

# Shri Keshav Cements & Infra Limited

[ Formerly Katwa Udyog Limited ]

16th ANNUAL REPORT - 2009



# Keshav

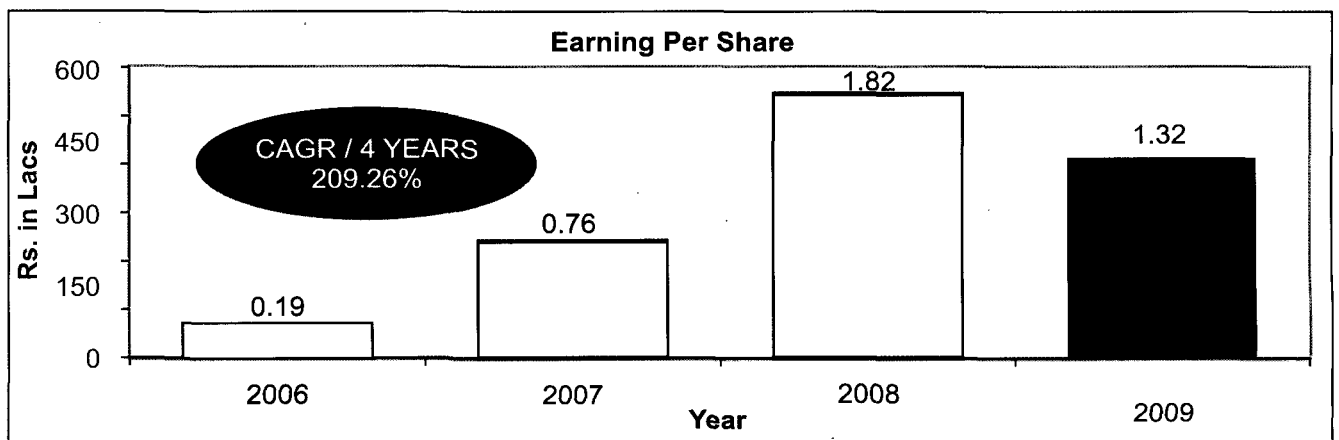
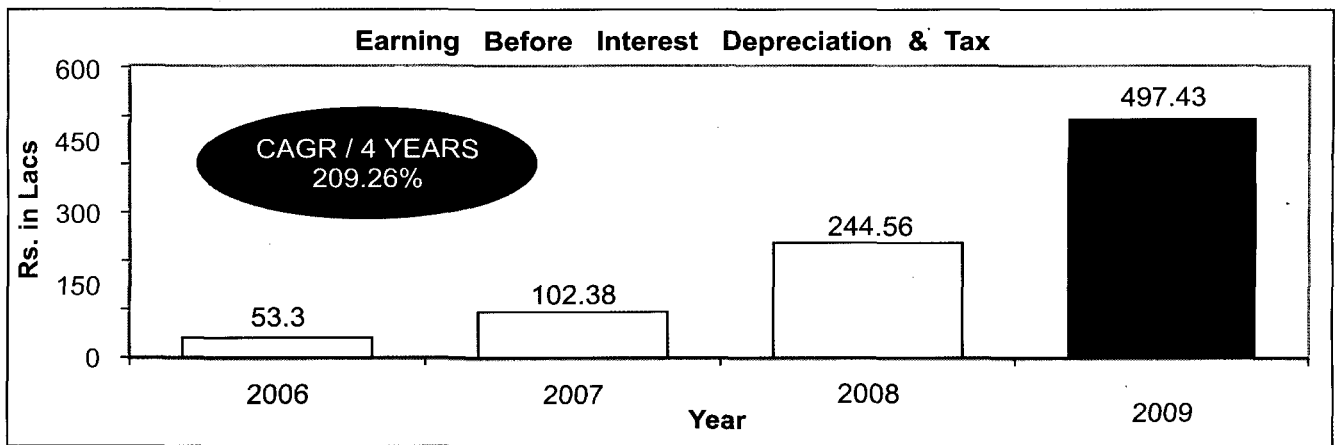
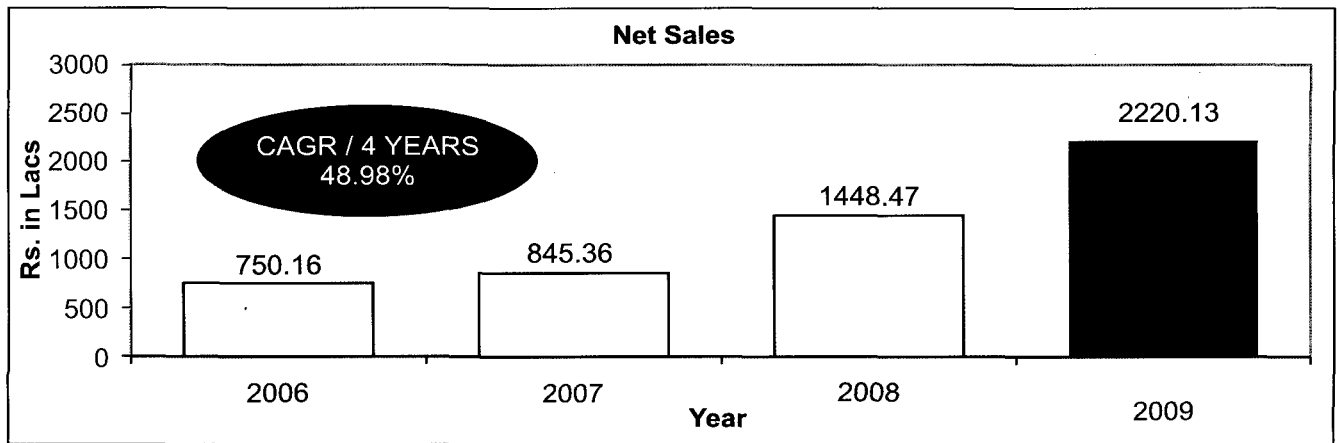
# C E M E N T

**PLANNED GROWTH**

... Continued

# Shri Keshav Cements & Infra Limited

[ Formerly Katwa Udyog Limited ]



**PLANNED GROWTH**

... Continued



**SHRI KESHAV CEMENTS & INFRA LIMITED**

**[ formerly Katwa Udyog Limited ]**

215/2, Jyoti Towers, 6th Cross Nazar Camp  
M. Vadgaon, Belgaum - 590 005.

**16th Annual Report - 2009**

**PLANNED GROWTH**

... Continued

# Shri Keshav Cements & Infra Limited

[ Formerly Katwa Udyog Limited ]

## BOARD OF DIRECTORS

Shri H.D.Katwa	Chairman Emeritus
Shri Venkatesh Katwa	Chairman
Shri Vilas Katwa	Managing Director
Shri Deepak Katwa	Director
Shri Dinesh Kotecha	NED - I
Shri Govindraj Chitta	NED - I
Smt. Bharati Kamatgi	NED - I
NED - I [Non Executive Director-Independent]	

## COMPANY SECRETARY

Shri Rajesh Lakkar

## BANKERS

Syndicate Bank, Camp Belgaum

## AUDITORS

C.A. Prabhakar K. Latkan  
Chartered Accountant  
1083, Anant Shayan Galli,  
Belgaum - 590 002

## REGISTERED OFFICE

215/2, Jyoti Towers, 6<sup>th</sup> Cross,  
Nazar Camp, Karbhar Galli,  
M. Vadgaon, Belgaum - 590 005  
Email: keshavcement@katwa.com  
Website: www.keshavcement.com

## PLANTS

Plant I : R.S. No. 346, Kaladgi Village,  
Bagalkot - 587 313 [Karnataka]

Plant II : R.S. No. 15/4, At Mudhol,  
Nagnapur Industrial Area,  
Bagalkot - 587 122 [Karnataka]

## REGISTRAR & SHARE TRANSFER AGENT

Can Bank Computer Services Limited  
Unit : Shri Keshav Cements & Infra Limited  
218, J.P.Royale, 1<sup>st</sup> Floor, 14<sup>th</sup> Cross,  
Sampige Road, Malleshwaram,  
Bangalore - 560 003  
Phone No: +91-080-25320542 / 543  
Fax No: +91-080-25320544  
E-mail: canbank\_computer@dataphone.in  
Website: canbankrta.com

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## 16<sup>th</sup> ANNUAL GENERAL MEETING

DAY : Wednesday

DATE : August 26, 2009

TIME : 11.30 A.M.

VENUE : Registered Office Situated at  
215/2, Jyoti Towers,  
6<sup>th</sup> Cross, Nazar Camp,  
Karbhar Galli, M. Vadgaon,  
Belgaum - 590 005

**PLANNED GROWTH**

... Continued

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**Shri Keshav Cements & Infra Limited**

[ Formerly Katwa Udyog Limited ]

16<sup>th</sup> ANNUAL GENERAL MEETING - NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of SHRI KESHAV CEMENT & INFRA LIMITED will be held on Wednesday, the 26<sup>th</sup> August, 2009 at 11.30 A.M. at the Registered Office of the Company 'Jyoti Towers', 215/2, Karbhar Galli, Nazar Camp, M. Vadagon, BELGAUM-590005 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive consider and adopt the Audited Accounts [Balance Sheet and Profit and Loss Account] for the year ended on March 31, 2009 and the Reports of the Directors' and the Auditors thereon.
2. To appoint a Director in place of Smt Bharati Kamatgi who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Shri Govindraj Chitta who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint the Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, and to fix their remuneration.

**Registered Office:**  
215/2, 'Jyoti Towers',  
Karbhar Galli, Nazar Camp,  
M. Vadagon, BELGAUM - 590002

By Order of the Board of Directors  
For SHRI KESHAV CEMENTS & INFRA LIMITED

Dated : June 27, 2009

Rajesh Lakkar  
Company Secretary

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF-AND SUCH PROXY NEED NOT BE A MEMBER. A blank form of proxy is enclosed and if intended to be used, should be duly stamped, completed, signed and deposited at the Registered Office not less than forty-eight hours before the commencement of the meeting.
2. The Register of Members and the Share Transfer Books of the Company shall remain closed from Monday, August 24, 2009 to Wednesday, August 26, 2009 [both days inclusive] for the purpose of Annual General Meeting.
3. Members/Proxies should bring the Attendance Slips sent herewith duly filled in, for attending the Meeting alongwith the Annual Report.
4. Corporate Members are requested to send a duly certified copy of the Board Resolution, pursuant to section 187 of the Companies Act 1956 authorizing their representative/s to attend and vote at the Annual General Meeting.
5. Members desiring any information on accounts or operations of the Company are requested to forward their queries to the Company at least Eight days prior to the date of the Meeting, so that the required information is made available at the Meeting.

6. As members are aware, equity shares of the Company are traded in electronic form for all shareholders. Members who still hold shares in physical form are requested to dematerialize the same. ISIN allotted to the Company for this purpose is INE260E01014.
7. Shareholders are requested to immediately notify any change in their address or bank mandate to their depository participant with whom they are maintaining their demat account OR to the company's Registrar and Transfer Agents, namely Canbank Computer Services Limited Unit : Shri Keshav Cements & Infra Limited 218, J. P. Royale, 1<sup>st</sup> floor, 14 th Cross, Sampige Road, Malleswaram, Bangalore -590 003 if shares are held in physical form quoting their folio numbers.
8. Members who have not uncashed their dividend warrants for the year 2005-06, 2006-07 and 2007-08 are requested to write to the Company for re-validation of dividend warrants.

