

18 TH ANNUAL REPORT 1996 - 97

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓





KAKATIYA CEMENT LIMITED

BOARD OF DIRECTORS

P. Venkateswarlu	Chairman & Managing Director
J. S. R. Prasad	Executive Director
A. C. Motwani	Nominee of IDBI
J. Seshagiri Rao	
J. Lakshmi Nalini	
C. Madhusudana Rao	
V. B. R. Suryam	

SENIOR EXECUTIVES

C. Janardhan Reddy	General Manager(Works)
A. Siva Sankar Reddy	Finance Manager
A. Satyanarayana	Company Secretary

AUDITORS

M/S. M. Anandam & Co.,
Chartered Accountants,
SECUNDERABAD.

COST AUDITORS

M/S. Narasimha Murthy & Co.,
Cost Accountants,
HYDERABAD.

BANKERS

State Bank of India
Narayanaguda
Hyderabad

REGISTERED OFFICE

1-10-140/1, 'CURUKRUPA'
Ashoknagar,
HYDERABAD-500 020.

FACTORY

Srinivasa Nagar
Mellacheruvu Mandal
Nalgonda Dist. A.P.



KAKATIYA CEMENTS LIMITED

NOTICE

NOTICE is hereby given that the EIGHTEENTH ANNUAL GENERAL MEETING of KAKATIYA CEMENTS LIMITED will be held on Friday, the 26th September, 1997 at 9.45 A.M at Sri Tyagaraya 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, 1997, the Balance Sheet as on 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. Seshagiri Rao, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sri V.B.R.Suryam, who retires by rotation and being eligible offers himself for re-appointment.
5. To reappoint Auditors to hold office from the conclusion of this Meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

M/s. M. ANANDAM & CO., Chartered Accountants, Secunderabad, the present auditors of the Company are eligible for re-appointment and are willing for the same.

SPECIAL BUSINESS:

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

*RESOLVED THAT pursuant to the provisions of Articles 60 to 62 of the Articles of Association of the Company and of Sections 198, 269, 309, 310 and 311 and other applicable provisions, if any, of the

Companies Act, 1956 read with Schedule XIII thereto and subject to the approval of financial institutions, Sri J.S.R.Prasad be and is hereby reappointed as Executive Director of the company for a period of 5 years w.e.f. 1.5.97 on the terms and conditions mentioned hereunder.*

PART-A

1. Salary: A Salary of Rs.51,000/- per month.
2. Commission: Commission @ 1% of the Net Profits of the company as computed in the manner provided in the Companies Act, 1956, subject to a ceiling of 50% of the salary.
3. Perquisites:
 - a) H.R.A.: House Rent Allowance, subject to a ceiling of 60% of the Salary. The expenditure incurred on Gas, Electricity, Water and furnishings will be valued as per the Income Tax Rules, 1962. This will, however, be subject to a ceiling of 10% of the salary of the Executive Director.
 - b) Medical Reimbursement: Reimbursement of expenses actually incurred for self and family, subject to a ceiling of one month salary per year or three months salary over a period of three years.
 - c) L.T.C.: Leave Travel Concession for self and family to and from any place in India, once in a year, incurred in accordance with the Rules specified by the company, in this regard.
 - d) Club Fees: Fees of Clubs, subject to a maximum of two clubs. However, admission and life membership fees shall not be included for this purpose.
 - e) Personal Accident Insurance: Personal Accident Insurance of an amount the annual premium of which does not exceed Rs.1,000/- per annum, is allowed.

These perquisites will be restricted to one month salary.



KAKATIYA CEMENTS LIMITED

PART-B

1. Provident Fund: Company's contribution towards Provident Fund, subject to a ceiling of 10% of Salary.
2. Gratuity: Gratuity payable shall not exceed half a month salary for each completed year of service.
3. Other benefits: Free use of car with driver on company's business. Residential telephone shall be provided. All long distance personal calls shall be duly logged and paid for, by the Executive Director.
 "FURTHER RESOLVED THAT in the event of loss or inadequacy of profits in any financial year, the salary payable shall be computed as per Section-II of Part-II of Schedule-XIII to the Companies Act, 1956."
7. To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution.
 "RESOLVED that in supersession of all the earlier resolutions passed by the company, consent of the Company be and is hereby accorded pursuant to section 293(1)(d) and other applicable provisions if any, of the Companies Act, 1956 to the Board of Directors of the Company for borrowing from time to time any sums of money for the purpose of the Company upon such terms and conditions and with or without security as the Board of Directors may at its discretion think fit, notwithstanding that the money or moneys to be borrowed by the Company apart from the temporary loans obtained or to be obtained from time to time from the Company's bankers in the ordinary course of business together with the sums already borrowed may exceed the aggregate for the time being of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes, provided however that the sum or sums so borrowed and remaining outstanding shall not exceed Rs.50.00 Crores (Rupees fifty crores only).
8. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
 "RESOLVED that consent of the company be and is hereby accorded in terms of Sec.293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 for mortgaging and/or charging by the Board of Directors of the company of all the immovable properties of the company where-soever situated present and future and/or conferring or to enter upon and take possession of the assets of the company in certain events, to or in favour of Public Financial Institutions such as Industrial Development Bank of India, Industrial Credit and Investment Corporation of India Ltd. and the Industrial Finance Corporation of India Ltd etc. or Banks or such other lenders, from whom the company may borrow funds, to secure repayment of loans of amounts upto Rs.50.00 Crores (Rupees fifty crores only) or other amounts lent and advanced/agreed to be lent and advanced by such Public Financial Institutions or Banks or such other lenders to the company directly together with interest thereon at the agreed rate, compound interest, additional interest, liquidated damages, commitment charges, premia on repayment or on redemption, costs, charges expenses and other moneys payable by the company to such Public Financial Institutions or Banks or such other lenders under the loan agreements entered into/to be entered into by the company from time to time.
 "RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorised to finalise, settle and execute such documents/deeds/writings/papers/arguments as may be required and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages/charges as aforesaid."



