) The company has not made any preferential allotment during the year.
- (xix) The company has not issued any debentures.
- (xx) The company has not raised any monies from public issue during the year.
- (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 V. Sridhar & Co.,  
Chartered Accountants,  
FRN: 006206S

Vemulapati Sridhar  
Proprietor  
ICAI Membership No. 202337  
Secunderabad. June 14, 2014.



## BALANCE SHEET AS ON MARCH 31, 2014

S.No	Particulars	Note	Rupees	
			As at March 31, 2014	As at March 31, 2013
<b>I</b>	<b><u>EQUITY AND LIABILITIES</u></b>			
	<b>(1) Shareholders' Funds</b>	<b>2</b>	<b>201456950</b>	<b>201456950</b>
	(a) Share Capital	<b>3</b>	<b>53801393</b>	<b>31344510</b>
	(b) Reserves and Surplus		-	-
	(c) Money received against share warrants		-	-
	<b>(2) Share application money pending allotment</b>		-	-
	<b>(3) Non- Current Liabilities</b>	<b>4</b>	<b>45309944</b>	<b>79494180</b>
	(a) Long term borrowings	<b>5</b>	<b>66086342</b>	<b>60775794</b>
	(b) Deferred tax liabilities(net)		-	-
	(c) Other Long Term Borrowings		-	-
	(d) Long-term Provisions		-	-
	<b>(4) Current Liabilities</b>	<b>6</b>	<b>90942056</b>	<b>71606992</b>
	(a) Short-term borrowings	<b>7</b>	<b>106242711</b>	<b>110786979</b>
	(b) Trade payables	<b>8</b>	<b>9200000</b>	<b>9200000</b>
	(c) Other current liabilities	<b>9</b>	<b>27358340</b>	<b>28055442</b>
	(d) Short term provisions		-	-
	<b>Total Equity &amp; Liabilities</b>		<b>600397736</b>	<b>592720847</b>
<b>II</b>	<b><u>ASSETS</u></b>			
	<b>(1) Non current assets</b>			
	(a) Fixed Assets	<b>11</b>	<b>315331978</b>	<b>233913964</b>
	(i) Tangible assets		-	-
	(ii) Intangible assets		<b>1139660</b>	<b>2378865</b>
	(iii) Capital work in progress		-	-
	(iv) Intangible assets under development	<b>10</b>	<b>37959700</b>	<b>37959700</b>
	(b) Non current investments		-	-
	(c) Deferred tax assets (Net)	<b>12</b>	-	-
	(d) Long term loans and advances	<b>13</b>	<b>8930481</b>	<b>8804951</b>
	(e) Other non current assets		-	-
	<b>(2) Current assets</b>	<b>14</b>	<b>7197120</b>	<b>7047180</b>
	(a) Current investments	<b>15</b>	<b>72842439</b>	<b>80725831</b>
	(b) Inventories	<b>16</b>	<b>138816972</b>	<b>119123957</b>
	(c) Trade receivables	<b>17</b>	<b>9308748</b>	<b>78825618</b>
	(d) Cash and cash equivalents	<b>18</b>	<b>8870638</b>	<b>23940781</b>
	(e) Short term loans and advances		-	-
	(f) Other current assets		-	-
	<b>Total Assets</b>		<b>600397736</b>	<b>592720847</b>
	<b>Significant Accounting Policies &amp; Other Information</b>	<b>1</b>		

Notes 1 to 26 form integral part of accounts

As per our report of even date

For V.Sridhar &amp; Co.,

Chartered Accountants,

FRN No:0062065

For and on behalf of the Board of Directors

Vemulapati Sridhar

Proprietor

ICAI Memb No: 202337

Secunderabad, June 14, 2014

Kishan Reddy Nalla  
Managing DirectorBhoopal Reddy Aleti  
Director



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

			Rupees	
S.NO	PARTICULARS	Note	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
I	Revenue from operations	19	422536653	340477350
II	Other income	20	20388316	19098806
III	<b>Total Revenue(I+II)</b>		<b>442924969</b>	<b>359576156</b>
IV	<b>Expenses:</b>			
	Raw Materials Consumed	21	182300446	132756539
	Changes in Inventories of Finished Goods and WIP	22	14186534	1446991
	Other Manufacturing Expenses	23	24759853	23043687
	Employee Benefits Expense	24	18997145	16905341
	Finance Costs	25	17012759	16586632
	Depreciation	11	20962626	15454462
	Other Expenses	26	109497934	99214243
	<b>Total Expenses</b>		<b>387717297</b>	<b>305407895</b>
V	Profit before exceptional and extraordinary items and tax(III-IV)		55207672	54168261
VI	Exceptional items		81901	877395
VII	Profit before extraordinary items and tax(V-VI)		55125771	53290866
VIII	Extraordinary Items			
IX	Profit before tax (VII-VIII)		55125771	53290866
X	Tax expenses:			
	(1) Current tax		10898426	(10685244)
	(2) Deferred tax - Reversal		5310548	1524914
XI	Profit/(Loss) for the period from continuing operations		38916797	44130536
XII	Profit/(Loss) from discontinuing operations			
XIII	Tax expense of discontinuing operations			
XIV	Profit/(Loss) from discontinuing operations(after tax) (XII-XIII)			
XV	Profit/(Loss) for the period (XI + XIV)		38916797	44130536
XVI	Earnings per equity share:			
	(1) Basic		1.93	2.19
	(2) Diluted		1.93	2.19

Significant Accounting Policies &amp; Other Information

1

Notes 1 to 26 form integral part of accounts

As per our report of even date

For V.Sridhar &amp; Co.,

Chartered Accountants,

FRN No:0062065

For and on behalf of the Board of Directors

Vemulapati Sridhar

Proprietor

ICAI Memb.No : 202337

Secunderabad, June 14, 2014

Kishan Reddy Nalla

Managing Director

Bhoopal Reddy Aleti

Director



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Particulars	Rupees in Lacs	
	Current Year	Previous Year
<b>A. Cash Flow from Operating Activities</b>		
Profit before Depreciation, Interest and Tax	930.99	853.32
Less : Other Income considered separately	-203.88	-310.99
Net	727.11	542.33
(Increase) / Decrease in Inventories	78.83	-762.89
(Increase) / Decrease in Receivables	-196.93	-950.68
(Increase) / Decrease in Loans & Advances	150.70	-227.16
Increase / (Decrease) in Current Liabilities	-325.99	1195.31
(Increase) / Decrease in Other Current Investments	-1.50	-70.47
<b>Total A</b>	<b>432.22</b>	<b>-273.56</b>
<b>B. Cash Flow from Investing Activities</b>		
Increase in Fixed Assets	-1011.41	-2443.19
Increase in Non Current Investments	0.00	-320.00
Increase in Deferred Tax Liability on account of Merger	0.00	620.08
(Increase) / Decrease in Long Term Loans and Advances	0.00	289.00
(Increase) / Decrease in Non Current Assets	-1.24	-83.02
Other Income	203.88	310.99
<b>Total B</b>	<b>-808.77</b>	<b>-1626.14</b>
<b>C. Cash Flow from Financing Activities</b>		
Increase / (Decrease) in Secured Loans	-148.49	1510.67
Adjustment of Reserves & Surplus on account of share allotment	0.00	-135.64
Interest Paid	-170.12	-165.87
Increase in Share Capital	0.00	1449.24
<b>Total C</b>	<b>-318.61</b>	<b>2658.40</b>
<b>D. Net Increase/(Decrease) in cash and cash equivalents [A+B+C]</b>	<b>-695.16</b>	<b>758.70</b>
Cash and cash equivalents at the beginning of the year (01.04.2013)	788.24	29.54
Cash and cash equivalents at the end of the year (31.03.2014)	93.08	788.24
<b>Increase / (-) Decrease</b>	<b>-695.16</b>	<b>758.70</b>

As per our report of even date  
 For V.Sridhar & Co.,  
 Chartered Accountants  
 FRN No: 0062065

For and on behalf of the Board of Directors

Vemulapati Sridhar  
 Proprietor  
 ICAI Memb No: 202337  
 Secunderabad. June 14, 2014.

