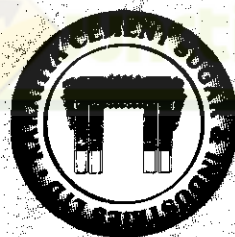


**22nd**  
**ANNUAL REPORT**  
**2000-2001**



**KAKATIYA CEMENT**  
**SUGAR & INDUSTRIES LTD.**



# **KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED**

## **BOARD OF DIRECTORS**

P.Venkateswarlu  
P. Veeraiah  
J.S.R.Prasad  
V.Venkateswara Rao  
T.R.C. Bose  
J.Seshagiri Rao  
J.Lakshmi Nalini  
C.Madhusudana Rao  
V.B.R.Suryam  
M. Narasimha Rao

Chairman & Managing Director  
Joint Managing Director  
Executive Director  
Nominee of IDBI  
Nominee of IREDA

## **SENIOR EXECUTIVES**

C. Janardhan Reddy  
G. Bharadwaja  
A. Siva Sankar Reddy  
A. Satyanarayana

Vice President (Cement Works)  
General Manager (Sugar Works)  
General Manager (Fin.)  
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  
Industrial Finance Branch  
Somajiguda  
Hyderabad

Andhra Bank  
Industrial Finance Branch  
Ameerpet  
Hyderabad.

## **REGISTERED OFFICE**

1-10-140/1, "GURUKRUPA"  
Ashoknagar.  
HYDERABAD-500 020.

## **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 TWENTY SECOND ANNUAL GENERAL MEETING of KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED will be held on Thursday, the 27th day of September, 2001 at 11.00 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, 2001, 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 Smt. J. Lakshmi Nalini, who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint a Director in place of Sri. J. Seshagiri Rao, 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 authorise the Managing Director to fix their remuneration.

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

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

Place : Hyderabad  
Dated : 02.07.2001

**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 20.09.2001 to 27.09.2001 (both days inclusive).
3. Members, holding shares in physical form, are advised to notify change in their address, if any, specifying full address with pin code to the Company's Registered Office and those holding shares in dematerialised form, are to notify change in their address, if any, to the Depository Participant with whom the demat account is maintained.
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 27th September, 2001 or whose names shall be submitted by the depositories, as appearing in their records on the specified date or to their mandatees/Bankers.
5. As per provisions of Section 205A of the Companies Act, 1956 the Company has already transferred to the General Reserve Account of the Central Government, the amount of all unclaimed dividends declared upto and including the financial year ended 31st March, 1995. Hence, to claim dividend upto the said period, the members are advised to approach the Registrar of Companies, Sultan Bazar, Hyderabad - 500 195.



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

As per provisions of the amended Section 205A, the Company is required to transfer dividend declared for the financial year ended 31st March, 1996 onwards 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 the financial year ended March 31, 1996 onwards are requested to lodge their claim with the Company. It may be noted that no claims will lie against the Company or the Investors Education and Protection Fund in respect of the said unclaimed dividend amount transferred to the Fund.

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. (a) The Company's shares are listed with the Hyderabad Stock Exchange Limited (HSE), The Stock Exchange, Mumbai (BSE) and The National Stock Exchange of India Limited (NSE).
- (b) The Annual Listing Fee for the year 2001-2002 has been paid to all the three stock Exchanges i.e., HSE, BSE and NSE.

8. The Company has entered into agreements with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL), who have allotted ISIN INE 437B01014 for the dematerialisation of the equity shares of the Company. Accordingly, shareholders/investors can have their shares dematerialised by opening accounts with any of the participants of the aforesaid depositories. As per Circular No. SMDRP/POLICY/CIR-/2000, Dated 29.5.2000, issued by the Securities and Exchange Board of India (SEBI), trading in the equity shares of the Company in dematerialised form has become compulsory for all investors with effect from 26th June, 2001.

9. Members are requested to bring their copies of the Annual Report to the Meeting. Copies of the Annual Report will not be distributed at the Meeting.

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

Place : Hyderabad  
Dated : 02.07.2001

**A. SATYANARAYANA**  
Company Secretary



# KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

## DIRECTORS' REPORT

To  
Members

Your Directors have pleasure in presenting the 22nd Annual Report together with the Audited Accounts for the year ended 31st March, 2001.

