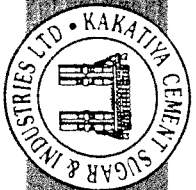


30th Annual Report 2008 - 09



**KAKATIYA CEMENT
SUGAR & INDUSTRIES LTD.**



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

BOARD OF DIRECTORS:

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

Chairman & Managing Director
Joint Managing Director
Director
Director
Director
Director
Director
Director
Director
Director
Additional Director (from 22-08-2009)

SENIOR EXECUTIVES

P. Radha
Y. Venkataramaiah
K.S. Rami Reddy
R. Ramakrishna

Chief Executive
General Manager (Sugar Works)
General Manager (F & A)
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

Specialised Corporate Finance Branch
Somajiguda, Hyderabad

REGISTERED OFFICE

1-10-140/1, "GURUKRUPA"
Ashok Nagar,
HYDERABAD-500 020

REGISTRARS

XL SOFTECH Systems Limited,
3, Sagar Society, Road No.2, Banjara Hills,
HYDERABAD-500 034

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 **THIRTIETH ANNUAL GENERAL MEETING of KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED** will be held on Friday, the 25th day of September, 2009 at 11.00 A.M at Surana Udyog Auditorium, FAPCCI Premises, Red Hills, Hyderabad - 500 004 to transact the following Business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2009, 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 Sri J S R Prasad, who retires by rotation and being eligible, offers himself 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 appoint M/s. M. ANANDAM & CO., Chartered Accountants, 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.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution.
"RESOLVED THAT Mr.B.V.Subbaiah be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

Place : Hyderabad
Date : 22.08.2009

R. Ramakrishna
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.
2. The Register of Members and Share Transfer Books will remain closed from 23.09.2009 to 25.09.2009 (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 25th September 2009. 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 25th September 2009. The Dividend will be paid on and from October 15, 2009.
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 2001.
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



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

Fund set up by the Central Government. Shareholders, who have not claimed their dividend for any year from the financial year ended March 31, 2002 onwards, are requested to lodge their claim with the Company.

7. (a) The Company's shares are listed with the The National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited, Mumbai(BSE) and Hyderabad Stock Exchange Limited (HSE).
- (b) The Annual Listing Fee for the year 2009-2010 has been paid to the two Stock Exchanges i.e., BSE and NSE.

260 of Companies Act, 1956 he holds office as a Director up to the date of this Annual General Meeting. Company has received Notice from a member along with deposit of Rs.500/- as required by Section 257 of the Companies Act 1956, signifying his intention to propose Mr.B.V.Subbaiah as a Director. According to Article 51 of the Articles of Association of the Company the director shall be liable to retire by rotation.

None of the Directors of the Company are interested in the said resolution.

Your Directors recommend the resolution for approval.

ANNEXURE TO NOTICE:

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

ITEM NO. 6 :

Mr.B.V.Subbaiah was appointed as an Additional Director of the Company at the Board Meeting held on 22.08.2009 and as per the provisions of the Section

Place : Hyderabad

Date : 22.08.2009

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

R. Ramakrishna
Company Secretary



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting the 30th Annual Report together with the Audited Accounts for the year ended 31st March 2009.

FINANCIAL RESULTS

The Financial Results for the year ended 31st March, 2009 are summarised below:

(Rs. in Lakhs)

Particulars	2008-09	2007-08
Income (Sale and other Income)	14307.39	18323.80
Profit before Depreciation, Interest & Taxes	3794.65	3483.17
Depreciation	781.64	779.54
Interest	301.54	592.33
Provision for Taxation	768.74	600.00
Provision for Deferred Taxation	(175.67)	(186.44)
F B T	8.08	7.46
Profit after Taxation	2110.32	1690.28
Profit brought forward from Previous year	6341.31	5069.31
APPROPRIATIONS		
Transfer to General Reserve	275.00	200.00
Proposed Dividend	209.90	186.57
Corporate Tax on Dividend	35.67	31.71
Balance carried over to Balance Sheet	7931.06	6341.31

Segment-wise performance has been furnished under Notes on Accounts.