Kishan Reddy Nalla  
 Managing Director

Bhoopal Reddy Aleti  
 Director



**NOTES TO FINANCIAL STATEMENTS**

**1. SIGNIFICANT ACCOUNTING POLICIES AND OTHER INFORMATION**

**A. System of Accounting:**

- i. The company follows mercantile system of accounting and recognizes Income and Expenditure on accrual basis.
- ii. The Financial statements have been prepared in all material aspects with accounting standards as notified in the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.
- iii. Financial statements are prepared on historical cost basis and as a going concern.

**B. Revenue Recognition :**

- i. Sale of goods is recognized at the point of despatch of goods to customers and Gross Sales are inclusive of Excise Duty and net of Value Added Tax.
- ii. Income from Sale of Wind Power is recognized on the basis of units measured and certified by the concerned Electricity Board Authorities.
- iii. Dividends are recognized as income of the year in which the same are declared and received.

**C. Income Recognition on Development of Land**

- i. The Company has entered into an Agreement for development of its land into a residential apartment complex on a built-up area sharing basis.
- ii. The income arising out of the transaction is first recognised on delivery of residential units by the developer.
- iii. Profit, if any, arising out of the sale of the units falling to the share of the company is recognized upon sale of the residential unit.
- iv. The unsold units are shown under fixed assets.

**D. Tangible Fixed Assets and Depreciation**

- i. Tangible Fixed Assets acquired by the company are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any.
- ii. The acquisition cost includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring it to the site and in the working condition for intended use.



- iii. Depreciation is provided on straight line basis at rates and in the manner specified in schedule XIV to the Companies Act, 1956, unless then the use of higher rate or an accelerated charge is justified through technical estimates.

#### E. Investments

Non-current investments are stated at cost. Traded shares are stated at cost or market value whichever is lower.

#### F. Inventories

Stocks are valued at cost or realizable value whichever is lower. Cost of finished goods for this purpose is arrived at on absorption costing basis and is inclusive of excise duty.

#### G. Staff Benefits

Provident Fund Contributions and other staff benefits are accounted on accrual basis. The company is in the process ascertaining appropriate Group Gratuity Scheme for subscription and the premium / contributions towards the same will be charged to revenue as and when paid.

#### H. Deferred Taxation

Accounting treatment in respect of deferred taxation is in accordance with Accounting Standard 22: "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

#### I. Preliminary Expenses :

Expenses incurred in connection with the increase in authorized capital of the company and amalgamation are written off in equal instalments over a period of five years and the unwritten off portion is included in non-current assets

#### J. Currency Fluctuation

Gain / Loss arising on account of FCNB Loan borrowed by the company is treated as income / expense in the profit and loss account.

- K. **Contingent Liability.** : Disputed Income Tax liability. Rs.32.50 lacs. The first appeal of the company before the Hon'ble Commissioner of Income Tax (Appeals) has been allowed in favor of the company. A second appeal has been preferred by the department to the Hon'ble Income Tax Appellate Tribunal, Hyderabad.



**L. Related Party Transactions**

Name of the Related Party (Relation)	Nature of Transaction	Transaction Value Rupees in Lacs	Maximum Balance Rupees in Lacs	Year-end balance (+) Receivable / (-) Payable Rupees in Lacs	Amount written-off returned back
Sri KPR Infra & Projects Ltd (A 100% Subsidiary)	Sale of Pipes	1313.07	1313.07	370.94	Nil
- Do -	Advance for supplies	847.00	847.00	(-) 847.00	Nil

**M. Segment Reporting**

Particulars	Current Year (Rs. In Lacs)	Previous Year (Rs. In Lacs)
Nature of the Segment	Wind Power	Wind Power
Revenues	281.72	242.09
Identifiable Operating Expenses		
a. Maintenance and Other Expenses	43.21	31.12
b. Interest	46.26	61.33
c. Depreciation	147.17	91.75
Allocated Expenses	Nil	Nil
Unallocable Expenses	Nil	Nil
Segment Operating Income	45.08	57.88
Segment Assets	2447.13	1469.78
Segment Liabilities	232.00	323.85

**N. Foreign Exchange Earnings & Outgo**

Particulars	Current Year 31-03-2014	Previous Year 31-03-2013
Earnings	Nil	Nil
Outgo - Towards import of raw material		
In Us \$	11,66,452	14,93,540
In Indian Rupees	6,98,42,872	8,30,24,141

O. Previous Year's figures have been regrouped wherever considered necessary.



## NOTES TO FINANCIAL STATEMENTS

Note No	Particulars	As At		As at	
		March 31, 2014		March 31, 2013	
2	<b>Share Capital</b>				
	<b>a. Authorised</b>				
	21000000 Equity shares of Rs.10/- each (Previous year 16000000 equity shares of Rs.10/- each)	210000000		210000000	
		210000000		210000000	
	<b>b. Issued, Subscribed &amp; Paid up</b>				
	20145695 Equity shares of Rs.10/- each fully paid up	201456950		201456950	
		201456950		201456950	
	<b>c. Par value of shares</b>	Rs.10/-		Rs.10/-	
	<b>d. Number of Shares outstanding at beginning the year</b>	20145695		5653300	
	Changes during the year (Previous Year - Shares allotted to the outside share holders of Sri Venkateswara Pipes Ltd on merger)	-		14492395	
	Number of Shares outstanding at end of the year	20145695		20145695	
<b>e. Details of Shareholder holding more than 5% Shares</b>					
	Sl. No	Name of the Share Holder		No of	%
				Shares	
	1.	N Kishan Reddy		1942605	9.64
	2.	N Vineel Reddy		1891454	9.39
	3.	N Vijaya		1726110	8.57
	4.	N Vineetha		1690852	8.39
	5.	G. Raja Reddy		1483310	7.36
	6.	NBOS Technologies (India) Private Limited		1105600	5.49
	7.	N. Srinath Reddy		1058622	5.25
	The Company has only one class of Shares i.e. Equity shares				
	f. The company has not made any bonus issue during last preceding five years				
3	<b>Reserves &amp; Surplus</b>				
A.	<b>State Subsidy</b>				
	Balance Brought Forward	4369086		2369086	
	Add: Previous Year - Balance transferred from Sri Venkateswara Pipes Ltd on merger			2000000	
	Total (A)	4369086		4369086	
B	<b>General Reserve</b>				
	As per Last Balance Sheet	8973150			
	Add: Previous Year - Accumulated Balance of Sri Venkateswara Pipes Ltd on merger			8973150	
	Total (B)	8973150		8973150	
C	<b>Profit &amp; Loss Account</b>				
	As per Last Balance Sheet	18002274		14312189	
	Add: Previous Year - Accumulated Balance as on 01.04.2012 in Sri Venkateswara Pipes Ltd on merger			78980454	
		18002274		93292643	
	Add: Current year Profit/Loss	38916797		44130536	
		56919071		137423179	
	Less: Previous Year - Difference between the amount recorded as share capital issued to the outside share holders of the transfer company and the amount of share capital of the transferor company			(103517110)	
		56919071		33906069	
	Proposed Dividend on Equity Shares	(16116556)		(14101987)	
	Dividend Distribution Tax	(343358)		(1801808)	
	Total C	40459157		18002274	
	Total (A+B+C)	53801393		31344510	