### FINANCIAL RESULTS

The Financial Results for the year ended 31st March, 2001 are summarised below:-

Particulars	2000 - 2001			1999 - 2000		
	Cement Division	Sugar Division	Total	Cement Division	Sugar Division	Total
Income (Sale and other Income)	6112.58	4058.85	10171.43	4974.04	4521.89	495.93
Profit before Depreciation						
Interest & Taxes	1153.23	1054.74	2207.97	747.93	837.46	1583.39
Depreciation	320.56	218.06	538.62	227.79	203.37	431.16
Interest	381.07	678.39	1059.46	312.03	567.24	879.27
Provision for Taxation	—	—	—	21.24	—	21.24
Profit after Taxation	451.60	158.29	609.89	186.87	66.85	253.72
Profit brought forward from Previous year	698.09	17.99	716.08	721.01	(84.31)	636.70
Prior Period adjustments	0.07	—	0.07	5.77	35.45	41.22
APPROPRIATIONS						
Transfer to General Reserve	65.00	—	65.00	35.00	—	35.00
Proposed Dividend	148.00	—	148.00	148.00	—	148.00
Corporate Tax on Dividend	15.10	—	15.10	32.56	—	32.56
Balance Carried over to balance sheet	921.52	176.28	1097.80	698.09	17.99	716.08

### DIVIDEND

Your Directors are pleased to recommend for your consideration a Dividend of Rs.2/- per equity share for the year ended 31.3.2001, absorbing Rs.163.10 Lacs, including tax on dividend payable by the company.

### PERFORMANCE OF THE YEAR UNDER REVIEW

#### CEMENT DIVISION:

During the year under review, the Cement

Division has produced 2,42,047.121 MT of cement as against 2,30,342.197 MT of cement for the previous year. The Profit for the division was Rs.451.53lacs as against Rs.192.64 lacs for the previous year.

#### SUGAR DIVISION :

The Sugar Division crushed 3,27,420 MT of sugarcane for the current season as against 3,04,164 MT for the previous season. The recovery rate was 10.27% compared to 10.39% for the



## KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

previous season. Sales for the year was Rs.4040.27 lakhs as against Rs.4465.95 lakhs for the previous year. The Profit for the division was Rs.158.29 lacs as against Rs 102.30 lacs for the previous year.

### CURRENT YEAR OUTLOOK : CEMENT DIVISION:

In the first three months of the current year i.e. April-June, 2001, the production of cement was 72,149,904 MT., as against 51,887,721 MT of the first three months of the previous year. There was improvement in the realisation of prices in the first quarter as also there was a demand growth of 4% as compared to the corresponding quarter of the previous year for the cement industry in the Southern States. Your Directors hope to achieve better price realisations during the remaining part of the current year.

### SUGAR DIVISION :

As a result of various measures taken by the Government of India, such as, increase in the

import duty on imports of sugar and imposition of release restrictions on the imported sugar at par with the sugar produced domestically, the prices of sugar have improved slightly. Your Directors foresee better prospects for the Indian sugar industry in the current year.

### POWER DIVISION :

The progress of the power project is proceeding smoothly and the project is expected to commence commercial production on schedule. Orders for major part of the machinery required for the project, have been placed and the progress at the suppliers end has been encouraging.

### FIXED DEPOSITS:

The aggregate amount of deposits accepted by the Company as on 31.03.2001 stood at Rs.160.57 lakhs. There were no fixed deposits which were matured but not paid, other than unclaimed deposits, as on that date.

### DIRECTORS :

The Board of Directors of the Company is composed of ten (10) directors, out of which three (3) are whole - time directors and two (2) are nominees of financial institutions. Out of the remaining five (5) non - executive directors, two (2) are related to the whole- time directors. During the year under review, there were in all six (6) meetings of the Board of Directors and the maximum time gap between any two board meetings was three months and the following is the attendance of the Directors :

S.No.	Name of the Director	No. of meetings attended	Whether attended the last Annual General Meeting
01.	P.Venkateswarlu	4	Yes
02.	P.Veeraiah	5	Yes
03.	J.S.R.Prasad	6	Yes
04.	V.Venkateswara Rao*	-	No
05.	T.R.C. Bose**	1	No
06.	J. Seshagiri Rao	6	Yes
07.	J. Lakshmi Nalini	6	No
08.	C. Madhusudana Rao	4	Yes
09.	V.B.R.Suryam	4	No
10	M.Narasimha Rao	6	Yes





## KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

\* Appointed w.e.f. 04.04.2001 in place of Smt A.C. Motwani. as Nominee of IDBI

\*\* Appointed w.e.f. 31.01.2001 as Nominee of IREDA.

The dates of Board Meeting held during the year under review are : 29-04-2000, 29-07-2000, 28-08-2000, 30-10-2000, 31-01-2001 and 02-03-2001.