**Registered Office:**  
215/2, 'Jyoti Towers',  
Karbhar Galli, Nazar Camp,  
M. Vadāgon, BELGAUM - 590002

By Order of the Board of Directors  
For **SHRI KESHAV CEMENTS & INFRA LIMITED**

Rajesh Lakkar  
Company Secretary

Dated : June 27, 2009

[ANNEXURE TO THE NOTICE DATED JUNE 27, 2009 ]

DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT AT THE SIXTEENTH ANNUAL GENERAL MEETING

[In pursuance of Clause 49 [VI A] of the Listing Agreement]

Name of the Director	Smt Bharati Kamatgi	Shri Govindraj Chitta
Date of Birth	July 15, 1975	September 17, 1960
Date of Appointment	April 1, 2003	October 24, 1994
D I N Number	02357938	01293304
Relationship between Directors' inter-se	Not related to any Director of the Company	Not related to any Director of the Company
Qualification	D.C.P.	Matriculation
Directorship held in other Public Companies	1] Katwa Finlease Ltd. 2] Katwa Infotech Ltd.	Nil
Membership / Chairmanship of Committees across other Public Companies	1] Shri Keshav Cements & Infra Limited Member - -Audit Committee -Remuneration Committee 2] Katwa Finlease Ltd. Member - -Remuneration Committee 3] Katwa Infotech Ltd. Member - -Remuneration Committee	1] Shri Keshav Cements & Infra Limited Member - -Audit Committee -Remuneration Committee
Number of Equity Shares of Rs. 10 each held	400 Shares	Nil

Directors' Report

The Members,

The directors hereby present their sixteenth Annual Report on the business and operations of the Company for the financial year for the year ended March 31, 2009.

Financial Results

[ Amount in Rupees ]

Particulars	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008
<b>Total Income</b>	<b>22,32,72,304</b>	14,77,83,103
<b>Earnings before interest Depreciation and Tax</b>	<b>4,99,45,139</b>	2,44,81,812
Less: Interest	2,97,28,884	51,74,046
Less : Depreciation	1,46,26,284	50,94,566
<b>Profit before Tax</b>	<b>55,89,971</b>	1,42,13,200
Less : Short Provision of Taxes	2,02,007	25,469
Add : Deferred Tax Asset / [Liabilities]	20,01,400	[1,18,350]
Less : Provision for Income tax	6,12,100	47,50,000
<b>Profit after Tax</b>	<b>67,77,264</b>	93,19,381
Add : Balance brought forward	68,96,409	37,72,088
<b>TOTAL</b>	<b>1,36,73,673</b>	1,30,91,469
<b>APPROPRIATION :</b>		
Proposed dividends	---	51,24,200
Provision for corporate dividend tax	---	8,70,860
Transfer to General Reserve	---	2,00,000
Amount carried to balance sheet	1,36,73,673	68,96,409
<b>TOTAL</b>	<b>1,36,73,673</b>	1,30,91,469

Operations / Overview

During the year under review, your company registered substantial growth of 53.75% in Gross Turnover compared to last year. The Gross Turnover of the company was Rs. 2422.57 lacs compared to Rs. 1575.63 lacs in the previous year. Earnings before interest Depreciation and Tax was Rs. 497.43 lacs as against Rs. 244.56 lacs in the previous year - a growth of 103.93%, but profit after tax was Rs. 67.77 lacs as against Rs. 93.19 lacs in the previous year due to very high interest cost incurred to finance the substantial repairs, rewamping, rebuilding and upgradation of the acquired cement plant of Shree Quality Cements Limited and the depreciation provision thereon.

Dividend

In order to conserve the resources for the ongoing PLANNED GROWTH and taking into consideration the prevailing uncertain economic situation, The Board of Directors have decided not to recommend any dividend for the year ended March 31, 2009.

## Capacity Expansion

At Plant I - Kalagdi, Capacity Expansion is being Carried out as scheduled without any cost over run. At Plant II - Mudhol, After your company took over the ailing sick Cement Plant from IDBI, to make the operational the company funded the acquisition by unsecured loans from promoters and bank borrowing plant taking advantage of the then favourable leverage position. When work started for repairs, revamping and rebuilding the acquired plant, which was closed for more than 14 year, we came across a major repair expense to be incurred to get the furnace restarted. This was a big challenge for our PLANNED GROWTH in terms of time and cost. Both escalated. Our PLANNED GROWTH took a backseat-albeit temporarily. What was planned to be completed in stages by December 2008 and March 2009 got delayed by another 3/4 quarters. In the meanwhile, the Board analysing the situation took it as an opportunity to transform adversity into an enjoyable challenge to upgrade the plant's capacity alongwith the restarting activity. Hence our PLANNED GROWTH Continues.

Your Board is Confident that the year ahead looks exciting with our expansion and improvisation plans and the company's business momentum will continue in future and hopefully enable it to deliver results as per PLANNED GROWTH.

## Listing of shares

Your Company's equity shares continue to be listed on The Bombay Stock Exchange, Mumbai. The Annual Listing fees for 2009-10 have been duly paid to the said Exchange.

## Public Deposit

Your company has accepted deposits from public within the stipulated limits and repayment thereof is also made as per the stipulations.

## Board of Directors

As reported last year, in order to comply with the amended requirements of clause governing corporate governance, which requires at least 50% of the Board to consist of independent Directors, the Board was re-constituted with effect from July 28, 2008.

The Composition of the reconstituted Board of Directors is as under

Name of the Director	Designation	Date of Apointment / Re-Appointment
Shri Venkatesh Katwa	Non Executive Chairman	Appointed as a director on 25.09.1995 and elected as a Chairman on 28.07.2008
Shri Vilas Katwa	Managing Director	01.04.2002 re-appointed on 01-04-2007
Shri Deepak Katwa	N E D - Not Independent	25.05.2007
Shri Dinesh Kotecha	N E D - Independent	26.07.2007
Shri Govindraj Chitta	N E D - Independent	24.10.1994
Smt Bharati Kamatgi	N E D - Independent	01.04. 2003

NED - [Non Executive Director]

Smt. N. H. Katwa, Shri M. H. Bevinkatti and Shri V. G. Sarwde, Directors resigned on July 28, 2008. The Board places on record their sincere appreciation of the valuable services rendered by them during their respective tenure on the Board.



## Shri Keshav Cements & Infra Limited

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In accordance with the provisions of the companies Act, 1956 and the Articles of Association of the Company. Smt Bharati Kamatgi and Shri Govindraj Chitta retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The above re-appointments form part of the Notice of the Annual General Meeting and the resolutions pertaining thereto are recommended for your approval.

### Auditors

C.A. Prabhakar K. Latkan, Chartered Accountant, statutory Auditors of the Company hold office until conclusion of the ensuing Annual General Meeting. The Company has received confirmation from him that his re-appointment, if made would be within the limits prescribed under section 224[I-B] of the Companies Act, 1956, and that he is not disqualified for such re-appointment within the meaning of Section 226 of the said Act.

The Audit Report is qualified on the aspect of non-availability of certain books and records pertaining to 01.04.2008 to 23.10 2008 on account of the seizure of those records by the Central Excise Authorities, who have neither returned the records till date nor initiated any further action. The efforts are made by the management to retrieve the records. Notwithstanding this, your Directors feel that this fact, in no way casts any shadow of doubt on the true and fair view of the balance sheet and the profit and loss account. For the other points, the Audit Report is self-explanatory. Notes on account explain the management's stand on points on which the auditor has reservation/ comment.

### Management Discussion and Analysis Report

Management Discussion and Analysis Report as required under the listing agreement with The Bombay Stock Exchange Limited, Mumbai, is annexed as Annexure I forming part of this report.

### Corporate Governance

In terms of corporate governance as required by clause 49 of the Listing Agreement with The Stock Exchange, are provided in this report is annexed as Annexure II. The Auditors' certificate confirming the compliance of conditions of corporate governance as stipulated in clause 49 of the Listing Agreement with the stock exchange is also annexed.

### Particulars of Employees

[Information as per Section 217[2A] [b] [II] read with Companies [Particulars of Employee's] Rule 1975]

None of the employees of the Company are in receipt of remuneration in excess of the limits prescribed under section 217 [2A] of the companies Act, 1956 read with Companies [Particulars of Employee's] Rule 1975]

### Directors' responsibility statement

[In terms of amended provisions of section 217[2AA] of the Companies Act, 1956]

The Board of Directors of the Company confirms :

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
2. that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the period;
3. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities, and
4. that the attached annual accounts for the year ended March 31, 2009 are prepared on going concern basis.

CONSERVATION OF ENERGY

A. Energy Consumption

a. Energy conservation measures taken:	Efforts to conserve and optimize use of energy through improved operational methods are made on continuous basis.
b. Additional investments and proposals, if any, being implemented for the reduction of consumption of energy	No fresh investment is proposed but conscious effort is made to save energy wherever possible
c. Impact of the measures at (a) and (b) above for the reduction of energy consumption and consequent impact on the cost of production of goods	The cost saving is not substantial.
d. Total energy consumption and energy	Annexed to this report separately

B. Technology Absorption

e. Efforts made in technology absorption as per the Form 'B' of the annexure

f. Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans:	Nil
g. Total foreign exchange used and earned	
Earned	Nil
Used	Nil

**FORM B**  
Form for Disclosure of particulars with respect to absorption  
Research and development [R & D]

Specific areas in which R and D carried out by the Company	Nil
Benefits derived as a result of the above R and D	Nil
Future plan of action	Nil
Expenditure on R and D	Nil
Capital	Nil
Recurring:	Nil
Total:	Nil
Total R and D expenditure as a percentage of total turn over	Nil

# Shri Keshav Cements & Infra Limited

## Technology absorption, adoption and innovation

Efforts made in brief towards technology absorption, adoption and innovation:	Not Applicable
Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitute etc.	Not Applicable
In case of imported technology [imported during the last five years reckoned from the beginning of the financial year] following information may be furnished.	Not Applicable
Technology imported:	Not Applicable
Year of import:	Not Applicable
Has technology been fully absorbed: not applicable	Not Applicable
If not fully absorbed, areas where this has not taken place, reason therefore and future plans.	Not Applicable

## Employee Relations

During the year, industrial relations continued to be cordial and harmonious at both the plants. Directors place on record, their sincere appreciation of the significant contribution made by the employees through their dedication, hard work and commitment towards **continued PLANNED GROWTH** of the Company.

## Acknowledgements

The Directors record their gratitude for the co-operation extended by Syndicate bank as well as the continued trust and confidence reposed by business associates, regulatory authorities, customers, shareholders and employees at all levels.

With greetings for the festive season ahead.

For and on behalf of the Board of Directors,

Belgaum-590005  
Dated : June 27, 2009

Venkatesh Katwa  
Chairman

Vilas Katwa  
Managing Director

## Annexure - I FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2009

**MANAGEMENT DISCUSSION & ANALYSIS**

The Directors have pleasure in presenting the Management Discussion and Analysis report for the year ended March 31, 2009 on the business of the company as applicable to the extent relevant.

**1. Industry Structure and Overview**

India is one of the major producers of Cement. The demand for Cement is largely based on infrastructure projects like Roads and Buildings, Ports etc. The Government of India and State Government have taken various steps to promote industrial growth besides implementing major irrigation projects, housing sector, airports, etc. The cost of the raw material and fuel namely limestone, coal and power are all controlled by the Government authorities and any increase in the price of the above affects the cost of production on which the company does not have any control.

Shri Keshav Cements & Infra Ltd., [formerly Katwa Udyog Limited] is a Company promoted by first-generation entrepreneurs from upcountry place; nonetheless all out effort are made to comply with the laws of the land. The prime aim is to create wealth for the stakeholders as shall be borne by the fact that the management has taken over the sick cement unit of SHRI QUALITY CEMENT LIMITED from IDBI two years back and successfully put it for use and the plant II is now partly operational with 200 TPD capacity. Besides, the capacity at Plant I is also substantially increased to 150 TPD. Post completion of expansion the profitability is expected to improve substantially, since your company is pursuing a goal of PLANNED GROWTH (increase in capacity) by adding balancing equipment to achieve optimum utilization of the existing capacities and by adding new machines to increase the business volumes.

**2. Recent Developments**

As reported during the last two years we have pursued horizontal & vertical expansion of capacity the benefits of which was expected to be partly reflected in the results of the current year which has been delayed by 3/4 quarter and the full benefit of which will start reflecting over next eight to ten quarters.

