



**KAKATIYA CEMENT SUGAR &  
INDUSTRIES LIMITED**

**BOARD OF DIRECTORS:**

Shri P Venkateswarlu  
Shri P Veeraiah  
Shri J S R Prasad  
Shri J S Rao  
Shri C Madhusudana Rao  
Shri V B R Suryam  
Shri T R C Bose  
Shri B V Subbaiah  
Shri A Chengappa  
Smt. J Lakshmi Nalini

Chairman & Managing Director  
Joint Managing Director  
Director  
Director  
Director  
Director  
Director  
Director  
Director  
Director (up to 19.11.2011)

**SENIOR EXECUTIVES**

Dr. P Radha  
Shri K Sri Hari  
Shri Y Venkataramaiah  
Shri R Ramakrishna  
Shri M Bhavani Dattu

Chief Executive  
General Manager (Cement Works)  
General Manager (Sugar Works)  
Company Secretary  
General Manager (Finance)

**AUDITORS**

**M/s. M. Anandam & Co.,**  
Chartered Accountants,  
SECUNDERABAD

**COST AUDITORS**

**M/s. Narasimha Murthy & Co.,**  
Cost Accountants,  
HYDERABAD

**BANKERS**

**State Bank of India**  
Industrial Finance Branch  
Somajiguda, Hyderabad

**Andhra Bank**  
Specialised Corporate Finance Branch  
Somajiguda, Hyderabad

**REGISTERED OFFICE**

1-10-140/1, "GURUKRUPA"  
Ashok Nagar,  
HYDERABAD-500 020  
Phone : 040-27637717

**REGISTRARS**

**XL SOFTECH Systems Limited,**  
3, Sagar Society, Road No.2, Banjara Hills,  
HYDERABAD-500 034  
Phone : 040-23545913

**FACTORIES**

**CEMENT:**

Srinivasa Nagar  
Mellacheruvu Mandal  
Nalgonda Dist. A.P.

**SUGAR & POWER:**

Peruvancha Village  
Kallur Mandal  
Khammam Dist. A.P



**KAKATIYA CEMENT SUGAR &  
INDUSTRIES LIMITED**

**NOTICE**

NOTICE is hereby given that the **THIRTY THIRD ANNUAL GENERAL MEETING** of **KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED** will be held on Wednesday, the 26th day of September, 2012 at 11.00 A.M at Sri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad - 500 020 to transact the following Business.

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2012, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Sri J S Rao, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri C. Madhusudana Rao, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Sri T R C Bose, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s. M. ANANDAM & CO., Chartered Accountants, Firm Regn.No. 000125S as Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to fix their remuneration.

By Order of the Board  
for **KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED**

Place : Hyderabad  
Date : 20.08.2012

**R. Ramakrishna**  
**Company Secretary**



**KAKATIYA CEMENT SUGAR &  
INDUSTRIES LIMITED**

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll only instead of himself/herself. Such proxy need not be a member of the company.
2. The Register of Members and Share Transfer Books will remain closed from 21.09.2012 to 26.09.2012 (both days inclusive).
3. Members are requested to notify immediately any change in their addresses to the Company's Registered Office with their Folio Number(s).
4. The Dividend, after declaration, will be paid to those shareholders whose names stand on the Register of Members on 26th September 2012. The Dividend in respect of shares held in the electronic form will be paid to the beneficial owners of shares whose names appear in the list furnished by the Depositories for this purpose as on 26th September 2012. The Dividend will be paid on or before October 24, 2012.
5. The Securities and Exchange Board of India (SEBI) has made it mandatory for all Companies to use the Bank Account details furnished by the Depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the Bank details, if available, on the payment instrument for distribution of dividend.
6. As per provisions of Section 205A of the Companies Act, 1956 the Company has already transferred to the Investors Education and Protection Fund, the amount of all unclaimed dividends declared up to and including the financial year ended 31st March 2004. The amount of unclaimed dividends for the financial year ended 31st March 2005 will be transferred to the Investors Education and Protection Fund by October 15th 2012.
7. As per the provisions of Section 205A, the Company is required to transfer dividend, which remains unpaid or unclaimed for a period of 7 years, to the Investors Education and Protection Fund set up by the Central Government. Shareholders, who have not claimed their dividend for any year from the financial year ended March 31, 2006 onwards, are requested to lodge their claim with the Company.
8. (a) The Company's shares are listed with the The National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited, Mumbai(BSE).  
(b) The Annual Listing Fee for the year 2012-2013 has been paid to these two Stock Exchanges.
9. All the shareholders are requested to intimate their e-mail address to the Company or to the depository for sending by e-mail the Notice and Annual Report pursuant to the Circular 18/2011 issued by the Ministry of Corporate Affairs.