KAKATIYA CEMENTS LIMITED

'RESOLVED FURTHER THAT Board of Directors of the company be and is hereby authorised to finalise with such Public Financial Institutions or Banks or such other lenders the terms and conditions of the loans availed/to be availed and the documents for creating mortgage and/or to charge and otherwise to do such acts and

things as may be necessary for giving effect to the above resolution.

By Order of the Board
for **KAKATIYA CEMENTS LIMITED**

Place : Hyderabad
Dated : 22.08.97

(**A.SATYANARAYANA**)
Company Secretary

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. Proxies, in order to be effective, should be received by the Company at its Registered Office not less than 48 hours before the meeting.
2. The Register of Members and Share Transfer Books will remain closed from 24.09.97 to 26.09.97 (both days inclusive).
3. Members should notify change in their address, if any, specifying full address with pin code to the Company's Registered Office.
4. Payment of Dividend on Shares, if declared at the Meeting will be made within the statutory period to those members whose names would appear on the Company's Register of Members on 26th September, 1997 or to their mandates/Bankers.
5. As per provisions of Section 205A of the Companies Act, 1956 the Company has already transferred to the General Revenue Account of the Central Government, the amount of all unclaimed dividends declared upto and including the financial year ended

31st March, 1993. Hence, to claim dividend upto the said period, the members are advised to approach the Registrar of Companies, Sultan Bazar, Hyderabad-500 195.'

The unpaid dividends that are due for transfer to the Central Government are as follows:

Financial year ended	Due for transfer on
31.03.1994	7.11.1997
31.03.1995	6.11.1998
31.03.1996	2.11.1999

Members who have not encashed their dividend warrants for the aforesaid Financial years are requested to approach the company for obtaining duplicate dividend warrants.

6. For any further information regarding the Accounts, advance intimation in writing may be given and the members should ensure that it reaches the Company at least TEN days before the date of Meeting.
7. The Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 are enclosed hereto.
8. Members are requested to bring their copies of the Annual Reports to the meeting.



KAKATIYA CEMENTS LIMITED

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.6

Sri J.S.R.Prasad was appointed as Executor Director of the company for a period of 5 years w.e.f 1.5.92. The term of the said appointment ended on 30.4.97.

At the meeting of the Board of Directors held on 4th August, 1997, a resolution was passed reappointing Sri J.S.R.Prasad as Executive Director of the company for a further period of 5 years w.e.f 1.5.97, on the terms and conditions set out in this notice.

In view of the impressive efforts demonstrated by Sri J.S.R.Prasad from time to time, which is evident from the performance of the company for the last more than a decade, the Board recommends the proposal of reappointment of Sri J.S.R.Prasad as Executive Director of the company for a period of 5 years w.e.f 1.5.97. The remuneration proposed is in accordance with Schedule XIII to the Companies Act, 1956.

Besides Sri J.S.R.Prasad, Sri P.Venkateswarlu and Smt.J.Laxmi Nalini are interested in the resolution. None of the other Directors is interested in the resolution.

The Resolution requires the approval of shareholders which is recommended by the Board.

The Resolution passed by the Board of Directors for reappointment and revision in the remunera-

tion of the Executive Director is available for inspection at the Registered Office of the company during office hours on any working day.

Item No.7 & 8

In view of the expansion, diversification, acquisition plans of the company, the company may have to borrow amounts from the financial institutions and/or banks. The company will be approaching financial institutions and or banks from time to time for sourcing its financial requirements. A resolution under the provisions of Section 293(1)(d) is required when the borrowings exceed the paid-up capital and free reserves.

The financial assistance from the financial institutions and/or banks or such other lenders has to be secured by way of charge on all the movable and immovable properties of the company, present and future. Since the mortgage by the company of the immovable properties as aforesaid in favour of Financial Institutions and/or banks or such other lenders may be regarded as disposal of company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956 for creation of the said mortgage/charge.