When the revamping and rebuilding of acquired plant was started, your Company faced initial unexpected teething problems. This was primarily due to the old plant being closed for more than 14 years before we acquired it. The furnace had to be rehailed and required major repair expenses to be incurred to get it restarted. Our PLANNED GROWTH took a backseat-albeit temporarily. This was a big dent for our PLANNED GROWTH in terms of time and cost. Both escalated. What was planned to be completed in stages by December 2008 and March 2009 got delayed by another 3/4 quarters. In the meanwhile, the board analysing the situation has taken several steps to remain competitive by way of reducing costs; Rationalising manpower and streamlining process operations and took it as an opportunity to transform adversity into an challenge to upgrade the plant's capacity along with the restarting activity. We believe " the real failure in life is failing to move in the direction of one's dream."

The cement industry has demonstrated healthy growth of over 8% in the last five years. With the Indian economy continuing its growth path cement consumption is expected to grow at 9-10%. The increase in industrial investment and expectation of higher spending on infrastructure portend well for the cement sector. The expected robust demand from residential and commercial construction will continue to be major growth drivers.

## Shri Keshav Cements & Infra Limited

Indian cement industry is cyclical in nature. In the recent years, cement prices and profitability of cement manufacturers have fluctuated significantly demanding upon the over all supply and demand.

### 3. Outlook

All around the buzzword is infrastructure and housing and the cement is at the core for them. The supply is fast growing up due to capacity expansion by nearly all the small and major cement manufacturers; but the demand for cement is still growing at the better pace resulting in better realization to the cement producers.

During the year under review, the market of cement remained buoyant. Your company is pursuing cost control measures; increase productivity, increasing efficiencies in manufacturing areas and thrust in sales and better price realization.

The outlook seems to be cautiously positive for the current as well as the next year, however the performance in the coming months would be largely dependent on the overall industry scenario and policies declared by the UPA Government lead by the Congress.

### 4. Risks and Concerns

Your Company's cement is sold under the brand name "KESHAV" "JYOTI GOLD" AND "JYOTI POWER" predominantly in Karnataka, Goa and the west Coast and southern Maharashtra. The threat of new entrants in this market is high. The demand supply mismatch for cement in these areas and pressure on margins is a factor for concern, apart from the increase in prices of raw materials and other inputs due to any spurt in crude oil prices. Also the possible effects of the slowdown in the global economy could have have a ripple effect in India.

### 5. Human Resources and Industrial Relations

Industrial relations continued to be cordial and harmonious at both the plants through out the year.

### 6. Cautionary Statement

Statement is this Management Discussion and Analysis describing the company's objectives, projections, estimates and exception are "forwarding looking statement" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

For and on behalf of the Board of Directors,

Belgaum-590005  
Dated : June 27, 2009

Venkatesh Katwa  
Chairman

Vilas Katwa  
Managing Director

## Annexure - II FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2009

## Corporate Governance Report

## 1. Company Philosophy on Corporate Governance

Your Company is fully compliant with the regulatory guidelines relating to the Corporate Governance of Clause 49 of the listing agreement with BSE. While complying with all the regulatory requirements the Company is also guided by the principles of equity, transparency and accountability in its endeavor to achieve the objective of maximizing its profit, and enhancing stake holders' value.

## 2. Board of Directors

A] On and from July 28, 2008 the Board of Directors consisted of the following :

Name of the Director	Designation	Date of Appointment / Re-Appointment
Shri Venkatesh Katwa	Non Executive Chairman	Appointed as a director on 25.09.1995 and elected as a Chairman on 28.07.2008
Shri Vilas Katwa	Managing Director	01.04.2002 re-appointed on 01-04-2007
Shri Deepak Katwa	N E D - Not Independent	25.05.2007
Shri Dinesh Kotecha	N E D - Independent	26.07.2007
Shri Govindraj Chitta	N E D - Independent	24.10.1994
Smt Bharati Kamatgi	N E D - Independent	01.04. 2003

NED - [Non Executive Director]

## B] Composition

The following Directors were on the board during the year ended March 31, 2009

- 1 Chairman - Non Executive [Promoter Group]
- 1 Managing Director [Promoter Group]
- 1 Director - Not Independent [Promoter Group]
- 3 Non Executive Directors - Independent [NED - I]

The Non Executive Directors - Independent are professionals with experiences in finance, business and industry.

The attendance of the Board of Directors and related information as on March 31, 2009 is as follows

Sr. No.	Name of Director	Category	No of Other Directorships	No of Committee Memberships		No of Board Meetings Attended	Last AGM Attended [Yes/No]
				Chairman	Member		
1.	Shri Venkatesh Katwa	Chairman - Non Executive [Promoter Group]	3	1	-	6	Yes
2.	Shri Vilas Katwa	Managing Director [Promoter Group]	3	-	-	6	Yes
3.	Shri Deepak Katwa	Director - Not Independent [Promoter Group]	2	-	-	6	Yes
4.	Shri Dinesh Kotecha	Non Executive Director - Independent	Nil	2	-	6	No
5.	Shri Govindraj Chitta	Non Executive Director - Independent	Nil	-	2	6	No
6.	Smt Bharati Kamatgi	Non Executive Director - Independent	2	-	2	6	Yes

**C] Meeting of the Board of Directors**

During the year 2008-09, the Board Met **Six times** on 1] April 28, 2008 2] June 25, 2008 3] July 28, 2008 4] September 15, 2008 5] October 24, 2008 6] January 23, 2009

At least one Board Meeting was held every quarter.

Till July 28, 2008, the Board consisted of eleven Directors as reported in report of last year, hence besides the present six Directors, the meetings held on 1] April 28, 2008 2] June 25, 2008 and 3] July 28, 2008 were attended by Shri H.D. Katwa [Presently Chairman Emeritus] Smt N.H. Katwa and Shri M.L. Bevinkatti [Subsequently resigned on July 28, 2008]

**3] The Board Committees**

**1] Audit Committee**

**A] Terms of Reference**

- a. Overseeing of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of Audit fee, and also approval of payment for any other services.
- c. Quarterly financial statement with a view to comply with all legal requirements.
- d. Compliance with Accounting Standards.
- e. Reviewing Related Party Transactions.

**B] Composition and Attendance of Audit Committee**

During the year 2008-09, the Audit committee met **Four times** on 1] April 28, 2008 2] July 28, 2008 3] October 24, 2008 and 4] January 23, 2009. The Annual Audited Accounts were reviewed by the Audit Committee and recommended to the Board.

The composition and attendance of the Audit Committee meeting during the year 2008-09

Name of the Director	Category	Meetings Attended
Shri Dinesh Kotecha	N E D - Independent [Chairman]	4
Shri Govindraj Chitta	N E D - Independent [Member]	4
Smt Bharati Kamatgi	N E D - Independent [Member]	4

The Statutory Auditor, Shri Venkatesh Katwa-Chairman and Shri Vilas Katwa-Managing Director are permanent invitee to this committee.

The Chairman of the Audit Committee is a Chartered Accountant and other two members are financially literate.

At least one Audit Committee Meeting was held during every quarter.

Shri Rajesh Lakkar, Company Secretary is the Secretary of the Audit Committee.

**2] Remuneration Committee****A] Terms of Reference**

The committee recommends remuneration of executive director/s based on the parameters laid down in schedule xiii to the Companies Act, 1956. Looking at the size and volume of the company's business, the committee has not taken in to account the industry trend and remuneration practices of other companies because the facts and figures of our company are not comparable.

**B] Composition of the Committee**

The Remuneration Committee Comprises of the following Directors namely :

Shri Dinesh Kotecha NED - Independent [Chairman]

Shri Govindraj Chitta NED - Independent [Member]

Smt Bharati Kamatgi NED - Independent [Member]

**C] Attendance during the year**

The Committee met once during the Financial year 2008-09 and the Chairman and all the members of the committee attended the same.

**D] Details of Remuneration paid to all Directors in Financial year 2008-09**

Name of the Director	Salary/ Commission	Sitting Fees	Bonus, Stock Option, Pension and other incentives
Shri Venkatesh Katwa	Nil	Nil	Nil
Shri Vilas Katwa	Rs. 25,000 Per Month	Nil	Nil
Shri Deepak Katwa	Nil	Nil	Nil
Shri Dinesh Kotecha	Nil	Rs. 1,000 Per Meeting	Nil
Shri Govindraj Chitta	Nil	Rs. 1,000 Per Meeting	Nil
Smt Bharati Kamatgi	Nil	Rs. 1,000 Per Meeting	Nil

**3] Share Transfer / Shareholders' Grievance Committee****A] Terms of Reference**

The Company has formed a Share Transfer/Shareholders' Grievance Committee with the following terms of reference :

- 1] To ensure redressal of the Shareholders / Investors complaints relating to transfer of shares, non-receipt of Annual Report. etc.
- 2] To ensure redressal of Shareholders complaints in respect of non-receipt of dividends.
- 3] To monitor transfer/transmission / transposition/issue of duplicate share and related activities.

**B] Composition of the Committee**

During the financial year 2008-09, the composition of the committee is as under:

Shri Venkatesh Katwa, Non Executive Chairman

Shri Vijay Bansur, Assistant Compliance Officer

The committee met 12 times during the year.



# Shri Keshav Cements & Infra Limited

The power to approve transfer of shares is delegated to the committee. 85.19% percent of the shares are in the demat form.

In respect of shares in the physical segment, The Board has authorised the Registrar and Share Transfer Agent Shri Jayshankar / Shri Ravi - both officials of CANBANK COMPUTER SERVICES LTD, 218, J. P. Royale, 1st floor, 14 th Cross, Sampige Road, Malleswaram, Bangalore -590 003, with powers of share transfer and upon preliminary scrutiny by those officials of the RTA, the transfers are placed before the Share transfer committee from time to time for ratification.

As on March 31, 2009, there were no pending share transfers with the company.

As per the revised Clause 47[F] of the listing agreement of the BSE the e-mail ID of the Investor Grievance Department of the Company is vijaybansur@katwa.com

## 4] General Meetings

### 1] Details of Annual General Meeting

A] The Particulars of last Three Annual General Meetings of the Company are as under :

Financial Year	Date	Time	Venue
2007-08	September 15, 2008	11.30 A.M.	Registered Office : 215/2, Jyoti Towers, 6 <sup>th</sup> Cross, Nazar Camp, Karbhar Galli, M. Vadgaon, Belgaum - 590 005.
2006-07	September 24, 2007	11:30 A.M.	
2005-06	August 04, 2006	10.00 A.M.	

Fifteenth Annual General Meeting was held on September 15, 2008

B] The Particulars of special resolutions passed in the last Three Annual General Meetings are as under :

Financial Year	No. of Special Resolutions
2007-08	One
2006-07	Five
2005-06	One

C] There were no special resolutions required to be passed through postal ballot at any of the above Annual General Meetings.

D] No resolutions proposed for the ensuing Annual General Meeting need to be passed by postal ballot.

## 5] Disclosures

A] No transaction of material nature has been entered in to by the company with promoters, Directors or the management or associate companies or relatives etc. that may have potential conflict of interests of the company.

B] **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.**

As reported last year, during the financial year 2007-08, the Registrar of Companies, Karnataka, Bangalore issued three prosecution notices under section 209[1][d], 211 read with Accounting standard 15 and section 58A of the Companies Act, 1956. After hearing the Company's stand on section 58A, the notice was dropped. So far as the notices under section 209[1][d] and section 211 are concerned, as directed by the Registrar, the Company has submitted applications under section 621 of the companies Act, 1956 for compounding of the breaches. These petitions were heard by the Hon'ble Company Law Board, Chennai on March

24, 2009 and orders are awaited. No criminal prosecution is launched against the Company or its Directors.

- C] The Company has not framed a formal Whistle Blower Policy.
- D] The Company has not issued any shares during the year.
- E] Non-mandatory requirements of Corporate governance have not been adopted.

**5] Means of Communication to Share Holders**

- i] The Quarterly unaudited financial results and Annual Audited results are generally published in "The Free Press Journal"-Mumbai Edition [English] and "Sakal" -Belgaum Edition [Marathi]
- ii] Regular updates and developments impacting the business and financial together with Data on Shareholding pattern etc. are made available to The Bombay Stock Exchange Ltd. Mumbai in the form which would enable them to place them on their website i. e. www.bseindia.com.