DIVIDEND

Your Directors are pleased to recommend for your consideration a Dividend of Rs.2.70 per equity share for the year ended 31.03.2009, as against Rs. 2.40 per equity share in the previous year aggregating an amount of Rs.245.57 including Dividend Distribution Tax.

PERFORMANCE OF THE YEAR UNDER REVIEW

Cement Division:

During the year under review, the Cement Division has produced 2,36,612 MT of cement as against 2,55,340 MT of cement for the previous year. The profit for the Division was Rs.1050.11 lakhs as against Rs.1716.30 lakhs for the previous year.

Sugar Division:

The Sugar Division crushed 86,996 MT of sugarcane for the current season as against 4,41,768 MT for the previous season. The recovery rate was 9.59% compared to 10.44% for the previous season. The profit for the Division was Rs.817.69 lakhs as against Rs. 375.16 lakhs loss for the previous year.

Power Division:

During the year under review, the Power Division has generated 6,77,21,066 KWH against 5,63,20,380 KWH of power for the previous year. The Profit for the Division was Rs.843.67 lakhs as against Rs.770.16 lakhs for the previous year.

CURRENT YEAR OUTLOOK:

Cement Division:

In the first three months of the current year i.e. April - June 2009, the production of cement was 70,515 MT as against 54,864 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 substantially drop due to poor rain fall and lack of irrigation facilities consequent to lining work of Wyra canal that was undertaken last year.

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.



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

FIXED DEPOSITS:

The aggregate amount of deposits accepted by the Company as on 31.03.2009 stood at Rs.173.67 lakhs. There were no fixed deposits, which were matured but not paid, other than unclaimed deposits, as on that date.

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, 2009 and Profit & Loss Account of the Company for the year ended as on 31st March, 2009.
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:

The Central Government had ordered audit of cost accounts relating to manufacture of cement. For the year ended 31st March 2009, with the approval of Central Government, M/s. Narasimha Murthy & Co., Cost Accountants, Hyderabad have been appointed to conduct the Cost Audit.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

a. Industry Structure And Developments:

Implementation of major irrigation projects, setting up of special economic zones, National and State high ways, housing projects etc has caused to increase in demand for cement for the year 2008-09 and out look of the Cement Industry appears to be stable.

Sugar being an agro-based industry needs good rain fall and irrigation facilities. Due to monsoon failure so far and Irrigation facilities in the factory Zone having suffered due to lining work of Wyra canal sugar cane production is likely to drop in the coming seasons. As far as Power operations are concerned, the drop in sugar cane crushing, will adversely affect the availability of bagasse, which is the primary fuel, used for generation of power.



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

b. Opportunities and threats:

With the continued emphasis by the Government on infrastructure sector and housing sector, the demand for the cement is expected to remain strong.

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:

Presently 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, 2009 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 wish to express their thanks for the assistance received from United Bank of India.

Your Directors also thank the State Bank of India, Industrial Finance Branch, Somajiguda, Hyderabad and Andhra Bank, Specialised Corporate Finance Branch, Somajiguda, 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 : 22.08.2009

P. VENKATESWARLU

**Chairman &
Managing Director**



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.

c. TECHNOLOGY ABSORPTION

Efforts made in Technology Absorption FORM "B" Enclosed

B. 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

(Rs. in lakhs)