By Order of the Board  
for **KAKATIYA CEMENT SUGAR &  
INDUSTRIES LIMITED**

Place : Hyderabad  
Date : 20.08.2012

**R. Ramakrishna**  
Company Secretary



# KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

## DIRECTORS' REPORT

To  
The Members

Your Directors have pleasure in presenting the 33rd Annual Report together with the Audited Accounts for the year ended 31st March 2012.

## FINANCIAL RESULTS

The Financial Results for the year ended 31st March, 2012 are summarised below:

(₹ in Lakhs)

Particulars	2011-12	2010-11
Income (Sale and other Income)	17297.96	10308.69
Profit before Depreciation, Interest & Taxes	3680.52	1163.28
Depreciation	736.31	742.61
Interest	9.59	34.42
Provision for Taxation	1034.34	131.00
Provision for Deferred Taxation	(154.36)	(135.90)
Profit after Taxation	2054.64	391.15
Profit brought forward from Previous year	8762.62	8655.41
<b>APPROPRIATIONS</b>		
Transfer to General Reserve	210.00	40.00
Proposed Dividend	209.89	209.89
Corporate Tax on Dividend	34.05	34.05
Balance carried over to Balance Sheet	10363.32	8762.62

Segment-wise performance has been furnished under Financial Statements.

## DIVIDEND

Your Directors are pleased to recommend for your consideration a Dividend of ₹ 2.70 per equity share for the year ended 31.03.2012, as against ₹ 2.70 per equity share in the previous year aggregating an amount of ₹ 243.94 lakhs including Dividend Distribution Tax.

## PERFORMANCE OF THE YEAR UNDER REVIEW

### Cement Division:

During the year under review, the Cement Division has produced 2,66,968 MT of cement as against

2,52,992 MT of cement for the previous year. The profit for the Division was ₹ 3114.05 lakhs as against ₹ 830.46 lakhs for the previous year.

### Sugar Division:

The Sugar Division crushed 2,24,189 MT of sugarcane for the current season as against 1,24,458 MT for the previous season. The recovery rate was 9.50% compared to 9.53% for the previous season. The loss for the Division was ₹ 242.44 lakhs as against loss of ₹ 747.86 lakhs for the previous year.

### Power Division:

During the year under review, the Power Division has generated 6,72,82,462 KWH against 6,11,34,753 KWH of power for the previous year. The Profit for the Division was ₹63.02 lakhs as against ₹303.65 lakhs for the previous year.

## CURRENT YEAR OUTLOOK:

### Cement Division:

In the first three months of the current year i.e. April - June 2012, the production of cement was 63,187 MT as against 62,020 MT of the first three months of the previous year. Your Directors expect that current price realisations will sustain during the remaining part of the current year.

### Sugar Division:

Sugarcane crop in the factory zone is likely to improve and estimated to crush around 2,00,000 lakh MT during the crushing season 2012-13.

### Power Division:

The matters relating to down ward revision of tariff by the APERC on the Power sales to APTRANSCO, and PLF ceiling, contested in the Courts by the Company are pending.

## FIXED DEPOSITS:

The company has no fixed deposits. All Fixed deposits matured have been repaid in full and there are no unclaimed deposits as on 31.3.2012.

## INSURANCE:

All the properties of the Company including its buildings, Plant and Machinery and Stocks wherever required have been adequately insured.



#### **PARTICULARS OF EMPLOYEES:**

The information required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975, as amended, forms part of this Report. However, the report and accounts are being sent to all the shareholders of the company excluding the above information. Those shareholders, who desire to obtain these particulars, would be provided the same upon receiving such request.

#### **DIRECTORS' RESPONSIBILITY STATEMENT:**

The Board of Directors of the Company hereby declares and states that -

1. In the preparation of annual accounts, the applicable accounting standards have been followed and there were no material departures therefrom.
2. The Directors had 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 status of the Company as on 31st March, 2012 and Profit & Loss Account of the Company for the year ended as on 31st March, 2012.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.
4. The accounts were prepared on a going concern basis.