## NOTES TO FINANCIAL STATEMENTS

	Particulars	As At	As at
		March 31, 2014	March 31, 2013
<b>4</b>	<b>Long Term Borrowings</b>		
	<b>a) Term Loans - From Banks</b>		
	HDFC Bank Ltd(Skoda Car) (Pending reconciliation)	33806	33806
	State Bank of India [ Secured by first charge on all fixed assets of the company both movable and immovable]	13999688	23184504
	<b>b) Unsecured loans from</b>		
	Others	1000000	15999420
	Sri KPR Infra & Projects Ltd (Subsidiary)		10000000
	<b>c) Deferred Sales tax</b>	30276450	30276450
	<b>Total</b>	<b>45309944</b>	<b>79494180</b>
[The borrowings from State Bank of India, Commercial Branch, Koti, Hyderabad are guaranteed by the Directors of the company Sri. A. Bhoopal Reddy, Sri. A. Narasimha Reddy and Sri. N.K. Sudershan Reddy, Sri N. Kishan Reddy and Sri. G. Raja Reddy. The extent of guarantee provided by all the Directors are as under :			
<b>Sl.No</b>	<b>Name of the Bank / Nature of Facility</b>	<b>Aggregate amount of guarantee as per sanction letter</b>	<b>Repayment Terms</b>
a	State Bank of India, Commercial Branch, Koti, Hyderabad - Working capital	Rs.9 crores	On demand
b	State Bank of India, Commercial Branch, Koti, Hyderabad - Term Loan	Rs.15 crores	26 quarterly installments
c	In addition to the guarantees as above, Sri.N. Kishan Reddy provided Collateral Security by way of deposit of Title Deeds of his house property.	Rs. 8.29 crores	
<b>5</b>	<b>Deferred Tax Liabilities</b>		
	Beginning in the year relating to the fixed Assets	60775794	292296
	Add: Previous Year - Deferred tax liabilities relating to the fixed assets Sri Venkateswara Pipes Ltd( transferor company) on merger		62008412
	Add : Previous Year reversal -Timing difference originating during the year	60775794 5310548	62300708 (1524914)
	<b>Total</b>	<b>66086342</b>	<b>60775794</b>
<b>6</b>	<b>Short Term Borrowings</b>		
	<b>Secured</b>		
	State Bank of India, Commercial Branch, Koti, Hyderabad. [towards working capital limits, secured by way of hypothecation of stocks and book debts and second charge on all fixed assets of the company both present and future] [The above borrowings are also supported by personal guarantees of Directors of the company Sri. N. Kishan Reddy, Sri. G. Raja Reddy in addition to the personal guarantees of Sri. A. Bhoopal Reddy, Sri. A. Narasimha Reddy and Sri. N.K. Sudershan Reddy]	90942056	71606992
	Total Fund based Rs. 9.00 Crores		
	Total Non-Fund based Rs. 5.00 Crores		
	<b>Total</b>	<b>90942056</b>	<b>71606992</b>



## NOTES TO FINANCIAL STATEMENTS

	Particulars	As At March 31, 2014	As at March 31, 2013
<b>7</b>	<b>Trade Payables</b>		
	Sundry Creditors	360524	2282514
	Dues to Small scale Industries	5345063	7565314
	Sundry creditors - Raw Material	3665632	1357786
	Sundry creditors - Expenses	13980230	10956702
	Sundry creditors - Others	82891262	88624663
	<b>Total</b>	<b>106242711</b>	<b>110786979</b>
<b>8</b>	<b>Other Current Liabilities</b>		
	Installment for secured term loan from banks due with in one year	9200000	9200000
	<b>Total</b>	<b>9200000</b>	<b>9200000</b>
<b>9</b>	<b>Short Term Provisions</b>		
	Income Tax	10898426	10685244
	Provision for Excise duty on finished goods	-	1466403
	Proposed dividend	16116556	14101987
	Provision for Dividend Distribution Tax	343358	1801808
	<b>Total</b>	<b>27358340</b>	<b>28055442</b>
<b>10</b>	<b>Non Current Investments</b>		
	[All unquoted unless otherwise specified]		
	- 736000 equity shares of Rs.2/- each, investment in Balaji Amines Ltd (Quoted value as on 31-03-2013 - Rs.2.58 crores)	2944000	2944000
	In Subsidiaries		
	- 3500000 equity shares of Rs.10/- each, investment in Sri KPR Infra & Projects Ltd (a 100% subsidiary)	35000000	35000000
	Indira Vikas Patra (To be encashed)	200	200
	National Savings Certificate (To be encashed)	15500	15500
	<b>Total</b>	<b>37959700</b>	<b>37959700</b>



## NOTES TO FINANCIAL STATEMENTS

## 11. Tangible Assets

Sl No	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		Rupees	
		As at 01-04-2013	Additions during the year	Deletions during the year	As at 31- 03-2014	As at 01- 04-2013	Adjustments	Depreciation for the year	Total as at 31- 03-2013		As at 31-03-2014
1	Land	3053544	-	1181768	1871776	-	-	-	-	1871776	3053544
2	Land (Kasulabad Solar Power)	2000000	491748	-	2491748	-	-	-	-	2491748	2000000
3	Building(Flats)	5742000	340200	2574000	3508200	-	-	-	-	3508200	5742000
4	Furniture & Fixtures	1285634	-	-	1285634	1164606	-	81252	1245858	39776	121028
5	Office Equipment	2413260	124590	-	2537850	908153	-	169545	1077698	1460152	1505107
6	Vehicles	5047494	-	353447	4694047	3290381	168803	404062	3525640	1168407	1757113
7	Factory building	45463169	-	-	45463169	15653294	-	1518470	17171764	28291405	29809875
8	Non-factory building	2402597	-	-	2402597	506997	-	39162	546159	1856438	1895600
9	Plant & Machinery	62122395	-	-	62122395	28788839	-	3280062	32068901	30053494	33333556
10	Diesel generator	2063318	-	-	2063318	1538153	-	108943	1647096	416222	525155
11	Misc. Fixed assets	6765028	-	-	6765028	2960004	-	321339	3281343	3483685	3805024
12	Pollution control equip	6080237	-	-	6080237	2711982	-	321037	3033019	3047218	3368255
13	Office equip- Armour	30993	-	-	30993	11643	-	1962	13605	17388	19350
14	Land - Wind Project I	1911000	-	-	1911000	-	-	-	-	1911000	1911000
15	Land - Wind Project II	1911000	-	-	1911000	-	-	-	-	1911000	1911000
16	Wind Mill - Project I	88079145	213425	-	88292570	16664575	-	4650579	21315154	66977416	71414570
17	Wind Mill - Project II	85692519	213425	-	85905944	13950742	-	4525504	18476246	67429698	71741777
18	Wind Mill (Gandikota)	-	104937864	-	104937864	-	-	5540709	5540709	99396955	-
Total		322063333	106321052	4109215	424275170	88149369	168803	20962626	108943192	315331978	233913964