Your Directors recommend the resolutions for your approval. None of the Directors of the company is interested in these resolutions except the institutional nominees in their official capacity.

for and on behalf of the Board

Hyderabad

P.VENKATESWARLU

Date: 22.08.97 Chairman & Managing Director



KAKATIYA CEMENTS LIMITED

DIRECTORS' REPORT

To
Members

Your Directors have pleasure in presenting the 18th Annual Report together with the Audited Accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

The Financial Results for the year ended 31st March, 1997 are summarised below:-

	1996-97 (Rs. in Lacs)	1995-96 (Rs. in Lacs)
Income(Sales and Other Income)	5347.82	4919.62
Profit before Depreciation&Interest	1170.18	1481.26
Depreciation	185.65	165.58
Interest	103.04	142.53
Provision for Taxation	177.02	137.05
Profit after Taxation	704.47	1036.10
Profit brought forward from previous year	1861.28	1145.67
Prior period adjustments	(0.42)	(34.49)
Profit available for appropriation	2565.33	2147.28
APPROPRIATIONS		
Transfer to General Reserve	71.00	101.00
Proposed Dividend	185.00	185.00
Corporate Tax on Dividend	18.50	--
Balance carried over to Balance Sheet	2290.83	1861.28

DIVIDEND

Your Directors are pleased to recommend for your consideration a Dividend of Rs.2.50 per equity share for the year ended 31.3.1997, absorbing Rs.203.50 Lacs, including tax on dividend payable by the company.

PERFORMANCE OF THE YEAR UNDER REVIEW

During the year under review, your Company has produced 219880 Mt of cement as against 221269 Mt of cement for the previous year and able to achieve the capacity utilization at 111%. Turnover including the other income has increased to Rs. 5348 lakhs from Rs. 4920 lakhs. However profit before interest and depreciation decreased to Rs. 1170.18 lakhs as against Rs. 1481.26 lakhs for the previous year, mainly because of low realisation of price of cement coupled with considerable increase in the cost of inputs, such as coal, power etc.

ACQUISITION OF EQUITY STAKE

During the year under review, your company acquired 10% equity stake in Sree Kailas Sugars and Chemicals Limited (SKSCL), at a cost of Rs.144.95 lakhs. The said SKSCL is a sick company, for which a rehabilitation package is being prepared under the supervision of BIFR. Your company has been closely interacting with the IDBI, the Operating Agency of the BIFR for rehabilitation of the said company.

Investments in SKSCL are not expected to yield any short term gains, but acquisition of stake by your company in the SKSCL are with a long term view of a possible integration of the said company with your company as a part of BIFR package. Once this plan is materialised, the operations of your company will have diversified into one more core area, i.e., Sugar.

CURRENT YEAR OUTLOOK

In the first four months of the current year, i.e., April-July, 1997, though the production of cement was only 79102 MT., against 88,552 MT of the first four months of the previous year, realisation of prices of cement have improved. Your directors hope to achieve better performance during the current year, in view of the acceleration of construction work and other infrastructural activities.



KAKATIYA CEMENTS LIMITED

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Sri J. Seshagiri Rao and Sri V.B.R.Suryam retire by rotation and are eligible for reappointment. Smt.A.C.Motwani has been nominated by Industrial Development Bank of India in place of Sri Mahabaleswar Dixit.

INDUSTRIAL RELATIONS

The industrial relations continued to be cordial and harmonious during the year under review. The Board wishes to place on record its appreciation to all employees for their dedicated efforts and cooperation at all levels for the performance and growth of business of the Company.

STATEMENT PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 AND COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 (FORMING PART OF THE DIRECTORS' REPORT)

As none of the employees has drawn more remuneration than the limits prescribed under the above Rules, no statement is enclosed.

ENVIRONMENTAL PROTECTION

The Company is the first mini cement plant to install ESP & CT for abatement of pollution in Unit I and Unit II. In addition, we had introduced imported Voltage Regulator in the ESP and this helped in maintaining pollution free environment. Raw material stock yards, colony roads and all the dust generating points are concreted to avoid fugative emission. All the pollution control equipments are working with full efficiency and the performance is being monitored with our own equipment. Green belt has been developed in and around the Factory, Colony and Mines area.

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 reappointment.

COST AUDIT

The Central Government had ordered audit of cost accounts relating to manufacture of cement. For the year ended 31st March 1997, with the approval of Central Government, M/s.Narasimha Murthy & Co., Cost Accountants, Hyderabad have been appointed to conduct the Cost Audit.

ACKNOWLEDGEMENTS

Your Directors wish to express their thanks for the assistance received from IDBI, IFCL, ICICI and APICC from time to time.

Your Directors also thank the State Bank of India, Narayanaguda Branch, Hyderabad for extending the support towards working capital facility to meet the requirements of its operations.

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

Your Directors would like to convey their deep appreciation to all the employees and workers of the Company for their sustained efforts 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 Company.

for and on behalf of the Board

Hyderabad

P.VENKATESWARLU

Date: 22.08.97 Chairman & Managing Director