#### **ENVIRONMENTAL PROTECTION:**

The Company consciously makes efforts to preserve the environment and control the pollution from time to time.

Planting of saplings and seedlings in and around the factories and colonies is being done on a continuous basis, so as to develop green belt around the plant to improve the environment.

#### **AUDITORS:**

M/s. M. ANANDAM & CO., Chartered Accountants, Secunderabad, the Auditors of the Company retire at the conclusion of this Annual General Meeting and they are eligible for re-appointment.

#### **COST AUDIT:**

For the year ended 31st March 2012, with the approval of Central Government, M/s. Narasimha Murthy & Co., Cost Accountants, Hyderabad have been appointed to conduct the Cost Audit. In respect of financial year 2010-2011 Cost Audit Report was filed on 14.09.2011. In respect of 2011-2012 it will be filed before the due date i.e. 30th September 2012.

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

##### **a. Industry Structure And Developments:**

With the expansion of several cement units in AP and new entrants the gap between demand and supply is considerably narrowing, which is likely to put pressure on pricing. However, with efficient Management and sustained demand the outlook for next year is likely to be encouraging.

Sugar being an agro-based industry needs good rainfall and irrigation facilities. The lining work of Wyra canal continues to be in slow progress thereby affecting the irrigation facilities and this is likely to continue for another couple of years. However with the expectation of a reasonably good monsoon the area under sugar cultivation is likely to improve resulting in considerable improvement over last season crushing. As far as Power operations are concerned, with the improvement in sugar cane crushing, the availability of bagasse will also improve, resulting in higher generation of power.

##### **b. Opportunities and threats:**

With a stable scenario for infrastructure and the forecasted demand for cement for the year 2012-2013 outlook for cement industry appears positive.



## **KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED**

**c. Segment or product-wise performance:**

Segment-wise or product-wise performance has already been furnished elsewhere in this Report.

**d. Outlook:**

Division-wise outlook has already been furnished elsewhere in this Report.

**e. Risks and concerns:**

The Cement, Sugar and Power industries being core industries, there is no risk of product obsolescence nor steep fall in demand by way of product substitution or otherwise and therefore, your Directors do not foresee any major risks and concerns, in the near future except as discussed elsewhere in this Report.

**f. Internal control systems and their adequacy:**

The Company has adequate internal control system. Apart from this, the Company also has independent internal auditors, who conduct periodical audit and their report is taken into account by the Audit Committee for its review and suggest remedial actions wherever required.

**g. Financial Performance with respect to operational performance:**

This has been already discussed elsewhere in this Report.

**h. Human Resources / Industrial Relations:**

The Company enjoys cordial industrial relations with employees and believes that human resources are an invaluable asset. The Board wishes to place on record its appreciation to all employees for their efforts and cooperation for the performance and growth of business during the year.

**i. Social Responsibility:**

During the financial year ended 31st March 2012 your Company supplied cement at

concessional price to the State Government as part of its Indiramma Housing Welfare Scheme.

**j. CAUTIONARY STATEMENT:**

Statements in this "Management Discussion & Analysis" may be considered to be "forward looking statements" within the meaning of applicable securities laws or regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand-supply conditions, increased installed capacity, finished goods prices, raw materials availability and prices, cyclical demand and pricing in the Company's markets, changes in Government regulations, tax regimes, besides other factors, such as litigations and labour negotiations.

**ACKNOWLEDGEMENTS:**

Your Directors appreciate the support and the cooperation received from the State Government, NEDCAP, APTRANSCO and the Central Government for the Company's growth and development.

Your Directors would like to convey the deep appreciation to all the employees and workers of the Company for their sustained effort and wholehearted co-operation throughout the year.

Your Directors thank the Distributors, Dealers and Suppliers for their continuous support and active involvement.

Finally your Directors record their deep sense of gratitude to all the Shareholders for the abundant confidence reposed in the Board of Directors.

For and on behalf of the Board

**P. Venkateswarlu**  
**Chairman &**  
**Managing Director**

Place : Hyderabad  
Date : 20.08.2012



# **KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED**

## **ANNEXURE TO DIRECTORS' REPORT:**

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

### **A. CONSERVATION OF ENERGY**

- a) Energy Conservation Measures adopted : NIL
- b) Additional Investments and Proposal for reduction of Consumption of energy : NIL
- c) Impact of the above measures : NIL
- d) Total Energy Consumption and Energy Consumption per unit of production : FORM "A" Enclosed.