## NOTES TO FINANCIAL STATEMENTS

	Particulars	As At March 31, 2014	As at March 31, 2013
12	<b>Long term Loans &amp; Advances</b>		
		-	-
		-	-
13	<b>Other Non Current Assets</b>		
	Deposits	6070735	5945206
	Others	2482766	2482765
	Miscellaneous Expenditure to the extent not written off or adjusted	376980	376980
	<b>Total</b>	<b>8930481</b>	<b>8804951</b>
14	<b>Current Investments</b>		
	TATA AIG Mutual Funds	7197120	7047180
	<b>Total</b>	<b>7197120</b>	<b>7047180</b>
15	<b>Inventories</b> [ As verified ,valued and certified by the Management]		
	Raw material	7838673	1535531
	Finished goods	48592735	47556551
	Work -in-progress	15150126	30372844
	Traded Shares	1260905	1260905
		<b>72842439</b>	<b>80725831</b>
16	<b>Trade Receivables</b> (Unsecured and Considered good)		
	- Over Six months	138816972	31755166
	- Others	-	87368791
	<b>Total</b>	<b>138816972</b>	<b>119123957</b>
17	<b>Cash and Cash equivalents</b>		
	- Cash on hand	1927926	677207
	- In Current Accounts	114520	51121004
	- FDR with S.B.I. Koti		9819608
	- Short Term Deposit with SBH Including Interest there on	200505	
	- Balace in ICICI - HYD (OD)	5081391	14954961
	- Margin Money on BG	1984406	2252838
	<b>Total</b>	<b>9308748</b>	<b>78825618</b>
18	<b>Short term Loans and Advances</b>		
	Balances with Central Excise	213870	81685
	Advance income tax (including TDS)	1536734	3140336
	Advance recoverable in cash or in kind or for value to be received	6398648	18987886
	Others	721386	1730874
	<b>Total</b>	<b>8870638</b>	<b>23940781</b>



## NOTES TO FINANCIAL STATEMENTS

	Particulars	As At	As at
		March 31, 2014	March 31, 2013
<b>19</b>	<b>Revenue from Operations</b>		
	Sale of asbestos cement pressure pipes	397794098	313805356
	Less : Excise duty	3429242	9537022
	Net Sales	394364856	304268334
	Sale of traded items	12319485	11999942
	Sale of wind electric power	28171797	24209074
	Total Income from operations	434856138	340477350
<b>20</b>	<b>Other Income</b>		
	Dividend	4494582	4736160
	Profit on sale of shares	-	1178278
	Interest	567662	2781185
	Profit on sale of residential units received under Development Agreement	2094232	2045348
	Profit/(Loss) on sale of Assets	(20644)	-
	LIC Maturity	-	4392000
	Recovery of Technical Salaries/Insurance	-	2891051
	Others	932999	-
	Total	8068831	19098806
<b>21</b>	<b>Raw Material Consumed</b>		
	Opening Stock	1535531	3550385
	Add: Purchase of Raw Material	188603588	130741685
	Sub-Total	190139119	134292070
	Less: Closing Stock	7838673	1535531
	Net Total	182300446	132756539
<b>22</b>	<b>Changes in Inventories of Finished Goods &amp; Work in process</b>		
	<b>Closing stock</b>		
	Work in Process	15150126	30372844
	Finished Goods	48592735	47556551
	Sub-Total	63742861	77929396
	<b>Opening Stock</b>		
	Work in Process	30372844	10554648
	Finished Goods	47556551	68821739
	Sub-Total	77929395	79376387
	Increase/(Decrease) in Stock	(14186534)	(1446991)



## NOTES TO FINANCIAL STATEMENTS

	Particulars	As At	As at
		March 31, 2014	March 31, 2013
<b>23</b>	<b>Other Manufacturing Expenses</b>		
	Repairs & Maintenance-Plant & Machinery	953356	590826
	- Building & Others	4036981	3522669
	Power & Fuel	12660497	11402302
	Stores & spares consumed	1559494	6632656
	Other expenses	5217442	575134
	Testing charges	-	68813
	Loading & unloading expenses	332083	251287
	<b>Total</b>	<b>24759853</b>	<b>23043687</b>
<b>24</b>	<b>Employee Benefits Expenses</b>		
	Salaries, wages and bonus	15092674	14069846
	Contribution to PF	1039909	916509
	Contribution to ESI	639023	539015
	Conveyance	144930	105914
	Staff welfare expenses	1092535	783769
	Security services	963074	433388
	Gratuity	-	56900
	professional tax	25000	-
	<b>Total</b>	<b>18997145</b>	<b>16905341</b>
<b>25</b>	<b>Finance Cost</b>		
	Interest	15046099	14996163
	Bank charges	1966660	1590469
	<b>Total</b>	<b>17012759</b>	<b>16586632</b>
<b>26</b>	<b>Other Expenses</b>		
	Rent	146040	146040
	Trading Items	18242661	21918788
	Auditor's Remuneration	505620	674160
	Other Expenses	60306031	47239558
	Misc. Debits Written Off	-	1754780
	Preliminary expenses written off	-	125660
	Business Promotion expenses	92518	75700
	Insurance	3625418	2158052
	VAT / CST	20579646	17194020
	Directors Remuneration	6000000	5548485
	Foreign Exchange Fluctuations Loss/(Gain)	-	2379000
	<b>Total</b>	<b>109497934</b>	<b>99214243</b>

## Notes 1 to 26 form integral part of accounts

As per our report of even date

For V.Sridhar &amp; Co.,

Chartered Accountants,

FRN No:0062065

For and on behalf of the Board of Directors

Vemulapati Sridhar

Proprietor

ICAI Memb No: 202337

Secunderabad, June 14, 2014

Kishan Reddy Nalla

Managing Director

Bhoopal Reddy Aleti

Director



AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

The Members of Sri KPR Industries Limited,  
Secunderabad.

1. We have audited the attached Consolidated Balance Sheet of Sri KPR Industries Limited and its subsidiary Sri KPR Infra & Projects Limited as at March 31, 2014 and the Consolidated Statement of Profit and Loss for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these consolidated 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. We report that the consolidated financial statements have been prepared by the management of Sri KPR Industries Limited in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements". And other applicable standards issued by the Institute of Chartered Accountants of India.
4. In our opinion and to the best of our information and according to the explanations given to us, the said Consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Consolidated Balance Sheet, of the state of affairs of Sri KPR Industries Limited and its subsidiary Sri KPR Infra & Projects Limited as at March 31, 2014; and
  - b) in the case of the Consolidated Statement of Profit and Loss, of the Profit for the year ended on that date; and

For V. Sridhar & Co.,  
Chartered Accountants  
Firm No. 006206S

Vemulapati Sridhar  
Proprietor  
Membership No : 202337  
Secunderabad. June 14, 2014



## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014

S.No	Particulars	Note	Rupees	
			As at March 31, 2014	As at March 31, 2013
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>(1) Shareholders' Funds</b>	<b>2</b>	<b>201456950</b>	<b>201456950</b>
	(a) Share Capital	<b>3</b>	<b>177729344</b>	<b>142701817</b>
	(b) Reserves and Surplus			
	(c) Money received against share warrants			
	<b>(2) Share application money pending allotment</b>			
	<b>(3) Non- Current Liabilities</b>	<b>4</b>	<b>121071373</b>	<b>91796141</b>
	(a) Long term borrowings	<b>5</b>	<b>99409925</b>	<b>84841230</b>
	(b) Deferred tax liabilities(net)			
	(c) Other Long Term Borrowings			
	(d) Long-term Provisions			
	<b>(4) Current Liabilities</b>	<b>6</b>	<b>121811826</b>	<b>124450098</b>
	(a) Short-term borrowings	<b>7</b>	<b>192182242</b>	<b>143690202</b>
	(b) Trade payables	<b>8</b>	<b>24000000</b>	<b>9200000</b>
	(c) Other current liabilities	<b>9</b>	<b>54153225</b>	<b>39011994</b>
	(d) Short term provisions			
	<b>Total Equity &amp; Liabilities</b>		<b>991814885</b>	<b>837148432</b>
<b>II</b>	<b>ASSETS</b>			
	<b>(1) Non current assets</b>			
	(a) Fixed Assets	<b>11</b>	<b>490981795</b>	<b>312419237</b>
	(i) Tangible assets		<b>0</b>	<b>-</b>
	(ii) Intangible assets		<b>1139660</b>	<b>2378865</b>
	(iii) Capital work in progress			
	(iv) Intangible assets under development	<b>10</b>	<b>4546100</b>	<b>3459700</b>
	(b) Non current investments			
	(c) Deferred tax assts (Net)	<b>12</b>	<b>0</b>	<b>0</b>
	(d) Long term loans and advances	<b>13</b>	<b>8930481</b>	<b>8804951</b>
	(e) Other non current assets			
	<b>(2) Current assets</b>	<b>14</b>	<b>7197120</b>	<b>7047180</b>
	(a) Current investments	<b>15</b>	<b>198092891</b>	<b>122553149</b>
	(b) Inventories	<b>16</b>	<b>163101405</b>	<b>151018191</b>
	(c) Trade receivables	<b>17</b>	<b>40058058</b>	<b>135079518</b>
	(d) Cash and cash equivalents	<b>18</b>	<b>20738955</b>	<b>43991048</b>
	(e) Short term loans and advances		<b>57028420</b>	<b>50396593</b>
	(f) Other current assets			
	<b>Total Assets</b>		<b>991814885</b>	<b>837148432</b>
	<b>Significant Accounting Policies &amp; Other Information</b>	<b>1</b>		
	<b>Notes 1 to 26 form integral part of Financial Statements</b>			

As per our report of even date  
For V. Sridhar & Co.,  
Chartered Accountants,  
FRN No:0062065

Vemulapati Sridhar  
Proprietor  
ICAI Memb No : 202337  
Secunderabad, June 14, 2014

For and on behalf of the Board of Directors

Kishan Reddy Nalla  
Managing Director

Bhoopal Reddy Aleti  
Director



## CONSOLIDATED STATEMENT OF PROFIT &amp; LOSS FOR THE YEAR ENDED MARCH 31, 2014

S.NO	PARTICULARS	NOTE	Rupees	
			For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
I	Revenue from operations	19	789834175	738641059
II	Other income	20	10288219	21923809
III	<b>Total Revenue(I+II)</b>		<b>800122394</b>	<b>760564868</b>
IV	<b>Expenses:</b>			
	Raw Materials Consumed	21	317684175	298865700
	Changes in Inventories of Finished Goods and WIP	22	-26550827	20564673
	Other Manufacturing Expenses	23	189407566	159613410
	Employee Benefits Expense	24	22760249	21795938
	Finance Costs	25	38794078	28924651
	Depreciation	11	29148893	19800674
	Other Expenses	26	121665623	108619569
	<b>Total Expenses</b>		<b>692909757</b>	<b>658184615</b>
V	Profit before exceptional and extraordinary items and tax(III-IV)		107212637	102380253
VI	Exceptional items		81901	846360
VII	Profit before extraordinary items and tax(V-VI)		107130736	101533893
VIII	Extraordinary Items		-	-
IX	Profit before tax (VII-VIII)		107130736	101533893
X	Tax expenses:			
	(1) Current tax		21303450	(20970858)
	(2) Deferred tax - Reversal		14568695	2141006
XI	Profit/(Loss) for the period from continuing operations		71258591	82704041
XII	Profit/(Loss) from discontinuing operations		-	-
XIII	Tax expense of discontinuing operations		-	-
XIV	Profit/(Loss) from discontinuing operations(after tax) (XII-XIII)		-	-
XV	Profit/(Loss) for the period (XI + XIV)		71258591	82704041
XVI	Earnings per equity share:			
	(1) Basic		3.54	4.11
	(2) Diluted		3.54	4.11
<b>Significant Accounting Policies &amp; Other Information</b>		<b>1</b>		
<b>Notes 1 to 26 form integral part of Financial Statements</b>				

As per our report of even date  
For V.Sridhar & Co.,  
Chartered Accountants,  
FRN No:006206S

For and on behalf of the Board of Directors

Vemulapati Sridhar  
Proprietor  
ICAI Memb No: 202337  
Secunderabad, June 14, 2014

Kishan Reddy Nalla  
Managing Director

Bhoopal Reddy Aleti  
Director



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1. SIGNIFICANT ACCOUNTING POLICIES &amp; OTHER INFORMATION

## A. Basis of Consolidation and presentation

- i. The financial statements of Sri KPR Industries Limited (Holding Company) and Sri KPR Infra & Projects Limited (a 100% Subsidiary) have been consolidated in accordance with the Accounting Standard 21, AS – 21 on "Consolidated Financial Statements", issued by Institute of Chartered Accountants of India and are presented to the extent possible in the same manner as the Company's separate financial statements.
- ii. The financial statements of Sri KPR Renewable Energy Limited (a wholly owned subsidiary of Sri KPR Infra & Projects Limited) have not been consolidated for the year under consideration. The share capital of Sri KPR Renewable Energy Limited is Rs.5.00 lacs and the company is yet to commence any activity. The impact of not consolidating the financial statements of the said company is not material.
- iii. The current year, i.e., year ended March 31, 2014 is the first time the consolidation of the financial statements as aforesaid is carried out, hence no previous year's figures are given and no cash flow statement is compiled. The company did not have any subsidiaries in the earlier years.
- iv. During the current year on account of amalgamation of Sri Venkateswara Pipes Limited (as explained in Note A above) its wholly owned subsidiary Sri KPR Infra & Projects Limited became wholly owned subsidiary of the company.
- v. The both the holding company and the subsidiary follow same set of accounting policies in the preparation and presentation of the financial statements.

## B. System of Accounting:

- i. The company follows mercantile system of accounting and recognizes Income and Expenditure on accrual basis.
- ii. The Financial statements have been prepared in all material aspects with accounting standards as notified in the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.
- iii. Financial statements are prepared on historical cost basis and as a going concern.

## C. Revenue Recognition :

- i. Sale of goods is recognized at the point of despatch of goods to customers and Gross Sales are inclusive of Excise Duty and net of Value Added Tax.
- ii. Income from Sale of Wind Power is recognized on the basis of units measured and certified by the concerned Electricity Board Authorities.



- iii. Dividends are recognized as income of the year in which the same are declared
- iv. Income from traded shares is recognized upon sale of the same and until then the shares on hand are valued at cost or market value whichever is lower.
- v. Income in respect of laying and jointing civil works is accounted in accordance with Accounting Standard 7, Construction Contracts and the revenues in respect of the same are recognized on the basis of work completion certificates issued by the contractees (viz., the Government Departments) and the work in progress is accounted on the basis of costs incurred pending billing.

#### **D. Income Recognition on Development of Land**

- i. The Company has entered into a Agreement for development of its land into a residential apartment complex on a built-up area sharing basis.
- ii. The income arising out of the transaction is first recognised on delivery of residential units by the developer.
- iii. Profit, if any, arising out of the sale of the units falling to the share of the company is recognized upon sale of the residential unit.
- iv. The unsold units are shown under fixed assets.