		CURRENT YEAR 2008-09			PREVIOUS YEAR 2007-08		
		CEMENT	SUGAR	POWER	CEMENT	SUGAR	POWER
A.	POWER & FUEL CONSUMPTION						
1	ELECTRICITY						
(a)	Purchased (KWH)	2,79,76,689	47,50,302	--	2,88,34,600	1,41,63,154	--
	Total Amount (Rs.)	10,19,54,987	1,84,36,714	--	10,63,57,294	5,11,74,630	--
	Rate per Unit (Rs.)	3.64	3.88	--	3.69	3.61	--
(b)	OWN GENERATION						
	Through Diesel						
	Generators (Units)	5,76,229	--	--	2,80,640	--	--
	Total Amount (Rs.)	63,40,327	--	--	33,21,468	--	--
	Cost per Unit (Rs.)	11.00	--	--	11.83	--	--
2	FUEL						
(a)	COAL						
	Quantity (MT)	56,417	--	27,542	58,701	--	10,214
	Total Cost (Rs.)	17,50,56,340	--	5,48,68,754	14,82,42,183	--	1,47,35,729
	Average Rate (Rs.)	3,102.90	--	1,992.18	2,525.37	--	1,442.70
(b)	DIESEL/ LDO						
	Quantity (Ltrs.)	15,172	--	--	31,637	--	--
	Total Cost (Rs.)	5,25,989	--	--	10,81,368	--	--
	Average Rate (Rs.)	34.66	--	--	34.18	--	--


**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

(Rs. in lakhs)

	CURRENT YEAR 2008-09			PREVIOUS YEAR 2007-08		
	CEMENT	SUGAR	POWER	CEMENT	SUGAR	POWER
(c) Bagasse/Steam						
Quantity (MT)	--	60,281	83,253	--	2,11,863	1,41,576
Total Cost (Rs.)	--	2,87,54,037	6,66,02,400	--	4,70,80,200	11,26,86,360
Average Rate (Rs.)	--	477.00	800.00	--	222.22	795.94
B. CONSUMPTION PER UNIT OF PRODUCTION						
1 Electricity (KWH)						
Cement (MT)	115.601	--	--	113.873	--	--
Sugar (KGS)	--	0.435	--	--	0.287	--
Power (KWH)	--	--	0.091	--	--	0.108
2. Coal (MT)	0.246	--	--	0.242	--	--
(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
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

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.

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION - NOT APPLICABLE

For and behalf of the Board

Place : Hyderabad

Date : 22.08.2009

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 comprised of 10 Directors, 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 91 days and the following is the attendance of the Directors:

Sl.No.	Name of the Director	No. of 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	YES	1	NIL
02.	P. Veeraiah	5	YES	1	NIL
03.	J.S.R. Prasad	2	YES	8	4
04.	T.R.C. Bose	5	NO	4	4
05.	J. Seshagiri Rao	4	NO	9	7
06.	J. Lakshmi Nalini	1	NO	NIL	NIL
07.	C. Madhusudana Rao	3	YES	4	NIL
08.	V.B.R. Suryam	3	NO	NIL	NIL
09.	M. Narasimha Rao	5	YES	2	NIL
10.	P.V. Rao	5	YES	2	NIL

The dates of Board Meeting held during the year under review are: 30.04.2008, 30.07.2008, 18.08.2008, 30.10.2008 and 31.01.2009.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Sri J. S. R. Prasad and Sri J. Seshagiri Rao retire by rotation and are eligible for reappointment.

Mr.B.V.Subbaiah who was appointed as Additional Director on 22.08.2009 also retires at this Annual General Meeting. Pursuant to the provisions of Section 257 of the Companies Act, 1956 he is eligible for appointment.

Mr.P.V.Rao resigned as Director with effect from 22nd August 2009. The Board takes this opportunity to thank him for his valuable contribution and guidance during his tenure as Director.

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

Sri J. S. R. Prasad: Sri J S R Prasad, aged about 49 is a Chartered Accountant with more than 20 years experience. He is the Managing Director of Greenesol Power Systems Private Limited and is on the board of several Companies.

Sri J. Seshagiri Rao: Sri J. Seshagiri Rao, aged 55 years, is Managing Director of Hyderabad Flextech Ltd., and is on the Board of Keerthi Industries Ltd., and other companies. He was President of Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI). He has been associated with the Company since its inception.

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	27.09.2006 11.00 A.M	No	N.A.
02	Surana Udyog Auditorium, FAPPCI Premises, Red Hills, Hyderabad	29.09.2007 04.00 P.M	Yes	N.A.
03.	Surana Udyog Auditorium, FAPPCI Premises, Red Hills, Hyderabad	25.09.2008 11.00 A.M	Yes	N.A.