### **B. TECHNOLOGY ABSORPTION**

Efforts made in Technology Absorption FORM "B" Enclosed

### **C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- a) Activities relating to exports, initiatives taken to increase exports, development of new export market for product & services and export plans : Exports are not contemplated at present.
- Total foreign exchange used : Nil
- Total foreign exchange earned : Nil

## **FORM-A**

Form for Disclosure of particulars with respect to Conservation of Energy

	CURRENT YEAR 2011-12			PREVIOUS YEAR 2010-11		
	CEMENT	SUGAR	POWER	CEMENT	SUGAR	POWER
<b>A. POWER &amp; FUEL CONSUMPTION</b>						
<b>1. ELECTRICITY</b>						
(a) Purchased (KWH)	2,77,87,526	68,17,156	-	2,84,40,315	54,15,941	-
Total Amount (₹ )	11,18,68,951	2,50,47,927	-	10,97,54,958	2,07,61,652	-
Rate per Unit (₹ )	4.02	3.67	-	3.86	3.83	-
(b) OWN GENERATION						
Through Diesel						
Generators (Units)	14,389	-	-	97,477	-	-
Total Amount (₹ )	3,34,262	-	-	13,13,852	-	-
Cost per Unit (₹ )	23.23	-	-	13.47	-	-
<b>2. FUEL</b>						
(a) COAL						
Quantity (MT)	55,635	-	53,811	49,560	-	61,838
Total Cost (₹ )	24,66,17,239	-	17,55,99,140	16,67,37,273	-	14,03,89,108
Average Rate (₹ )	4,432.77	-	3,263.26	3,364.35	-	2,270.27
(b) Bagasse/Steam						
Quantity (MT)	-	87,717	67,238	-	68,154	37,337
Total Cost (₹ )	-	2,57,88,798	6,05,14,200	-	2,41,26,516	3,36,03,813
Average Rate (₹ )	-	294.00	900.00	-	354.00	900.00



# KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

	CURRENT YEAR 2011-12			PREVIOUS YEAR 2010-11		
	CEMENT	SUGAR	POWER	CEMENT	SUGAR	POWER
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>						
1. Electricity (KWH)						
Cement (MT)	105.900	-	-	112.805	-	-
Sugar (KGS)	-	0.314	-	-	0.456	-
Power (KWH)	-	-	0.103	-	-	0.098
2. Coal (MT)	0.220	-	-	0.216	-	-
(Per tonne of clinker)						

## FORM - B

Form for disclosure of particulars with respect to Absorption, Research & Development (R & D):

1. Specific areas in which R & D carried out by the Company	There is no separate Research and Development Wing as the scale of Company's operations are relatively small. However, the Company has fairly good laboratory with adequate testing facility to ensure quality of various inputs and also finished products. Besides the Company continuously endeavours to improve production process and product quality and encourages the technicians and workers to innovate.
2. Benefits derived as a result of the above R & D	
3. Future plan of action	
4. Expenditure on R & D	
A. Capital	
B. Recurring	
C. Total	
D. Total R & D expenditure as a Percentage of total turnover	

**TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION - NOT APPLICABLE**

For and behalf of the Board

Place : Hyderabad  
Date : 20.08.2012

**P. Venkateswarlu**  
**Chairman & Managing Director**





# KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

## CORPORATE GOVERNANCE REPORT

### THE CORPORATE GOVERNANCE CODE & COMPANY'S PHILOSOPHY

The Company attaches importance to good Corporate Governance and the code of governance as formulated by the Stock Exchanges/SEBI and other authorities. It will be the endeavor of the Board of Directors that the Company is so governed as to maximise the benefits of all stake-holders i.e., shareholders, employees, customers, society and others. The Company has been implementing the various clauses of Corporate Governance from time to time.