**6] General Shareholder Information**

Date of Incorporation	March 17, 1993				
Corporate Identity Number [CIN]	U26941KA1993PTC014104				
Registered Office	215/2, Jyoti Towers, 6 <sup>th</sup> Cross, Nazar Camp, Karbhar Galli, M. Vadgaon, Belgaum - 590 005 Tel. : +91-0831-2483510, Fax : +91-0831-2484421 Email: keshavcement@katwa.com				
Plants	<table border="0"> <tr> <td style="padding-right: 20px;">Plant 1</td> <td>R.S. No. 346, Kaladgi Village, Bagalkot - 587 313 [Karnataka]</td> </tr> <tr> <td>Plant 2</td> <td>R.S. No. 15/4, At Mudhol, Nagnapur Industrial Area, Bagalkot - 587 122 [Karnataka]</td> </tr> </table>	Plant 1	R.S. No. 346, Kaladgi Village, Bagalkot - 587 313 [Karnataka]	Plant 2	R.S. No. 15/4, At Mudhol, Nagnapur Industrial Area, Bagalkot - 587 122 [Karnataka]
Plant 1	R.S. No. 346, Kaladgi Village, Bagalkot - 587 313 [Karnataka]				
Plant 2	R.S. No. 15/4, At Mudhol, Nagnapur Industrial Area, Bagalkot - 587 122 [Karnataka]				
Day and Date of the Annual General Meeting	Wednesday, August 26, 2009				
Time and Venue of the Annual General Meeting	11.30 A.M. at the Registered Office of the Co.				
Date of Book Closure	Both Days inclusive				
Financial Calender : 2009-2010	From August 24, 2009 to August 26, 2009				
Financial Results for the Quarter 1 Ending June 30, 2009	April 1 - March 31,				
Financial Results for the Quarter 2 Ending Sept 30, 2009	Last Week of July 2009				
Financial Results for the Quarter 3 Ending Dec 31, 2009	Last Week of October 2009				
Financial Results for the Quarter 4 Ending March 31, 2010	Last Week of January 2010 Last Week of April 2010				
Listing on stock Exchange [Listing fees for 2009-2010 has been paid]	The Bombay Stock Exchange Limited 25th Floor, P. J. Towers, Dalal Street, Mumbai-400 001 Tel. : +91-22-22411233 / 34 Fax : +91-22-22722082 / 2132 Website : www.bseindia.com				
Stock Code	BSE-530977				
international Security Identification Number [ISIN] Code	INE260E01014				
Dividend Payment/Credit Date	N.A. Since no dividend is recommended				

# Shri Keshav Cements & Infra Limited

## 7] Registrar & Share Transfer Agent

[For physical and Demat]

Can Bank Computer Services Limited  
Unit : Shri Keshav Cements & Infra Limited  
218, J.P.Royale, 1<sup>st</sup> Floor, 14<sup>th</sup> Cross,  
Sampige Road, Malleshwaram,  
Bangalore - 560 003  
Phone No: +91-080-25320542 / 543  
Fax No: +91-080-25320544  
E-mail : canbank\_computer@dataphone.in  
Website: canbankrta.com  
Business Hours : 10 A.M. TO 5 P.M.

## 8] Share Transfer System

Share Transfer requests received in physical form are registered within an average period of 30 days. A share Transfer Committee comprising of members of the Board meets once a months to consider the transfer of shares. received from the shareholders are

## 9] Compliance Officer's Details

**Shri Rajesh Lakkar**  
Company Secretary

Telephone Number  
Fax Number  
E mail

### Registered office :

215/2, Jyoti Towers, 6<sup>th</sup> Cross, Nazar Camp,  
Karbhar Galli, M. Vadgaon, Belgaum - 590 005  
+91-0831-2483510,  
+91-0831-2484421  
lakkarrajesh@yahoo.co.in

The Shareholders are requested to address their communication/suggestions/grievances/queries at the Registered Office of the Company.

## 10] Market Price Data

The monthly high/low market price of the equity shares during the year 2009-10 at the BSE was as under.

Year / Month	High [Rs.]	Low [Rs.]	Total Number of Shares traded during the year
2008 April	19.25	17.00	03125
May	24.80	18.60	66313
June	20.20	15.50	32768
July	18.60	14.25	56865
August	19.95	14.00	60205
September	21.35	13.30	58584
October	18.10	09.75	16414
November	15.00	09.00	16497
December	12.25	09.00	10134
2009 January	12.40	09.69	09797
Febuary	10.50	08.90	08953
March	09.51	08.21	22089

At the BSE : Closing share price as on March 31, 2009 was Rs. 9.10

11] Distribution of Equity Shareholding as on March 31, 2009

Share Holding Range	Number of Shareholders	% of Shareholders	Number of Share held	% of Shareholding
1 - 500	6164	19.82	8658630	16.90
501 - 1000	0295	04.39	2444130	04.77
1001 - 2000	0143	02.13	2200940	04.30
2001 - 3000	0032	00.48	0811970	01.18
3001 - 4000	0013	00.19	0460190	00.90
4001 - 5000	0017	00.25	0797860	01.56
5001 - 10000	0025	00.37	1834930	03.58
10001 and above	0024	00.37	34033350	66.41
Total	6713	100.00	51242000	100.00

12] Shareholding Pattern as on March 31, 2009

Category	Number of Shareholders	Number of Share held	% of — Shareholding
Indian Promoters	05	1352454	26.39
Persons acting in concert	05	1661278	32.42
Corporate Bodies	76	0101625	01.98
Non- Resident Indians	107	0158054	03.08
H U F	47	0032329	00.60
Clearing Members	02	0000772	00.02
Indian Public	6471	18176888	35.48
Total	6713	51242000	100.00

85.19% of the equity shares were held in Dematerialized form as on March 31, 2009  
Trading in equity shares is permitted only in Demat form.

- 13] The Company has not issued any GDR's / ADR's, warrants or any other convertible instrument/s during the year

For and on behalf of the Board of Directors,

Belgaum-590005  
Dated : June 27, 2009

Venkatesh Katwa  
Chairman

Vilas Katwa  
Managing Director

**DECLARATION BY MANAGING DIRECTOR TO THE  
COMPLIANCE OF CODE OF CONDUCT IN PURSUANCE OF CLAUSE  
49 [D] [III] OF THE LISTING AGREEMENT WITH STOCK EXCHANGE**

It is hereby declared that all the Board Members and Senior Management Personnel of the Company have affirmed to the Board of Directors, their compliance with the Code of Conduct of the Company pursuant to clause 49 [D] [ii] of the Listing Agreement for the Year ended 2008-09.

For Shri Keshav Cements & Infra Ltd,  
[Formerly Katwa Udyog Limited]

Belgaum-590005  
Dated : June 27, 2009

Vilas Katwa  
Managing Director

**AUDITORS CERTIFICATE REGARDING COMPLIANCE WITH CONDITIONS  
OF CORPORATE GOVERNANCE UNDER CLAUSE NO. 49  
OF THE LISTING AGREEMENT WITH STOCK EXCHANGE**

To The Members of  
Shri Keshav Cements & Infra Ltd,  
[Formerly Katwa Udyog Limited]

We have examined the compliance of the conditions of corporate governance by Shri Keshav Cements & Infra Ltd. for the financial year ended March 31, 2009, as stipulated in clause 49 of the listing agreement of the said company with the stock exchanges in India.

The compliance of the conditions of corporate governance is the responsibility of the management. Our examination was limited to the compliance of the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance; It is neither an audit nor an expression of the opinion on the financial statements of the company.

In our opinion and to the best of our information and explanation given to us, subject to the fact that the name of the company was changed to SHRI KESHAV CEMENTS AND INTRA LIMITED in accordance with the provisions of the Companies Act 1956, but the same is not yet approved by the Bombay Stock Exchange. We certify that the company has complied with conditions of corporate governance as stipulated in the above-mentioned agreement.

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

Belgaum-590005  
Dated : June 27, 2009

C.A. Prabhakar K. Latkan  
Chartered Accountant  
M No. 200/21730

## AUDITORS' REPORT

The members of Shree Keshav Cements and Infra Limited  
[Formerly Katwa Udyog Limited]

1. We have audited the attached Balance Sheet of **SHRI KESHAV CEMENTS AND INFRA LIMITED** [formerly known as Katwa Udyog Limited] as at 31 st March 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. [together referred to as 'Financial Statements']. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit. The Company has changed the name from Katwa Udyog Limited to Shri Keshav Cements and Infra Limited vide approval from Registrar of Companies Bangalore Certificate dated : 07-11-2007. The change in name is intimated to all the State & Central Government Departments and the change of name is confirmed. The change of name is also intimated to BSE Mumbai *the approval is still under their consideration.*
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies [Auditor's Report] Order, 2003 as amended by the Companies [Auditor's Report][Amendment] Order, 2004[the 'Order'], issued by Central Government of India in terms of sub-section [4A] of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanation given to us during the course of the audit, we enclose in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable
4. Further, to our comments in the Annexure referred to in paragraph [3] above, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii) In our opinion, the Company has kept proper books of account as required by law, so far as appears from our examination of the books. *It is reported by the management that the Central Excise Department has seized the books of accounts and relevant documents for the period from 01-04-2008 to 23-10-2008. In view of this we are unable to verify and confirm the correctness of the transactions for the aforesaid period. We are therefore unable to make any comment on this point.*
  - iii) The Balance sheet, Profit and Loss Account and cash flow statements dealt with by this report are in agreement with the books of account;

## Shri Keshav Cements & Infra Limited

- +++++
- iv) In our opinion, the Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section [3C] of section 211 of the Companies Act, 1956; *save the compliance with accounting standards 28 on impairment of assets.*
- v) On the basis of the written representation received from the directors, as on 31<sup>st</sup> March 2009 and taken on record by the Board of Directors, we report that none of the directors of the company are disqualified as on 31<sup>st</sup> March 2009 from being appointed as a director in terms of clause [g] of sub-section [1] of section 274 of the Companies Act, 1956;.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and other notes thereon **subject to notes No v on accounts** give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in the case of Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March 2009,
- b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
- c) in the case of cash flow statement, of cash flows for the year ended on that date.

Belgaum-590005  
Dated : June 27, 2009

C.A. Prabhakar K. Latkan  
Chartered Accountant  
M No. 200/21730

## ANNEXURE TO THE AUDITORS' REPORT

[Referred to in paragraph 3 of our report of even date]

### In respect of Fixed Assets:

- i. a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. The fixed assets are physically verified by the Management at reasonable intervals having regard to size of the company and nature of its assets. We have been informed that no material discrepancies were noticed during such physical verification.
- c. In our opinion and according to the information and explanations given to us, the Company has not made any substantial disposal of assets during the year and therefore the going concern concept is not affected.
- d. *In our opinion and according to the information and explanation given to us, the company has undertaken expansion of Plant I and purchased additional machinery & spares for an amount of Rs. 1, 38,51,632 and deducted modvat credit of Rs. 12,53,355. Net amount of Rs. 1, 25, 98,277 is shown as Capital Work in Progress under schedule Fixed Assets. Similarly, in the earlier year Company has undertaken expansion of Plant II and purchased additional Plant & Machinery and spares for Plant-II amounting to Rs. 3,63,17,534 and deducted Modvat credit of Rs. 21,14,764 and net amount of Rs. 3,42,02,770 along with op. balance of Rs. 6,29,50,377. Total amounting to Rs. 9,71,53,147 has been transferred to Plant and Machinery Plant II Since the expansion work is completed.*

### In respect of Inventories:

- ii. a. As explained to us the management during the year physically verified the inventories. In our opinion, the frequency of verification is reasonable.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and in the nature of its business.
- c. In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- d. During the year the inventory of Rs. 15,00,000 which is shown as current asset Plant-II has been transferred to inventory account.
- iii. a. As informed, the company has not granted loans, secured and unsecured to Companies, Firms or Other parties, covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clause [b][c] and [d] are not applicable.
- b. The Company has taken unsecured loans from directors covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 6,13,18,144 the number of parties are five and year-end balance of such loan taken was Rs. 5,59,59,445.