In accordance with the provisions of the Companies Act, 1956 and the company's Articles of Association, Smt. J. Lakshmi Nalini and Sri J. Seshagiri Rao retire by rotation and are eligible for reappointment. Smt. J. Lakshmi Nalini and Sri J. Seshagiri Rao are associated with the Company ever since its inception. Sri J. Seshagiri Rao is Managing Director of Hyderabad Flextech Ltd., and is a Director of Suvama Cements Limited and is having good experience in Cement Industry.

### GENERAL BODY MEETINGS:

The last three Annual General Meetings were held as under :

S.No.	Location	Date and Time	Whether any special resolutions were passed	Postal Ballots
01.	Sri Tyagaraya Gana Sabha, Chikkadapally, Hyderabad	31.12.1998 10.30 a.m.	Yes	N.A.
02.	-----do-----	30.09.1999 04.00p.m.	No	N.A.
03.	-----do-----	29.09.2000 11.30 a.m.	No	N.A.

### REMUNERATION OF DIRECTORS :

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 the Profit & Loss Account of the Company.

### 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 to immediately. There are no outstanding or unresolved complaints.

### DIRECTORS' RESPONSIBILITY STATEMENT :

The Board of Directors of the Company hereby declare and state that -

01. In the preparation of annual accounts, the applicable accounting standards have been followed and there were no material departures therefrom.

02. The Directors had selected such accounting policies and applied them consistently and made judgements 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, 2001 and Profit & Loss Account of the Company for the year ended as on 31st March, 2001.

03. 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



## KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

fraud and other irregularities:

04. The accounts were prepared on a going concern basis.

### CORPORATE GOVERNANCE :

The Company attaches immense importance to good Corporate Governance and the code of governance as formulated by the Stock Exchanges /SEBI and other authorities is in the right earnest. The Company will always try to maximise the benefits of all stake holders of the Company i.e., share holders, the employees, the customers, the society and others. The Company has been implementing the clauses of Corporate Governance from time to time.

### 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 :

Sri C. Madhusudana Rao	- Chairman
Sri M. Narasimha Rao	- Member
Sri J. Seshagiri Rao	- Member

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

(a) Industry structure and developments :

Cement as well as Sugar industries in India are highly fragmented and scattered throughout the country. Both the Cement and Sugar Industries were facing a glut like conditions for the last 3-4 years. However, We are glad to note that prospects of both these industries are improving of late.

(b) Opportunities and threats :

The Government of India has already announced its plans of construction of Superways connecting the four metros of the country. And the sustained economic development of the country will give boost to the cement industry. However, excess capacities in both these industries are cause for concern.

(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 :

Both Cement and Sugar 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.

(f) Internal control system and their adequacy

The Company has adequate internal control system. Apart from this, the Company also has internal auditors, who conduct periodical audit and their report is taken into account by the Management as well as the statutory auditors.

(g) Financial/operational performance :

This has been already discussed elsewhere in this Report.

(h) human Resources / Industrial Relations :

Both the Cement and Sugar Divisions of the Company employ about 550 people. The Company enjoys very cordial industrial relations and there is very low employee/ labour turnover in the company. You will be glad to note that in the last more than twenty years of operations of the company, there were no strikes, lockouts, lay-offs, retrenchments, etc.

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

### INSURANCE :

All the properties of the Company including its





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

buildings, plant and machinery and stock wherever required have been adequately insured.

### **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:**

#### **CEMENT DIVISION:**

The Company has extended green belt and modified the existing ESPs and also is in the process of installing ESP for coolers for better control of dust pollution.

#### **SUGAR DIVISION:**

The performance of the dust collection system is found satisfactory and the ash collected at the bottom of the cyclones is disposed pneumatically. The existing boilers will be replaced with cogeneration power plant boiler and as the same is provided with ESPs and 70 mtrs long chimney. The norms stipulated for particulate matter by A.P. Pollution Control Board shall be achieved.

**Effluent Treatment Plant (ETP):** The existing ETP has been upgraded. The effluents will be effectively treated before being let out as per the norms stipulated by the A.P. Pollution Control Board.

While planting of saplings and seedlings in and around the factory and colony is in progress, it is proposed to develop a green belt around the plant to improve the environment during the coming season.

### **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 :**

The Central Government had ordered audit of cost accounts relating to manufacture of cement. For the year ended 31st March 2001, 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, ICICI, IFCI, IREDA and APIDC from time to time.

Your Directors also thank the State Bank of India, Industrial Finance Branch, Somajiguda, Hyderabad, Andhra Bank, Industrial Finance Branch, Ameerpet, Hyderabad and Indian Bank, Himayatnagar Branch, Hyderabad for extending the support towards working capital to meet the requirements of its operations.

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

Place : Hyderabad  
Date : 02.07.2001

**P. VENKATESWARLU**  
Chairman &  
Managing Director