### BOARD OF DIRECTORS:

The Board of Directors of the Company effectively comprised of 10 Directors(9 with effect from 19.11.2011), out of which 2 are whole-time directors. The proportion of independent Directors is more than 50% as the Company has Executive Chairman. During the year under review, there were in all five (5) meetings of the Board of Directors and the maximum time gap between any two Board meetings was 95 days and the following is the attendance of the Directors:

Sl. No.	Name of the Director	No. of Board Meetings held	No. of Board Meetings Attended	Whether attended the last Annual General Meeting	No. of Directorships in other Boards	No. of Memberships in other Board Committees
01.	P. Venkateswarlu	5	5	YES	1	NIL
02.	P. Veeraiah	5	5	YES	1	NIL
03.	J.S.R. Prasad	5	4	YES	11	4
04.	T.R.C. Bose	5	5	NO	8	4
05.	J. S. Rao	5	4	NO	7	1
06.	J. Lakshmi Nalini*	5	2	NO	NIL	NIL
07.	C. Madhusudana Rao	5	2	NO	3	NIL
08.	V.B.R. Suryam	5	5	YES	NIL	NIL
09.	B.V.Subbaiah	5	5	YES	1	3
10.	A. Chengappa	5	3	YES	NIL	NIL

\*Smt. J Lakshmi Nalini resigned w.e.f. 19.11.2011.

The dates of Board Meeting held during the year under review are: 12.05.2011, 11.08.2011, 24.08.2011, 05.11.2011 and 09.02.2012.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Sri J S Rao, Sri C Madhusudhana Rao and Sri T R C Bose, retire by rotation and are eligible for reappointment.

Particulars, required to be furnished under clause 49 of the Listing Agreement, of Directors who are proposed to be appointed/reappointed at the ensuing AGM

Smt. J. Lakshmi Nalini resigned as Director with effect from 19th November 2011. The Board takes this opportunity to thank her for her valuable contribution and guidance during the tenure as Director.

### Sri J S RAO:

Sri J S Rao, aged 58 years, is Managing Director of Keerthi Industries Ltd. He was President of Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI). He has been associated with the Company since its inception.

### Sri C MADHUSUDHANA RAO:

Sri C. Madhusudana Rao, aged 75 years, is Chartered Accountant by profession having vast experience in the field of finance and accounting.

### Sri T R C BOSE:

Sri T.R.C. Bose, aged about 72 years is a former Director (Projects) of APTRANSCO. He is Managing Director of Athena Chhattisgarh Power Ltd., and also Director of IVRCL Infrastructure & Projects Ltd., Vijai Electricals Limited and Konaseema Gas Power Limited.



# KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

## GENERAL BODY MEETINGS:

The last three Annual General Meetings were held as under:

Sl. No.	Location	Date and Time	Whether any special resolutions were passed	Postal Ballots
01	Surana Udyog Auditorium, FAPPCI Premises, Red Hills, Hyderabad	25.09.2009 11.00 A.M	NO	N.A.
02.	Surana Udyog Auditorium, FAPPCI Premises, Red Hills, Hyderabad	25.09.2010 03.00 P.M	No	N.A.
03.	Sri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad	29.09.2011 11.00 A.M	Yes	N.A.

## SHAREHOLDERS / INVESTORS GRIEVANCES:

The Company accords utmost attention for resolving shareholders /investors, grievances/complaints. Complaints received from shareholders/investors directly or through Stock Exchanges or SEBI are replied immediately. There are no outstanding /unresolved complaints.

## SHAREHOLDERS GRIEVANCE COMMITTEE:

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

Sri C Madhusudana Rao	- Chairman
Sri T R C Bose	- Member
Sri B V Subbaiah	- Member

Mr. R. Ramakrishna, Company Secretary is the Compliance Officer.

Email-id of Investor Grievances: shares@kakatiyacements.com

Number of Shareholders complaints received so far.

During the year the Company has received 8 complaints and all have been resolved and there is no pending complaint.

## AUDIT COMMITTEE:

The Board of Directors of the Company constituted Audit Committee consisting of the following Directors, with the role and responsibilities duly defined and in accordance with the applicable statutory and other requirements. During the year, in all, 5 meetings of the Committee took place and attendance thereat is as under:

Name of the Director	No. of Meetings Attended
Sri C Madhusudana Rao	2
Sri T R C Bose	5
Sri J S Rao	5
Sri B V Subbaiah	4

## REMUNERATION OF DIRECTORS & REMUNERATION COMMITTEE:

Other than the whole-time Directors, no other Director receives any remuneration from the Company excepting Sitting Fees for attending the Board Meetings. The details of remuneration paid to the whole-time Directors is mentioned in Schedule XII (Notes on Accounts) to the Balance Sheet of the Company.

The Board of Directors of the Company constituted Remuneration Committee consisting of the following Independent Directors, with the role and responsibilities duly defined and in accordance with the applicable statutory and other requirements.