#### **E. Tangible Fixed Assets and Depreciation**

- i. Tangible Fixed Assets acquired by the company are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any.
- ii. The acquisition cost includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring it to the site and in the working condition for intended use.
- iii. Depreciation is provided on straight line basis at rates and in the manner specified in schedule XIV to the Companies Act, 1956, unless then the use of higher rate or an accelerated charge is justified through technical estimates.

#### **F. Investments**

Non-current investments are stated at cost. Traded shares are stated at cost or market value whichever is lower.

#### **G. Inventories**

Stocks are valued at cost or realizable value whichever is lower. Cost of finished goods for this purpose is arrived at on absorption costing basis and is inclusive of excise duty. Civil contract work in progress is valued at cost.

#### **H. Staff Benefits**



Provident Fund Contributions and other staff benefits are accounted on accrual basis. The company is in the process ascertaining appropriate Group Gratuity Scheme for subscription and the premium / contributions towards the same will be charged to revenue as and when paid.

#### I. Deferred Taxation

Accounting treatment in respect of deferred taxation is in accordance with Accounting Standard 22: "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

#### J. Preliminary Expenses :

Expenses incurred in connection with the increase in authorized capital of the company and merger of the transferor company are written off in equal installments over a period of five years and the unwritten off portion is included in non-current assets

#### K. Currency Fluctuation

Gain / Loss arising on account of FCNB Loan borrowed by the company is treated as income / expense in the profit and loss account.

- L. **Contingent Liability.** : Disputed Income Tax liability. Rs.32.50 lacs. The first appeal of the company before the Hon'ble Commissioner of Income Tax (Appeals) has been allowed in favor of the company. A second appeal has been preferred by the department to the Hon'ble Income Tax Appellate Tribunal, Hyderabad.

#### M. Segment Reporting

Particulars	Civil Contracts for Government		Wind Power	
	Rupees in Lacs		Rupees in Lacs	
	Current Year	Previous Year	Current Year	Previous Year
Nature of the Segment				
Revenues	4660.04	3863.15	484.54	360.58
Identifiable Operating Expenses	4467.09	3438.34	327.81	273.62
Allocated Expenses	Nil	Nil	Nil	Nil
Unallocable Expenses	Nil	Nil	Nil	Nil
Segment Operating Income	192.95	424.81	156.73	86.96
Segment Assets	3319.75	2562.26	4232.10	2245.84
Segment Liabilities	4480.11	3196.31	856.61	465.86

#### N. Foreign Exchange Earnings & Outgo

Particulars	Current Year 31-03-2014	Previous Year 31-03-2013
Earnings	Nil	Nil
Outgo - Towards import of raw material		
In US \$	11,66,452	14,93,540
In Indian Rupees	6,98,42,872	8,30,24,141

O. Previous Year's figures have been regrouped wherever considered necessary.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2014**

	Particulars	As At March 31, 2014	As at March 31, 2013
<b>2</b>	<b>Share Capital</b>		
	<b>a. Authorised</b>		
	21000000 Equity shares of Rs.10/- each (Previous year 16000000 equity shares of Rs.10/- each)	210000000	210000000
	<b>b. Issued, Subscribed &amp; Paid up</b>		
	20145695 Equity shares (Previous year 5653300) fully paid up	201456950	201456950
	(during the current year 14492395 equity shares of Rs.10/- each have been allotted to the share holders of Sri Venkateswara Pipes Ltd for a consideration other than cash on account of merger of the said company with Sri KPR Industries Ltd. in accordance with the scheme of merger approved by the Hon'ble High Court of Andhra Pradesh. Refer Note I A)	201456950	201456950
	<b>c. Par value of shares</b>	Rs.10/-	Rs.10/-
	<b>d. Number of Shares outstanding at beginning the year</b>	20145695	5653300
	Changes during the year (shares allotted to the outside share holders of Sri Venkateswara Pipes Ltd - a company since merged. See Note-1.		14492395
	<b>Number of Shares outstanding at end of the year</b>	20145695	20145695
	The Company has only one class of Shares i.e. Equity shares		
	<b>f. The company has not made any bonus issue during last preceeding five years</b>		
<b>3</b>	<b>Reserves &amp; Surplus</b>		
	<b>A. State Subsidy</b>		
	Balance Brought Forward	4369086	2369086
	Add: Balance transferred from Sri Venkateswara Pipes Ltd (transferor company)	0	2000000
	<b>Total (A)</b>	4369086	4369086
	<b>B. General Reserve</b>		
	As per Last Balance Sheet	8973150	
	Add: Accumulated Balance of Sri Venkateswara Pipes Ltd (transferor company as at 01-04-2012)	0	8973150
	Add: Current year	3234179	0
	<b>Total (B)</b>	12207329	8973150
	<b>C. Profit &amp; Loss Account</b>		
	As per Last Balance Sheet	125859581	14312189
	Add: Accumulated Balance of Sri Venkateswara Pipes Ltd (transferor company as at 01-04-2012)		78980454
	Add: Accumulated balance as on 01-04-2012 of subsidy	0	73351590
	Add: Current year Profit	125859581	166644233
		71258591	82704041
		197118172	249348274
	Less: Difference between the amount recidrded as share capital issued to the outside share holders of the transferor company and the amount of share capital of the transferor company	0	-103517110
		197118172	145831164
	Less: proposed Dividend on equity	-30116556	-14101987
	Less: Dividend Distribution tax	-2614508	-2369596
	Less: Tranfer to general reserve	-3234179	0
	<b>Total (C)</b>	161152929	129359581
	<b>Total (A+B+C)</b>	177729344	142701817



## Notes to Consolidated Financial Statements as at March 31, 2014

	Particulars	As at March 31, 2014	As at March 31, 2013
<b>4</b>	<b>Long Term Borrowings</b>		
	<b>a) Term Loans</b>		
	- From Banks		
	HDFC Bank Ltd(Skoda Car)	33806	33806
	(Pending reconciliation)		
	State Bank of India	13999688	23184504
	[ Secured by first charge on all fixed assets of the company both movable and immovable]		
	State Bank of India		
	[ Secured by first charge on wind mill ,stocks and book debts of Sri KPR Infra & Projects Ltd	46661429	14201961
	<b>b) Unsecured loans from</b>		
	Others	30100000	24099420
	<b>c) Deferred Sales tax</b>	30276450	30276450
	<b>Total</b>	<b>121071373</b>	<b>91796141</b>
<p>[The erstwhile Sri Venkateswara Pipes Ltd, the transferor company that has been merged with Sri KPR Industries Ltd had borrowed the working capital and term loans from State Bank of India, Commercial Branch, Koti, Hyderabad. The said borrowings have been guaranteed by the Directors of the transferor company Sri. A. Bhoopal Reddy, Sri. A. Narasimha Reddy and Sri. N.K. Sudershan Reddy. Sri N. Kishan Reddy and Sri. G: Raja Reddy, Directors of Sri KPR Industries Ltd also guaranteed the undermentioned borrowings by providing personal guarantee. The extent of guarantee provided by all the Directors are as under :</p>			
Sl.No	Name of the Bank / Nature of Facility	Aggregate amount of guarantee as per sanction letter	Repayment Terms
1	State Bank of India, Commercial Branch, Koti, Hyderabad - Working capital	Rs.9 crores	on demand
2	State Bank of India, Commercial Branch, Koti, Hyderabad - Term Loan	Rs.15 crores	26 quarterly installments
<b>5</b>	<b>Deferred Tax Liabilities</b>		
	Beginning in the year relating to the fixed Assets	84841230	24973824
	Add: previous year- Defered tax liabilites relating to the fixed assets	0	62008412
	Sri Venkateswara Pipes Ltd (transferor company) on merger	84841230	86982236
	Add: Previous year reversal -Timing difference originating during the year	14568695	(2141006)
	<b>Total</b>	<b>99409925</b>	<b>84841230</b>
<b>6</b>	<b>Short Term Borrowings</b>		
	Secured		
	State Bank of India, Commercial Branch, Koti, Hyderabad	121811826	124,450,098
	[towards working capital limits, secured by way of hypothecation of stocks and book debts and second charge on all fixed assets of the company both present and future]		
	<b>Total</b>	<b>121811826</b>	<b>124,450,098</b>