## Shri Keshav Cements & Infra Limited

- \*\*\*\*\*
- c. In our opinion, the rate of interest and other terms and conditions under section 301 of the Companies Act, 1956 are prima facie, not prejudicial to the interest of the Company.
  - d. The Company is regular in repaying the principal amount as stipulated and has been regular in the payment of interest.
  - e. The Company has not given loans and advances in the nature of loans to employees.
  - iv. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regards to purchase of inventory, fixed assets and with regard to the sale of goods and services. 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 a register in pursuance of section 301 of the Companies Act, 1956 have been so entered.  
b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangement have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
  - vi. In our opinion and according to information and explanations given to us, the company has accepted public deposits, and it has complied with the provisions of section 58A, 58AA of the Companies Act, 1956 and the Companies [Acceptance of the Deposit] Rules, 1975 with regard to the deposit accepted from public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other tribunal.
  - vii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
  - viii. It is reported by the management that the *Company has appointed qualified Cost Auditor and has maintained cost records as required u.s. 209[1][d] of the Companies Act 1956. The Cost Auditor has issued a certificate stating that the Company has complied with the requirements as required U.S. 209[1][d] of the Companies Act 1956.*
  - ix. According to the records of the company, Provident Fund, Investors Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise duty, Cess, Fringe Benefit Tax and other material statutory dues applicable to it have been generally regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at March 31, 2009 for a period of more than six months from the date on which they became payable.
  - x. According to the information and explanations given to us, there are no dues of Income Tax, Service Tax, Wealth Tax, Sales Tax, Custom Duty, Excise Tax, and Cess Fringe Benefit Tax, which have not been deposited on account of any dispute.
  - xi. The company does not have accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- \*\*\*\*\*

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- xii. 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, bank or debenture holders.
  - xiii. Based on our examination of the records and the information and explanation given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  - xiv. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society Therefore, the provisions of clause 4 [xiii] of the order are not applicable to the Company.
  - xv. In our opinion, as per the information and explanations given to us the company has not given any guarantee for the loans taken by others.
  - xvi. In our opinion, the term loans have been applied for the purpose which they were raised.
  - xvii. According to the cash flow statement and other records examined by us and the information and explanations given to us, on an over all basis, funds raised on short term basis have prima facie, not been used during the year for a long term investment [ fixed assets etc] other than temporary deployment pending application.
  - xviii. According to the information and explanations given to us, the company has not made any preferential allotments of shares to parties and companies covered in the register maintained under section 301 of the Act.
  - xix. According to the information and explanations given to us, during the period covered by our audit report the company has not issued any debentures.
  - xx. The Company has not raised any money by public issue during the year.
  - xxi. According to the information and explanation given to us, no fraud on or by the company has been noticed during the course of our audit.

Belgaum-590005  
Dated : June 27, 2009

C.A. Prabhakar K. Latkan  
Chartered Accountant  
M No. 200/21730

## BALANCE SHEET AS ON MARCH 31, 2009

[ Figures in Rupees ]

Particulars	SCH	As at March 31 2009		As at March 31 2008	
<b>SOURCE OF FUNDS</b>					
<b>SHARE HOLDERS' FUND</b>					
Equity Share Capital	1	51,242,000		51,242,000	
Reserve and Surplus	2	17,450,673		10,673,409	
			68,692,673		61,915,409
<b>LOAN FUNDS</b>					
Secured Loans	3	234,701,826		214,393,905	
Unsecured Loans	4	117,773,405		72,884,252	
			352,475,231		287,278,157
Deffered Tax Liabilities			15,560,587		17,561,987
<b>TOTAL</b>			<b>436,728,492</b>		<b>366,755,553</b>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block	5	324,454,902		226,602,525	
Less: Deprecation		61,886,396		47,260,112	
			262,568,506		179,342,413
Capital work in progress			76,685,418		127,037,518
<b>INVESTMENTS</b>					
Deposits	6		10,647,373		10,601,287
<b>CURRENT ASSETS</b>					
Inventories	7	91,779,679		53,866,909	
Sundry Debtors		7,510,017		-1,016,707	
Current Asset Plant II		-		1,500,000	
Cash and Bank Balances		3,828,559		3,086,671	
Loans and Advances		9,002,387		20,225,343	
		112,120,641		77,662,216	
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>					
Sundry Creditors	8	12,484,269		8,299,553	
Provisions		12,809,177		19,588,328	
		25,293,446		27,887,881	
<b>NET CURRENT ASSETS</b>			<b>86,827,195</b>		<b>49,774,335</b>
<b>TOTAL</b>			<b>436,728,492</b>		<b>366,755,553</b>

Notes : forming part of the accounts

As per our separate report of even date

For and on behalf of the Board of Directors,

**C.A. Prabhakar K. Latkan**  
Chartered Accountant  
M No. 200/21730

Belgaum-590005  
Dated : June 27, 2009

**Venkatesh Katwa**  
Non - Executive Chairman

**Rajesh Lakkar**  
Company Secretary

**Vilas Katwa**  
Managing Director

**Dinesh Kotecha**  
Director

**SHRI KESHAV CEMENTS & INFRA LIMITED**  
**[ formerly Katwa Udyog Limited ]**

215/2, Jyoti Towers, 6th Cross Nazar Camp M. Vadgaon, Belgaum - 590 005.

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2009**

[ Figures in Rupees ]

Particulars	SCH	for the year March 31 2009	for the year March 31 2008
<b>INCOME</b>			
Sales	9	242,256,670	157,562,659
Less: Excise duty		20,243,206	12,715,844
		222,013,464	144,846,815
Other Income	10	961,794	1,141,630
Increase/ Decrease in Finished Goods	11	297,047	1,794,658
<b>TOTAL</b>		<b>223,272,304</b>	<b>147,783,103</b>
<b>EXPENDITURE</b>			
Raw Material Consumed	12	111,448,415	79,547,722
Employees Remuneration & Benefits	13	4,433,261	2,381,899
Interest	15	29,728,884	5,174,046
Deprecation	5	14,626,284	5,094,566
Manufacturing Expenses	14	57,445,489	41,371,670
		217,682,333	133,569,903
<b>PROFIT BEFORE TAX</b>		<b>5,589,971</b>	<b>14,213,200</b>
LESS: Excess/ [short] Provision of Taxes		202,007	-25,469
LESS: Deffered Tax Liability		-	118,350
ADD: Deffered Tax Asset		2,001,400	-
		7,389,364	14,069,381
LESS: Provision for Taxation			
Current Tax [ Income Tax ] MAT & FBT		612,100	4,750,000
<b>PROFIT AFTER TAX</b>		<b>6,777,264</b>	<b>9,319,381</b>
ADD: Balance Brought Forward		6,896,409	3,772,088
<b>Amount Available for Appropriations</b>		<b>13,673,673</b>	<b>13,091,469</b>
Provision for Dividend		-	5,124,200
Corporate Tax on Proposed Dividend		-	870,860
Transferred to General Reserves		-	200,000
Balance Carried Forward		13,673,673	6,896,409
		13,673,673	13,091,469
Earning Per Share [ Basic/ Diluted ]		1.32	1.82

Notes forming part of the accounts  
As per our separate report of even date.

for and on behalf of the Board of Directors

**C.A. Prabhakar K Latkan**  
Chartered Accountant  
Membership No 200/21730

**Venkatesh H. Katwa**  
Chairman

**Vilas Katwa**  
Managing Director

**Rajesh Lakkar**  
Company Secretary

**Dinesh Kotecha**  
Director

Belgaum 590 002  
Date: June 27, 2009.

# Shri Keshav Cements & Infra Limited

## SHRI KESHAV CEMENTS & INFRA LIMITED [ formerly Katwa Udyog Limited ]

215/2, Jyoti Towers, 6th Cross Nazar Camp M. Vadgaon, Belgaum - 590 005.

PARTICULARS	2008-09	2007-08
<b><u>SCHEDULE "1" SHARE CAPITAL</u></b>		
AUTHORISED CAPITAL 60,00,000 Equity Shares OF Rs.10 Each	60,000,000	60,000,000
ISSUED, SUBSCRIBED & PAID UP SHARE CAPITAL 5124200 Equity Shares of Rs. 10 Each	51,242,000	51,242,000
<b><u>SCHEDULE "2" RESERVE &amp; SURPLUS</u></b>		
State Subsidy	1,452,000	1,452,000
General Reserve	2,325,000	2,325,000
Profit & Loss Account	13,673,673	6,896,409
	<b>17,450,673</b>	<b>10,673,409</b>
<b><u>SCHEDULE "3" SECURED LOANS</u></b>		
Syndicate Bank - Cash Credit	68,354,111	31,650,234
Syndicate Bank - Term Loan [ Secured by Hypothecation by way of Charge on inventories present & future and book debts with personal guarantee MR. H.D.Katwa, Mrs. N.H.Katwa, . Mr. Vilas Katwa, Mr. Venkatesh Katwa & Mr. Deepak Katwa	160,055,088	173,988,201
Centurion Bank of Punjab Mortagage for Loader	6,046,816	8,239,853
ICICI Bank Vehicle Loan Mortagage for Vehicles	103,212	297,642
Sundaram Finance Mortagage for Vehicles	142,600	217,975
	<b>234,701,826</b>	<b>214,393,905</b>
<b><u>SCHEDULE "4" UNSECURED LOANS</u></b>		
Deposit from Dealers	3,065,932	2,031,161
Deposit from Public	4,447,955	2,459,989
Deposit from Directors	55,959,445	34,057,100
Syndicate Bank New LD	54,300,073	34,336,002
	<b>117,773,405</b>	<b>72,884,252</b>

## SHRI KESHAV CEMENTS &amp; INFRA LIMITED

[ formerly Katwa Udyog Limited ]

215/2, Jyoti Towers, 6th Cross Nazar Camp M. Vadgaon, Belgaum - 590 005.

## SCHEDULE " 5 " ANNEXURE OF FIXED ASSETS

	ASSETS	As on 1st April 08 Rs.	Additions Rs.	Deletion Rs.	As on 31-Mar-09 Rs.	As on 1st April 08 Rs.	Additions Rs.	Deletion Rs.	As on 31-Mar-09 Rs.	As on March 31 2009 Rs.	As on March 31 2008 Rs.
1	Land										
	Plant 1	400,391	-	-	400,391	-	-	-	-	400,391	400,391
	Plant II	3,500,000	-	-	3,500,000	-	-	-	-	3,500,000	3,500,000
2	Building										
	Plant 1	16,687,163	-	-	16,687,163	6,332,064	557,351	-	6,889,415	9,797,748	10,355,099
	Plant II	5,722,500	-	-	5,722,500	-	191,132	-	191,132	5,531,368	5,722,500
3	Plant & Machinery										
	Plant 1	91,364,175	-	-	91,364,175	39,202,524	4,339,798	-	43,542,322	47,821,853	52,161,651
	Plant II	104,130,010	97,153,147	-	201,283,157	-	9,227,352	-	9,227,352	192,055,805	104,130,010
4	Office Equipments	1,231,972	699,230	-	1,931,202	255,289	62,068	-	317,357	1,613,845	976,683
5	Adl. 33 Kv Line	1,607,068	-	-	1,607,068	807,335	76,336	-	883,671	723,397	799,733
6	Testing Lab	292,245	-	-	292,245	125,316	13,882	-	139,198	153,047	166,929
7	Vehicles										
	Plant I	1,380,231	-	-	1,380,231	526,753	131,122	-	657,875	722,356	853,478
	Plant II	286,770	-	-	286,770	10,831	27,243	-	38,074	248,696	275,939
	Total Rs.	226,602,525	97,852,377	-	324,454,902	47,260,112	14,626,284	-	61,886,396	262,568,506	179,342,413
	Previous Year	112,248,207	114,354,318	-	226,602,525	42,165,546	5,094,566	-	47,260,112	179,342,413	70,082,661
	Capital Work in Progress										
	Plant I	64,087,141	12,598,277	-	76,685,418	-	-	-	-	76,685,418	64,087,141
	Plant II	62,950,377	34,202,770	97,153,147	-	-	-	-	-	-	62,950,377
	TOTAL RS.	127,037,518	46,801,047	97,153,147	76,685,418	-	-	-	-	76,685,418	127,037,518
										339,253,924	

# Shri Keshav Cements & Infra Limited

## SHRI KESHAV CEMENTS & INFRA LIMITED

[ formerly Katwa Udyog Limited ]

215/2, Jyoti Towers, 6th Cross Nazar Camp M. Vadgaon, Belgaum - 590 005.

<b>SCHEDULE "6" SUNDRY DEPOSIT</b>		
KEB Deposit	10,105,000	10,105,000
Telephone Depoist	16,000	16,000
Fixed Deposit with Syndicate Bank	516,373	470,287
CAN Bank deposit	5,000	5,000
Syndicate Bank FD Goa	5,000	5,000
	<b>10,647,373</b>	<b>10,601,287</b>

### **SCHEDULE "7" CURRENT ASSETS LOANS AND ADVANCES INVENTORIES**

SL. NO.	PARTICULARS	QTY M.T.	As at March 31 2009		As at March 31 2008	
			QTY	AMOUNT	QTY	AMOUNT
1)	Lime Stone	M.T.	10916.210	1,784,246	24641.535	4,016,570
2)	Coke Breeze	M.T.	2839.495	9,471,337	3195.905	15,704,076
3)	Coke Fine	M.T.	1603.794	5,625,138	3740.137	13,789,872
4)	Coal	M.T.	8524.350	43,717,424	0.000	-
5)	Clinker out	M.T.	4.240	10,532	0.000	-
6)	Clinker Own	M.T.	1150.386	3,451,158	5071.286	14,719,140
7)	Gypsum	M.T.	330.360	131,570	462.210	383,634
8)	Stores & Spares			23,791,113		1,814,179
9)	W.S.Bags	BAG	53901	347,136	41819	286,460
10)	<u>Finished Goods</u>					
	Factory	M.T.	575.000	2,184,999	760.000	2,052,000
	Head Office	M.T.	312.500	1,255,400	328.550	1,083,893
	Goa	M.T.	1.050	9,626	5.100	17,085
				<b>91,779,679</b>		<b>53,866,909</b>

Note: Stores and spares quantity not ascertained.

	2008-09	2007-08
<b>SUNDRY DEBTORS (UNSECURED)</b>		
Outstanding for a period less than six months HO	5,089,622	165,050
Outstanding for a period Less than six months Goa Br.	2,420,395	-1,181,757
Outstanding for a period more than six months HO		
Debt considered good for which the company holds no security other than the debtors personal security		
<b>TOTAL</b>	<b>7,510,017</b>	<b>-1,016,707</b>

**SHRI KESHAV CEMENTS & INFRA LIMITED**  
**[ formerly Katwa Udyog Limited ]**

215/2, Jyoti Towers, 6th Cross Nazar Camp M. Vadgaon, Belgaum - 590 005.

<b>CASH AND BANK BALANCES :-</b>		
Cash in Hand	2,446,418	2,243,184
Cash at Bank	1,382,141	843,487
<b>TOTAL :-</b>	<b>3,828,559</b>	<b>3,086,671</b>
<b>LOANS &amp; ADVANCES</b>		
Central Excise PLA A/C	54,185	5,585
Service Tax	789,683	974,020
R.G.23 C Part II Capital Goods	1,162,649	1,802,164
R.G.23 A Part II Raw Material	1,272,962	3,052,753
Income Tax	15,000	249,296
Central Excise Under Protest	39,052	27,611
T.D.S. Receivable	89,195	103,266
Sales Tax	2,323,388	3,252,488
Advance Tax F.Y 2007-08	-	4,000,000
Advance to Suppliers	669,580	4,191,613
BEMCIEL / Belgaum	1,600,000	1,600,000
Group Grauity	615,476	580,330
Advance Tax FBT F.Y 2007-08	-	15,000
Advance for New Iron Ore Project	371,217	371,217
	<b>9,002,387</b>	<b>20,225,343</b>

**SCHEDULE " 8 " CURRENT LIABILITIES AND PROVISIONS**

Particulars	2008-09	2007-08
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	11,336,918	8,299,553
Advance from debtors	1,107,465	-
Creditors for Expenses	39,886	-
(SMME units are identified on the basis of available information )		
	<b>12,484,269</b>	<b>8,299,553</b>
<b>PROVISIONS</b>		
Provision for expenses	9,112,764	7,238,790
Unclaimed Dividend 2007-08	137,230	-
Provision for Dividend including Dividend Tax	-	6,135,552
Provision for Taxation[VAT & IT]	3,559,183	6,213,986
<b>TOTAL :-</b>	<b>12,809,177</b>	<b>19,588,328</b>



# Shri Keshav Cements & Infra Limited

## SHRI KESHAV CEMENTS & INFRA LIMITED

[ formerly Katwa Udyog Limited ]

215/2, Jyoti Towers, 6th Cross Nazar Camp M. Vadgaon, Belgaum - 590 005.

PARTICULARS	2008-09	2007-08
<b>SCHEDULE "9." SALES</b>		
Sale of Cement	205,211,671	130,628,917
Sales of Coke Breeze	37,044,999	26,933,742
	<b>242,256,670</b>	<b>157,562,659</b>
Less: Excise Duty	20,243,206	12,715,844
	<b>222,013,464</b>	<b>144,846,815</b>
<b>SCHEDULE " 10 " OTHER INCOME</b>		
Dividend	-	1,123
Group Gratuity	-	580,330
Interest on FD	53,754	206,020
Interest received	377,151	223,401
Discount	530,889	72,845
Profit on Sale of Shares [ Long Term Capital Gain ]	-	57,911
	<b>961,794</b>	<b>1,141,630</b>
<b>SCHEDULE " 11 " INCREASE /DECREASE IN Finished Goods</b>		
Opening Stock of Cement	3,152,978	1,358,320
Less : Closing Stock	3,450,025	3,152,978
	<b>297,047</b>	<b>1,794,658</b>
<b>SCHEDULE " 12 " RAW MATERIAL CONSUMED</b>		
<b>Raw Materials</b>		
Opening Stock	48,899,752	15,657,378
Add: Purchases	126,868,427	112,368,898
	<b>175,768,179</b>	<b>128,026,276</b>
Less: Closing Stock	64,538,540	48,899,752
	<b>111,229,639</b>	<b>79,126,524</b>
<b>Stores &amp; Spares</b>		
Opening Stock	1,814,179	2,216,829
Add: Purchases	22,195,710	18,548
	<b>24,009,889</b>	<b>2,235,377</b>
Less : Closing Stock	23,791,113	1,814,179
	<b>218,776</b>	<b>421,198</b>
<b>[ A+B ] TOTAL</b>	<b>111,448,415</b>	<b>79,547,722</b>
<b>SCHEDULE " 13 " EMPLOYEES REMUNERATION AND BENEFITS</b>		
Salaries	1,190,139	753,411
Wages	2,857,159	1,258,874
Bonus	243,377	215,000
Group Gratuity	142,586	154,614
	<b>4,433,261</b>	<b>2,381,899</b>

## SHRI KESHAV CEMENTS &amp; INFRA LIMITED

[ formerly Katwa Udyog Limited ]

215/2, Jyoti Towers, 6th Cross Nazar Camp M. Vadgaon, Belgaum - 590 005.

PARTICULARS	2008-09	2007-08
<b>SCHEDULE " 15 " MANUFACTURING AND OTHER EXPENSES</b>		
Power	46,774,849	35,194,904
General Expenses	1,803,446	677,272
Professional Tax	2,500	8,460
Auditors Remuneration	30,000	30,000
Managerial Remuneration	300,000	300,000
Central Excise Fees & Fines	251,653	
Bank Charges	352,818	493,378
Provident Fund & ESI	518,046	233,891
Sales Tax & Entry Tax	2,940,371	728,482
Building Rent	60,000	60,000
Insurance & Postage	177,635	232,972
Fringe Benefit Tax	24,440	16,800
Transport Charges	4,028,179	3,033,770
Stock Exchange Charges	165,169	158,139
Repairs & Maintance	16,384	203,602
	<b>57,445,489</b>	<b>41,371,670</b>
<b>SCHEDULE " 16 " INTEREST</b>		
Bank Interest	27,232,169	4,920,373
Others	2,496,715	253,673
	<b>29,728,884</b>	<b>5,174,046</b>

## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

## 1. SIGNIFICANT ACCOUNTING POLICIES:

The Financial statements have been prepared in accordance with the applicable Accounting Standards and relevant presentational requirement of the Companies Act, 1956 and are based on the historical cost convention. The Company follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis. The Significant Accounting Policies followed are stated below:

a) **FIXED ASSETS:**

Fixed Assets are stated at cost of acquisition/installation less accumulated depreciation and modvat.

b) **DEPRECIATION:**

Depreciation on fixed assets is provided on Straight Line Method [SLM] at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956. The depreciation has been calculated on pro rata basis considering the month of acquisition/installations of the assets.

c) **INVENTORIES:**

Items of Inventories are measured at lower of cost or net realizable value. Cost of inventories comprises of all cost of purchases, cost of conversion and other cost incurred in bringing them to their respective present location and condition [net of applicable CENVAT]. The cost of semi finished and finished goods are valued at production cost.

**d) INVESTMENTS:**

There are no investments either long term or short term.

**e) PROVISION FOR INCOME TAX:**

In view of claim of depreciation under the Income Tax Act, the assessable income is loss. Hence the tax payable is NIL. However, a MAT provision of Rs. 6,12,100/- has been made.

**f) REVENUE RECOGNITION:**

Sale of goods is recognized at the point of dispatch of finished goods to the customers. Sale of cement is exclusive of sales tax and excise duty, sale of coke is exclusive sale tax.

**g) EXCISE DUTY:**

Excise duty is paid on finished goods, on clearance of goods from factory premises.

**h) SALES TAX DISPUTES:**

Sales tax Assessments are completed up to the financial year 2006-07. Sales tax Assessment for the 1997-98 was in appeal, which was disposed off in favour of the Company. The payments made under protest are expected back. Management reports that as per the directions of the Appellate Authorities the Revised Orders and demand notices are issued by the Assessing Officer. The Refund Order is awaited.

**i) EMPLOYEE BENEFITS:**

**i) Short term employee benefits:**

All employee benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits, which include benefit likes salary, wages, and production incentives, and are recognized as expenses in the period in which the employee renders the related service.

**ii) Post employment benefits:**

**a) Defined contribution plans**

The company has defined contribution plans for post employments benefits in the form of provident fund and ESI for all employees which are administered by the Regional Provident Fund Commissioner. They are classified as defined contribution plans as the company has no further obligation beyond making the contributions. The company's contributions to defined contribution plans are charged to Profit and Loss Account as and when incurred.

**b) Funded Plan:**

The Company has defined benefit plan for post employment benefit in the form of gratuity, which is administered by Life Insurance Corporation. Liability to the above defined benefit plan is provided on the basis of valuation as at the Balance Sheet date, carried out by an independent actuary. The actuarial method used measuring liability is Projected Unit Credit Method. The actuarial gains and losses arising during the year are recognized in the Profit and Loss Account.