**Notes to Consolidated Financial Statements as at March 31, 2014**

	Particulars	As At March 31, 2014	As at March 31, 2013
<b>7</b>	<b>Trade Payables</b>		
	Sundry Creditors	360524	2282514
	Dues to Small scale Industries	5345063	7565314
	Sundry creditors - Raw Material	3665632	1357786
	Sundry creditors - Expenses	13980230	15389931
	Sundry creditors - Others	41596060	44767893
	Sundry creditors - purchases	49263479	36484758
	Sundry creditors - Contracts	77971254	35842006
	<b>Total</b>	<b>192182242</b>	<b>143690202</b>
<b>8</b>	<b>Other Current Liabilities</b>		
	Installment for secured term loan from banks due with in one year	24000000	9200000
	<b>Total</b>	<b>24000000</b>	<b>9200000</b>
<b>9</b>	<b>Short Term Provisions</b>		
	Income Tax	21303450	20970858
	Provision for Excise duty on finished goods	0	1466403
	Proposed dividend	30116556	14101987
	Provision for Dividend Distribution Tax	2614508	2369596
	Employee Benefits Payable	118711	103150
	<b>Total</b>	<b>54153225</b>	<b>39011994</b>
<b>10</b>	<b>Non Current Investments</b>		
	[All unquoted unless otherwise specified]		
	- 736000 equity shares of Rs.2/- each , investment in Balaji Amines Ltd (Quoted value as on 31-03-2013 - Rs.2.58 crores)	2944000	2944000
	Sri Kpr Renewal Energy Limited	500000	500000
	Indira Vikas Patra (To be encashed)	200	200
	National Savings Certificate (To be encashed)	15500	15500
	Investment in Key man insurance policy	1086400	0
	<b>Total</b>	<b>4546100</b>	<b>3459700</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2014

11. Tangible Assets		GROSS BLOCK										DEPRECIATION		NET BLOCK		Rupees
Sl.No	PARTICULARS	As at 01-04-2013	Additions on account of opening balance of Kpr Infra & Projects Limited on account of Consolidation	Additions during the year	Deletions during the year	As at 03-2013	As at 04-2012	Additions on account of opening balance of Kpr Infra & Projects Limited on account of Consolidation	Adjustments	Depreciation for the year	Total as at 31- 03-2013	As at 31-03-2014	As at 31-03-2013			
1	Land	3053544			1181768	1871776	0	0		0	0	1871776	3053544			
2	Land (Kasulabad Solar Power)	2000000		491748		2491748	0	0		0	0	2491748	2000000			
3	Building(Plats)	5742000		340200	2574000	3508200	0	0		0	0	3508200	5742000			
4	Furniture & Fixtures	1285634	70150	16792		1372576	1164606	15669		86284	1265559	106017	175509			
5	Office Equipment	2413260	257210	166090		2836950	908153	85501		211687	1206341	1630219	1675816			
6	Vehicles	5047494	861216	179454	406204	5681980	3290381	265440	183276	404552	3867097	1814863	2352889			
7	Factory building	45463169				45463189	15653294			1518470	17171764	28291405	29808875			
8	Non-factory building	2402597				2402597	506997			39162	546159	1856438	1895600			
9	Plant & Machinery	62122395				62122395	28788839			3280062	32068901	30053494	33333556			
10	Diesel generator	2063318				2063318	1538153			108943	1647096	416222	525165			
11	Misc. Fixed assets	6765028				6765028	2960004			321339	3281343	3483685	3805024			
12	Pollution control equip	6080237				6080237	2711982			321037	3033019	3047218	3368255			
13	Office equip- Armour	30993				30993	11643			3188	14831	16162	19350			
14	Land - Wind Project	3822000	1911000			6733000	0	0		0	0	5733000	5733000			
15	Wind Mill - Project I	88079145	89008999	428850		177514994	16664575	14885826		8880196	40430597	137084397	145537743			
16	Wind Mill - Project II	85692519	1579000	105131349		192402888	13950742	6250		8338208	22295200	170107668	73314527			
17	Windmill (Gandikota)	0		104837664		104837664	0	0		5540709	5540709	99396955	0			
18	Testing Equipment		95772			95772	0	18387		5057	23444	72328	77385			
	Total	322063333	93783347	211890147	4161972	623374855	88149369	15278073	183276	29148894	132393060	490981795	312419238			



# SRI KPR INDUSTRIES LIMITED

Notes to Consolidated Financial Statements as at March 31, 2014

	Particulars	As At March 31, 2014	As at March 31, 2013
<b>12</b>	<b>Long term Loans &amp; Advances</b>		
	Loans to Sri Venkateswara Pipes Ltd	0	0
	Loans to Sri Kpr Infra & Projects Ltd	0	0
		0	0
<b>13</b>	<b>Other Non Current Assets</b>		
	Deposits	6070735	5945206
	Others	2482766	2482765
	Miscellaneous Expenditure to the extent not written off or adjusted	376980	376980
	<b>Total</b>	<b>8930481</b>	<b>8804951</b>
<b>14</b>	<b>Current Investments</b>		
	TATA AIG Mutual Funds	7197120	7047180
	<b>Total</b>	<b>7197120</b>	<b>7047180</b>
<b>15</b>	<b>Inventories</b> [ As verified ,valued and certified by the Management]		
	Raw material	7838673	1535531
	Finished goods	48592735	47556551
	Work -in-progress	140400578	72200162
	Traded Shares	1260905	1260905
		198092891	122553149
<b>16</b>	<b>Trade Receivables</b> (Unsecured and Considered good)		
	- Over Six months	101722753	63649400
	- Others	61378652	87368791
	<b>Total</b>	<b>163101405</b>	<b>151018191</b>
<b>17</b>	<b>Cash and Cash equivalents</b>		
	- Cash on hand	2964959	1436369
	- In Current Accounts	272223	51517292
	- FDR with S.B.I. Koti	0	9819608
	- Short Term Deposit with SBH Including Interest there on	29755079	15098288
	- Balace in ICICI - HYD (OD)	5081391	14954961
	- Margin Money on BG	1984406	2252838
	State Bank of India, Koti,Cash Credit account Credit Balance	0	40000162
	<b>Total</b>	<b>40058058</b>	<b>135079518</b>
<b>18</b>	<b>Short term Loans and Advances</b>		
	Balances with Central Excise	213870	81685
	Advance Income tax (including TDS)	12305045	12090597
	Advance recoverable in cash or in kind or for value to be received	6398648	18987886
	Others	1821392	2830880
	Loan & Advance to Sri KPR Industries Limited(100% Holdig co)	0	10000000
	<b>Total</b>	<b>20738955</b>	<b>43991048</b>