**c) The Company has adopted the Accounting Standards [AS-15] on employee benefits, pursuant to which the amount worked out by the actuary has been charged to Profit and Loss Account.**

**SHRI KESHAV CEMENTS & INFRA LIMITED**  
[ formerly Katwa Udyog Limited ]

215/2, Jyoti Towers, 6th Cross Nazar Camp M. Vadgaon, Belgaum - 590 005.

d)The other disclosures required under AS-15 are as follows:

M.P. No. 529495			
1	<b>Assumption</b>	31-3-2008	31-3-2009
	Discount Rate	8.00%	8.00%
	Salary Escalation	7.00%	7.00%
2	<b>Table showing changes in present value of obligations</b>		<b>31-3-2009</b>
	Present value of obligation as at beginning of year		602499
	Interest cost		48200
	Current Service Cost		144290
	Benefit Paid		169220
	Actuarial gain/loss on obligations		125986
	Present value of obligations as at end of year		499783
3	<b>Table showing changes in the fair value of plan assets</b>		<b>31-3-2009</b>
	Fair value of plan assets at beginning of year		580330
	Expected return on plan assets		49434
	Contribution		154932
	Benefits paid		169220
	Actuarial Gain/(Loss) on Plan assets		NIL
	Fair value of plan assets at the end of year		615476
4	<b>Table showing fair value of plan assets</b>		
	Fair value of plan assets at beginning of year		580330
	Actual return on plan assets		49434
	Contributions		154932
	Benefits Paid		169220
	Fair value of plan assets at the end of year		615476
	Funded status		115693
	Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31 <sup>st</sup> March)		NIL
5	<b>Actual Gain/Loss recognized</b>		<b>31-3-2009</b>
	Actuarial gain/loss for the year obligation		125986
	Actuarial gain/loss for the year plan assets		NIL
	Total gain/loss for the year		125986
	Actuarial gain/loss recognized in the year		125986
6	<b>The amounts to be recognized in the balance sheet and statements of profit and loss</b>		
	Present value of obligations as at the end of year		499783
	Fair value of plan assets as at the end of year		615476
	Funded status		115693
	Net Asset/liability recognized in balance sheet		(-)115693
7	<b>Expenses recognized in statement of Profit &amp; Loss</b>		
	Current Service Cost		144290
	Interest Cost		48200
	Expected return on plan assets		49434
	Net Actuarial gain/loss recognized in the year		125986
	Expenses recognized in statement of Profit & Loss		17070

# Shri Keshav Cements & Infra Limited

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Note: The above report is not certification under AS-15 revised 2005 read with Actuaries Act, 2006. It is simply a report generated to help companies for proper accounting of employees liabilities.

### j) CONTINGENT LIABILITIES:

Management reports, that there are no Contingent Liabilities.

### k) REMUNERATION U/S 217[1A]:

Remuneration paid more than Rs.2,00,000/- per month when employed for part of the year or Rs. 24,00,000/- per annum is NIL.

l) Consumption of imported Raw materials and components: NIL

m) C.I.F. Values of imports, Expenditures of Earning in Foreign Currency: NIL.

### n) ACCOUNTING FOR TAXES OF INCOME: AS 22 :

The Company has during the year, in order to comply with mandatory Accounting Standards-22 issued by the Institute of Chartered Accountants of India, Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset/ liability is recognized and carried forward only to the extent that there is a reasonable/ virtual certainty that the asset will be realized or liability will be repaid in future. Company has recognized a net deferred tax liability of Rs. 1,55,60,587/- in the Balance Sheet which comprises of Rs.1,75,61,987/- relating to net deferred tax liability as on 1-4-2008. Company has worked out net deferred tax asset of Rs. 20,01,400/- for the current year, towards timing differences i.e., of depreciation which has been credited to profit and loss appropriation Account under head deferred tax asset and debited to deferred tax asset. In order to give net effect in the Balance Sheet the Deferred tax asset has been transferred to deferred tax liability and Net deferred tax liability is shown in the Balance Sheet under head deferred tax liability.

#### Calculation of Deferred Tax Liability: -

Particulars of Deferred tax liability	As on 1-4-2008	For the year 2008-09	As on Closing 31-03-2009
"Deferred Tax Asset towards timing differences"	1,75,61,987	20,01,400	1,55,60,587

### o) EARNING PER SHARE: AS-20

Net Profit after taxes 67,77,264  
Number of Equity shares 51,24,200 = 1.32  
[No issue during the year, number of equity shares as on 01-04-2008 and 31-03-2009 are 51,24,200].

\*\*\*\*\*  
**p. RAW MATERIALS CONSUMPTION STATEMENT:**  
 \*\*\*\*\*

Sl. No.	Particulars of Raw Materials	Units MT	2008-09		2007-08	
			Qty	Value in Rs.	Qty	Value in Rs.
i.	Lime stone	M T	51883.240	72,52,619	32696.000	47,58,754
ii.	Clinker	M T	26299.280	5,86,65,838	22929.420	5,15,71,995
iii.	Gypsum	M T	1082.280	7,71,463	801.580	91,941
iv.	Woven sacks bags	Bags	1085980	65,58,384	793440	37,18,971
v.	Coke Breeze and Pet coke	M T	3318.250	1,40,95,144	817.400	15,22,054
vi.	Coke Breeze for trading	M T	7056.184	2,38,86,191	7695.295	1,74,42,555
vii.	Latride	MT			194.850	20,254
Viii.	Stores and spares			2,18,776		4,21,198
	Total			<b>11,14,48,415</b>		<b>7,95,47,722</b>

Note: Stores & spares quantity not ascertainable. Raw materials Consumption includes Coke Trading of Rs.2,38,86,191.

**Q. DETAILS OF LICENCED AND INSTALLED CAPACITY & PRODUCTION:**

Sl. No.	Class of goods	Licensed Capacity		Installed Capacity		Production	
		2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
1.	Cement Plant-I Plant-II	N.A.	N.A.	150 TPD	150 TPD	MT 29905	MT 30805
		N.A.	N.A.	200 TPD	200 TPD	24209	9274
						54114	40079

**r. OPENING AND CLOSING STOCK AND TURNOVER OF PRODUCTION MANUFACTURED:**

Particulars	Opening stock		Closing stock		Turnover	
	Qty.	Value Rs.	Qty.	Value Rs.	Qty.	Value Rs.
Cement	MT 1088.650	31,52,978	MT 889.950	34,50,025	MT 54312.700	18,49,68,465
Coke trading	Ni	Nil	Nil	Nil	MT 7056.184	3,70,44,999
Total		<u>31,52,978</u>		<u>34,50,025</u>		<u>22,20,13,464</u>

# Shri Keshav Cements & Infra Limited

SHRI KESHAV CEMENTS & INFRA LIMITED

[ formerly Katwa Udyog Limited ]

215/2, Jyoti Towers, 6th Cross Nazar Camp M. Vadgaon, Belgaum - 590 005.

The above information being of technical in nature, the Auditors have accepted the same on the basis of certificates issued by the management.

s. MANAGERIAL REMUNERATION:	2008-09	2007-08
Managerial Remuneration	3,00,000	3,00,000

#### t. AUDITORS REMUNERATION:

Audit fees	Rs. 25,000	25,000
Other service and certification	Rs. 5,000	5,000

#### u. AS-17:

The Company is engaged in manufacture of ordinary Portland cement accordingly management reports that it is single segment industry. Therefore no other separate statement is made.

#### v. NOTES ON ACCOUNTS:

- i) The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.
- ii) The sundry debtors, sundry creditors and advances are subject to Confirmation and are stated at book balances thereof.
- iii) In the opinion of the Directors, current assets, loans and advances have the value at which they are stated in the Balance Sheet, if realized in the ordinary course of business.
- iv) The unit is cement-manufacturing unit. During the year Company has manufactured cement. Company was also engaged in coke trading activities. The various quantity of raw material consumption and other inputs required for production of cement and consumption of electricity and other manufacturing expenses are highly technical in nature therefore, we have totally relied on the statement given by the management.
- v) Inventory valuation is as valued and certified by the management.
- vi) Company has availed modvat credit of Rs. 1,48,79,851 comprises of modvat credit on capital goods Rs. 33,11,053 and Modvat credit on raw material Rs. 1,13,07,209, and Service Tax of Rs. 2,61,589 The Company has deducted modvat credit of Rs. 39,50,568 from the plant and machinery & Rs. 135,32,926 from the raw materials. Balance amount of modvat of Rs. 33,18,531 is carried forwarded.

w. **IMPAIRMENT OF ASSETS AS-28 :**

On the aspect of compliance of AS-28 on impairment of assets, the management asserts that its assets have not undergone any impairment. Therefore no provision is called for the impairment of assets.

x. **BORROWING COSTS AS-16 :**

Interest on Term Loan for purchase of Plant & Machinery & for renovation & updating have been capitalized as part of the cost of the asset.

y. **RELATED PARTY DISCLOSURES AS-18 :**

It is reported by the management and as per the information and explanations given to us. In our verification of books of accounts there are related party transactions:

As per Accounting Standard [AS-18] "Related Party Disclosures" notified in the Companies (Accounting Standards) Rules 2006, the disclosures of transactions with the related as defined in AS-18 are given below:

**I. Key Management Personnel**

- 1. Mr. Venkatesh Katwa Chairman
- 2. Mr. Deepak Katwa Director
- 3. Mr. Vilas H. Katwa Managing Director

**II. Relative of Key Management Personnel**

- 1. Mr. H. D. Katwa
- 2. Mr. M.L. Bevinkatti
- 3. Mrs. Tina V. Katwa
- 4. Mrs. Prajakta D. Katwa
- 5. Mrs. Roopa V Katwa
- 6. Mrs. N.H. Katwa
- 7. Mrs. Jyoti Katwa

**III. Enterprises where key management personnel have significant influence**

- 1. Katwa Finlease Limited
- 2. Katwa Infotech Limited
- 3. Katwa Construction Co. Ltd.
- 4. Katwa Oil Limited
- 5. Katwa Finance & Investment Co. Ltd.
- 6. Katwa Inc [100% subsidiary of Katwa Infotech Ltd]

The following related transaction were carried out during the year:

Nature of transactions	Parties referred in [I] above Rs.	Parties referred in [II] above Rs.	Parties referred in [III] above Rs.	Total Rs.
<u>Unsecured Loans</u>				
Taken during the year	2,49,43,941	1,26,11,424	--	3,75,55,365
Repaid during the year	67,97,860	88,55,160	--	1,56,53,020
Bal. as on 31.03.2009	4,83,58,011	76,01,433	--	5,59,59,444
Interest paid	1812716	230711	--	20,43,427
Rent	--	60,000	--	60,000
Managerial Remuneration	3,00,000	--	--	3,00,000
Remuneration	--	60,000	--	60,000

Note: Interest paid to Directors has been capitalized under expansion Project.



## Shri Keshav Cements & Infra Limited

Disclosure of loans/advances and investments in its own shares by the listed companies their subsidiaries associates etc., [as certified by the management]

Sl.No.	Particulars	Outstanding balance as on 31-3-2009	Outstanding balance as on 31-3-2008
i.	Loans and advances in the nature of loan to subsidiaries	NIL	NIL
ii.	Loans and advances in the nature of loans to associates	NIL	NIL
iii.	Loans and advances in the nature of loans where there is.	NIL	NIL
	a. No repayment schedule or repayment beyond 7 years.	NIL	NIL
	b. No interest or interest below section 372(a) of the Companies Act, 1956 staff advances	NIL	NIL
iv.	Loans and advances in the nature of loans to firms/Companies in which directors are interested	NIL	NIL
v.	Investments by loans in the nature of parent companies and subsidiaries companies when the company has made loans or advances in the nature of loan	NIL	NIL

### AMOUNT DUE TO MICRO SMALL AND MEDIUM ENTERPRISES: DISCLOSURE UNDER MSMED ACT 2006

It is reported by the management that based on the information so far available with the Company up to 30<sup>th</sup> May 2009 in respect of SME ( as defined in " The Micro Small And Medium Enterprises Development Act 2006") There are no delay in payment of dues to such enterprises, hence , interest provision is not made.

As per our separate report of even date

For and on behalf of the Board

C.A Prabhakar K Latkan  
Chartered Accountant  
ICAI M.No.200/21730

Venkatesh Katwa  
Chairman  
  
Rajesh Lakkar  
Company Secretary

Vilas Katwa  
Managing Director  
  
Dinesh Kotecha  
Director

Belgaum. 590 002  
Dated: June 27, 2009

**SHRI KESHAV CEMENTS & INFRA LIMITED**  
**[ formerly Katwa Udyog Limited ]**

215/2, Jyoti Towers, 6th Cross Nazar Camp M. Vadgaon, Belgaum - 590 005.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>I. Registration Details</b>	:			
Registration No.	:	08/14104	State code	: 08
Date of Balance sheet	:	31-03-2009		
<b>II. Capital raised during the year : (amount in lacs)</b>				
Public Issue	:	Nil	Right Issue	: Nil
Bonus Issue	:	Nil	Private Placement	: Nil
<b>III. Position of Mobilization of Deployment of Funds: (amount in lacs)</b>				
Total Liabilities	:	4368	Total Assets	: 4368
<b>Sources of Funds</b>	:			
Paid up Share capital	:	513	Reserves & Surplus	: 174
Secured Loans	:	2347	Unsecured Loans	: 1178
Deferred tax liability	:	156		
<b>Application of Funds :</b>				
Net Fixed Assets	:	3393	Investments	: 106
Net Current Assets	:	869	Misc. Expenditure	: Nil
<b>IV. Performance of Company : (amount in lacs)</b>				
Gross Turnover	:	2422	Total Expenditures	: 2176
Net profit before taxes	:	0058	Net profit after taxes	: 0052
Earning per share (in Re)	:	1.32	Dividend rate %	: Nil
<b>V. Generic names of three principal products/services of the Company:</b>				
(as per monetary terms)				
Item code (ITC code)	:	25329-01		
Product Description	:	Cement		

**Venkatesh Katwa**  
Chairman

Belgaum 590 002  
Dated : June 27, 2009

**SHRI KESHAV CEMENTS AND INFRA LIMITED, BELGAUM - 590 005**

**CASH FLOW STATEMENT FOR THE YEAR MARCH 31, 2009**

	YEAR ENDED 31.03.2008		YEAR ENDED 31.03.2008	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
NET PROFIT BEFORE TAX		5589971		14213200
ADD EXTRA ORDINARY ITEMS				
DEPRECIATION		14626284		5094566
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>				
Adjustments for :				
Trade Receivables	-8526724		1286647	
Inventories	-36412770		-36134382	
Trade payables	4184716	-40754777	6398614	-28449121
<b>A</b>		<b>-20538522</b>		<b>91441355</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed Assets	-475600277		-233951550	
Investments	-46086		-6364568	
Loan & Advances	11222956	-36323407	10553689	-229762429
<b>B</b>		<b>-36323407</b>		<b>-229762429</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase in Borrowings	20307921		178355363	
Decrease in Unsecured Loans	44889153		69633362	
Increase in provisions	-6779151		-7493179	
Previous years taxes	-814107	57603816	-728686	239766860
<b>C</b>		<b>57603816</b>		<b>239766860</b>
Net Increase/Decrease in Cash or equivalants (A+B+C)		<b>741888</b>		<b>863076</b>
Cash & Cash equivalants 01.04.2008 (Opening Balance)		<b>3086671</b>		<b>2223595</b>
Cash & Cash equivalants 01.04.2009 (Closing Balance)		<b>3828559</b>		<b>3086671</b>

**AUDITORS CERTIFICATE**

The Board of Directors,  
SHRI KESHAV CEMENTS & INFRA LTD, BELGAUM-5.

We have examined the attached Cash flow Statement of SHRI KESHAV CEMENTS & INFRA LTD, for the year ended 31.03.2009. The Statement has been prepared by the Company in accordance with the requirements of listing Agreement Clause 32 with Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by my report of 27TH JUNE 2009 to the Members of the Company.

Belgaum  
Date: 27-06-2009

**C. A. Prabhakar K. Latkan**  
Chartered Accountant

SHRI KESHAV CEMENTS & INFRA LIMITED  
[ formerly Katwa Udyog Limited ]  
215/2, Jyoti Towers, 6th Cross Nazar Camp M. Vadgaon, Belgaum - 590 005.

# ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

I/We hereby record my/our presence at the Sixteenth Annual Meeting of the Company held at Regd. Office 215/2, Jyoti Towers, 6th Cross, Nazar Camp, M. Vadgaon, Belgaum at 11.30 a.m. On Wednesday the 26th August 2009

I name of Member (in Block Letter) \_\_\_\_\_

Redg. Folio No. \_\_\_\_\_

No. Of Shares Held \_\_\_\_\_

Full Name of the proxy (in Block Letter) \_\_\_\_\_

Signatures of the Member (s) of Proxy / proxies Present \_\_\_\_\_

Please complete and sign this attendance slip and handover at the entrance of the meeting hall.

Only member (s) or their proxies with this attendance slip will be allowed entry to the Meeting

SHRI KESHAV CEMENTS & INFRA LIMITED  
[ formerly Katwa Udyog Limited ]  
215/2, Jyoti Towers, 6th Cross Nazar Camp M. Vadgaon, Belgaum - 590 005.

# PROXY FORM

Redg. Folio No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

I/We of \_\_\_\_\_

In the district being a member/ members of Shri Keshav Cements & Infra Ltd. \_\_\_\_\_

\_\_\_\_\_ In the district \_\_\_\_\_

of falling him / her \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ in the district of \_\_\_\_\_ as

my / our Proxy to attend and vote for me / us behalf at the Sixteenth Annual General Meeting of the Company to be held on at 11.30 a.m. On Wednesday the 26th August 2009 Adjournment thereof.

As witness my hand / our hands this \_\_\_\_\_ day of \_\_\_\_\_

Affix  
Rupee 1  
revenue  
stamp

Signed by said \_\_\_\_\_

Note :

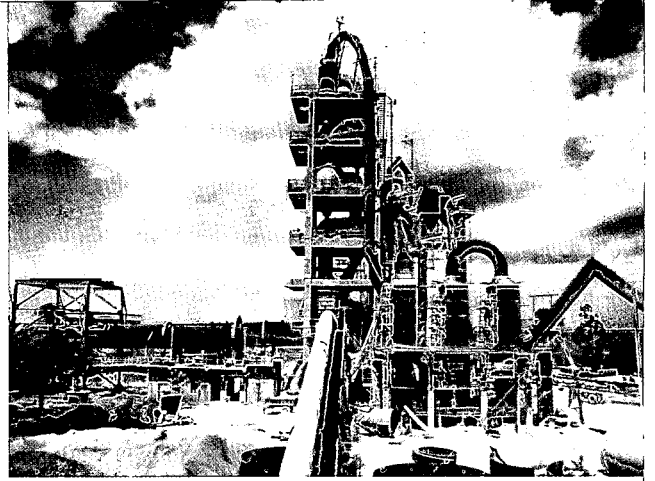
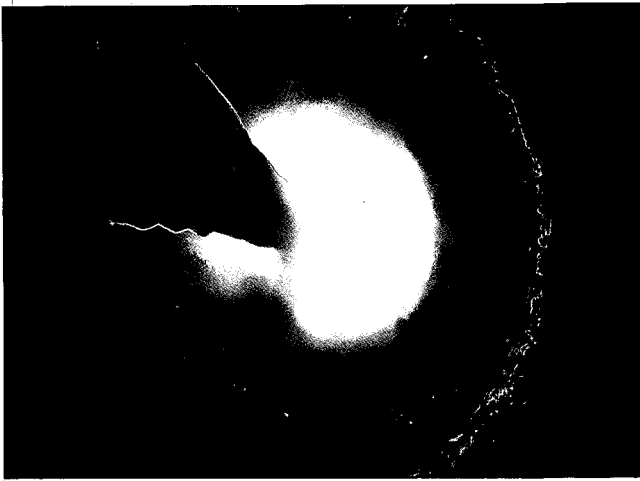
- a) The form should be signed across the stamp as per specimen signatures registered with the Company.
- B) The Proxy duly completely must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

# Humble Gratitude For Being Blessed



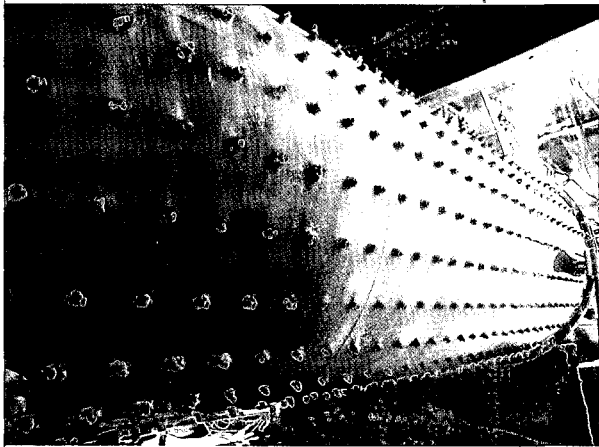
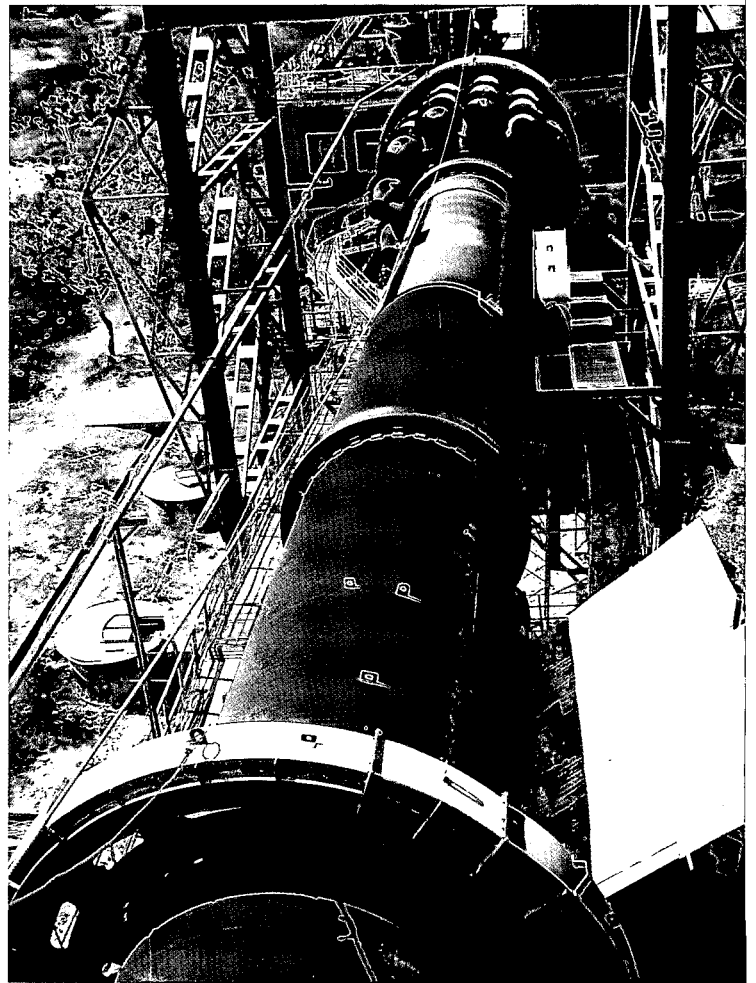
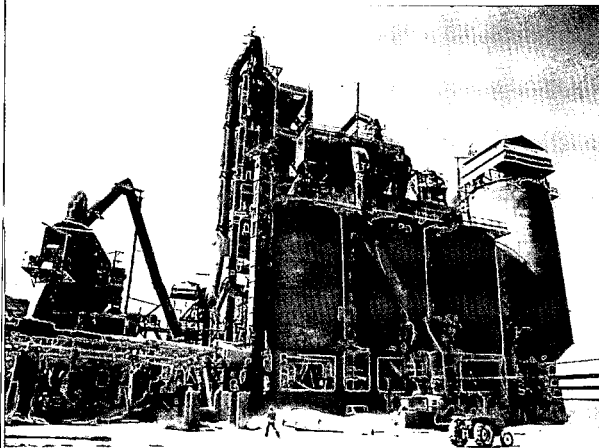
**Sri Sri Vithal Rukmini ISKON - Nigadi**

**Hare Krishna Hare Krishna Krishna Krishna Hare Hare  
Hare Rama Hare Rama Rama Rama Hare Hare**



## PLANNED GROWTH

... Continued



# Keshav

## CEMENT

Trust - Confidence - Forever