## Notes to Consolidated Financial Statements as at March 31, 2014

	Particulars	As At March 31, 2014	As at March 31, 2013
<b>19</b>	<b>Revenue from Operations</b>		
	Gross Contract Receipts	466003664	386314717
	Sale of asbestos cement pressure pipes	266486194	263929039
	Less : Excise duty	3429242	9537022
	Net Sales	729060616	640706734
	Sale of traded items	12319485	36058066
	Sale of wind electric power	48454074	11999942
	Total Income from operations	789834175	688764742
<b>20</b>	<b>Other Income</b>		
	Dividend	4494582	1236160
	Profit on sale of shares	0	1178278
	Interest	2372234	4454214
	Profit on sale of residential units received under Development Agreement & on sale of other assets	2094232	1751321
	Income from Government Works Contract	0	1074784
	Profit/(Loss) on sale of Assets	-18928	
	LIC Maturity	0	4392000
	Recovery of Technical Salaries/Insurance	0	2891051
	Misc Income	1346099	0
	Total	10288219	16977808
<b>21</b>	<b>Raw Material Consumed</b>		
	Opening Stock	1535531	3550385
	Add: Purchase of Raw Material	323987317	246974529
	Sub-Total	325522848	250524914
	Less: Closing Stock	7838673	1535531
	Net Total	317684175	248989383
<b>22</b>	<b>Changes in Inventories of Finished Goods &amp; Work in process</b>		
	<b>Closing stock</b>		
	Work in Process	140400578	72200162
	Finished Goods	48592735	47556552
	Sub-Total	188993313	119756714
	<b>Opening Stock</b>		
	Work in Process	114885935	71499648
	Finished Goods	47556551	68821739
	Sub-Total	162442486	140321387
	Increase/(Decrease) in Stock	26550827	-20564673



**Notes to Consolidated Financial Statements as at March 31, 2014**

	Particulars	As At March 31, 2014	As at March 31, 2013
<b>23</b>	<b>Other Manufacturing Expenses</b>		
	Repairs & Maintenance-Plant & Machinery	953356	590826
	- Building & Others	4036981	3522669
	Power & Fuel	12660497	11402302
	Stores & spares consumed	1559494	6632656
	Other expenses	5217442	575134
	Testing charges	0	68813
	Loading & unloading expenses	332083	251287
	Other Civil Works	140440594	117167653
	Duties and Taxes	22574320	18619669
	Insurance premium on contracts	1632799	782401
	<b>Total</b>	<b>189407566</b>	<b>159613410</b>
<b>24</b>	<b>Employee Benefits Expenses</b>		
	Salaries, wages and bonus	16834448	16932446
	Contribution to PF	1212521	1081063
	Contribution to ESI	639023	539015
	Incentives to staff	178666	210883
	Conveyance	1795930	1755974
	Staff welfare expenses	1092535	783769
	Security services	963074	433388
	Gratuity	19052	56900
	professional tax	25000	2500
	<b>Total</b>	<b>22760249</b>	<b>21795938</b>
<b>25</b>	<b>Finance Cost</b>		
	Interest	31398848	21788683
	Bank charges	7395230	5689967
	<b>Total</b>	<b>38794078</b>	<b>27478650</b>
<b>26</b>	<b>Other Expenses</b>		
	Rent	292080	292080
	Trading items	18242661	21918788
	Auditor's Remuneration	955060	1123600
	Other Expenses	65827237	50621003
	Misc. Debits Written Off	0	1754780
	Preliminary expenses written off	0	125660
	Business Promotion expenses	92518	75700
	Insurance	3676421	2196895
	VAT / CST	20579646	17194020
	Directors Remuneration	12000000	10938043
	Foreign Exchange Fluctuations Loss/(Gain)	0	2379000
	<b>Total</b>	<b>121665623</b>	<b>108619569</b>

Notes 1 to 26 form integral part of Financial Statements

As per our report of even date  
For V.Sridhar & Co.,  
Chartered Accountants,  
FRN No:0062065

For and on behalf of the Board of Directors

Vemulapati Sridhar  
Proprietor  
ICAI Memb No: 202337  
Secunderabad, June 14, 2014

Kisnan Reddy Nalla  
Managing Director

Bhoopal Reddy Aleti  
Director



**TECHNOLOGY, ABSORPTION, ADAPTION AND INNOVATION: N.A.**

1. Efforts in brief made towards technology absorption, adaption and innovation
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished:
  - (a) Technology imported
  - (b) Year of Import
  - (c) Has technology been fully absorbed

If not fully absorbed, areas where this has not taken place, reasons there for and future plan of action.

**FOREIGN EXCHANGE EARNINGS AND OUTGO:**

	2013-14	2012-13
Earnings	Nil	Nil
Outgo – Towards import of raw material		
In US \$	11,66,452	14,93,540
In Indian Rupees	6,98,42,872	8,30,24,141

Statement Pursuant to exemption under Section 212(8) of the Companies Act, 1956 relating to Subsidiary Company.

Name of the Subsidiary Company: Sri Kpr Infra & Projects Limited

Date of becoming Subsidiary : 01.04.2010.

(Rupees)

Sr.No.	Particulars	Current Year(2013-14)	Previous Year (2012-13)
1	Paid Up Share Capital	35000000	35000000
2	Reserves	123927951	107857306
3	Total Assets	510471630	333831767
4	Total Liabilities	351543679	190974461
5	Investment	1586400	--
6	Turnover	488505329	400988712
7	Profit/(Loss) before Tax	52004965	48243027
8	Provision for Income tax	19663171	9669522
9	Profit/(Loss) after Tax	32341794	38573505
10	Proposed Dividend	14000000	3500000



**ATTENDANCE SLIP**  
**SRI KPR INDUSTRIES LIMITED**

Registered Office : 5<sup>th</sup> Floor, KPR House,  
S.P. Road, Secunderabad – 500003.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE  
ENTRANCE OF THE MEETING VENUE

DP, ID & Client ID / Master Folio No. : \_\_\_\_\_

Name & Address of the Share Holder

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

No. of Shares held \_\_\_\_\_

I hereby record my presence at the 26<sup>th</sup> Annual General Meeting of the Company held on Tuesday the 30<sup>th</sup> day of September, 2014 at 10.00 am at Nagarjuna Function Hall, Nagarjuna Nagar, Yellareddyguda, (backside of Chermas Show Room) Ameerpet, Hyderabad – 500073.

Signature of the Shareholder or Proxy \*

\*Strike out whichever is not applicable \_\_\_\_\_

**PROXY FORM**

**SRI KPR INDUSTRIES LIMITED**

Registered Office : 5<sup>th</sup> Floor, KPR House,  
S.P. Road, Secunderabad – 500003.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE  
ENTRANCE OF THE MEETING VENUE

DP, ID & Client ID / Master Folio No. : \_\_\_\_\_

I/We

\_\_\_\_\_

of \_\_\_\_\_

being a

member / members of SRI KPR INDUSTRIES LIMITED hereby appoint \_\_\_\_\_ of

or failing him

of \_\_\_\_\_

as my / our proxy to vote for me / us and on my / our  
behalf at the 26<sup>th</sup> Annual General Meeting to be held on Tuesday the 30<sup>th</sup> day of September, 2014 at 10.00 am  
or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2014

Affix  
One  
Rupee

NOTE: The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.



PRINTED MATTER  
BOOK-POST

If undelivered please return to :

**SRI KPR INDUSTRIES LIMITED**

5th Floor, KPR House,

S.P. Road, Secunderabad- 500 003.

Telangana, INDIA.