

# 37<sup>th</sup> Annual Report 2015 - 16



**KAKATIYA CEMENT  
SUGAR & INDUSTRIES LTD.**



## **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

### **BOARD OF DIRECTORS:**

- |                           |   |
|---------------------------|---|
| 1. Shri P Venkateswarlu   | Chairman & Managing Director ( <i>up to 11.01.2016</i> )  |
| 2. Shri P Veeraiah        | Chairman & Managing Director ( <i>w.e.f. 03.02.2016</i> ) |
| 3. Shri J S R Prasad      | Director ( <i>up to 17.05.2016</i> )                      |
| 4. Shri J S Rao           | Director  |
| 5. Shri C Madhusudana Rao | Director  |
| 6. Shri V B R Suryam      | Director ( <i>up to 12.03.2016</i> )                      |
| 7. Shri T R C Bose        | Director  |
| 8. Shri B V Subbaiah      | Director  |
| 9. Shri A Chengappa       | Director  |
| 10. Shri K.Venkat Rao     | Director  |
| 11. Smt. J Shalini        | Director ( <i>up to 17.05.2016</i> )                      |
| 12. Smt. M Vara Lakshmi   | Director ( <i>w.e.f. 12.08.2016</i> )                     |

### **SENIOR EXECUTIVES**

- |                           |                                       |
|---------------------------|---------------------------------------|
| 1. Shri B K Prasad        | General Manager and Company Secretary |
| 2. Shri M Bhavani Dattu   | Chief Financial Officer               |
| 3. Shri D G K Raju        | Vice President (Cement works)         |
| 4. Shri Ramaswamy Ettikan | General Manager (Sugar works)         |

### **AUDITORS**

**M/s. M. Anandam & Co.,**  
Chartered Accountants,  
SECUNDERABAD - 500003

### **COST AUDITORS**

**M/s. Narasimha Murthy & Co.,**  
Cost Accountants,  
HYDERABAD-500029.

### **BANKERS**

**State Bank of India**  
Ashok Nagar Branch  
Hyderabad-500020

### **Andhra Bank**

Ashok Nagar Branch  
Hyderabad-500020

### **REGISTERED OFFICE**

1-10-140/1, "GURUKRUPA"  
Ashok Nagar,  
HYDERABAD-500020.

### **REGISTRARS**

**XL SOFTECH Systems Limited,**  
3, Sagar Society, Road No.2, Banjara Hills,  
HYDERABAD-500034.

### **FACTORIES**

#### **CEMENT:**

Srinivasa Nagar  
Mellacheruvu Mandal  
Nalgonda Dist. Telangana

#### **SUGAR & POWER:**

Peruvancha Village  
Kallur Mandal  
Khammam Dist. Telangana



## **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

### **NOTICE**

Notice is hereby given that the 37th Annual General Meeting of the Company is scheduled to be held on 26th September, 2016 at 11.00 AM at Thyagaraya Gana Sabha, Chikkadapally, Hyderabad - 500020 to transact the following business.

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March 2016 including the Audited Balance Sheet as at 31st March, 2016, the statement of Profit and Loss and Cash Flow Statement for the financial year ended on that date and the Reports of Directors and Auditors thereon.
2. To declare dividend on equity shares for the Financial Year ended 31st March 2016.
3. To appoint a Director in place of Shri J S Rao (Din 00029090) who retires by rotation and being eligible offers himself for re-appointment and in this regard, pass the following Resolution as an ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri J S Rao (DIN 00029090) who retires by rotation and being eligible has offered himself for re-appointment be and is hereby reappointed as a Director of the company, liable to retire by rotation".

4. Appointment of Statutory Auditors.

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

"RESOLVED THAT pursuant to Section 139 and other applicable provisions of the Companies Act, 2013 read with the companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any (including any statutory modifications or re-enactment thereof for the time being in force) and pursuant to the recommendation of the Audit Committee, M/s Anandam and Company, Chartered Accountants (Regn. No.000125S) be and are hereby appointed as Statutory Auditors of the company for the period commencing from the conclusion of this Annual General Meeting till conclusion of the next Annual General Meeting at a remuneration of ₹ 6.05 lacs and payment of applicable taxes in addition to out of pocket expenses incurred by them during the course of the Audit".

### **SPECIAL BUSINESS:**

5. **To appoint Smt. M Vara Lakshmi (DIN 07585164) as a Director and in this regard 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 Section 152 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 as amended from time to time, Smt. M Vara Lakshmi (DIN 07585164) who was appointed as an Additional Director of the company effective from 12th August, 2016 by the Board of Directors and who holds office up to date of this Annual General Meeting under Section 161 of Companies Act, 2013 and Article 36(e) of Articles of Association of the company, being eligible for appointment and in respect whom the company has received a notice in writing under Section 160 of Companies Act, 2013 from a member proposing her candidature for the office of Director be and is hereby appointed as Director of the company liable to retire by rotation".

6. **To consider and, if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:**

"Resolved that pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of



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the Companies Act, 2013 and the Rules made there under, the Remuneration payable to M/s. Narasimha Murthy & Co., Cost Accountants (Firm Registration No.000042) appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2017 amounting to ₹ 1.45 lacs and the payment of service tax as applicable and re-imbursement of out of pocket expenses incurred in connection with the aforesaid audit be and is hereby ratified and confirmed".

### **7. Alteration of Articles of Association**

To consider and, if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 14 of the Companies Act, 2013 and other applicable provisions, if any, the consent of the members of the company be and is hereby accorded for alteration of the Articles of the Associations of the company as follows:-

Add the following lines after clause f of Article 52 of the Articles of Association:

'An individual can be appointed or re-appointed as chairperson of the company as well as managing director of the company at the same time in pursuance of the Articles of the company'.

"RESOLVED FURTHER THAT the Board of Directors of the company be and are hereby authorised to do all acts, deeds and things as may be necessary, proper or expedient to give effect to this Resolution".

### **8. To consider and, if though fit, to pass with or without modifications, the following Resolution as an ordinary Resolution:**

Resolved that pursuant to provisions of section 2 (54) 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with schedule V thereto, the consent of the members of the Company be and is hereby accorded for appointment of Shri P Veeraiah as Chairman and Managing Director of the Company with effect from 3rd February, 2016 till end of his current tenure on 30th November 2018 on the following terms and conditions.

#### **A. Remuneration comprising of salary, commission and leave travel allowance**

- I. Salary: Salary ₹ 6,60,000 per month with annual increments as determined by the Board subject to the overall ceiling laid down in Section 197 of the Companies Act, 2013.
- II. 2% of Commission (in addition to salary and perquisites) calculated with reference to the net profits of the Company for each financial year which together with the monetary value of perquisites shall not exceed the ceiling laid down in section 197 of the Companies Act, 2013.
- III. Leave Travel Allowance for self and family equivalent to one month's salary in a year.

#### **B. Perquisites / Benefits:**

- I. House Rent allowance at 40% of the salary shall be paid. In addition, free use of the Company's owned furniture and other consumer durables if required.
- II. **Contribution to the Provident Fund and Gratuity:**
  - a) Company's contribution to Provident fund and superannuation fund shall be as per the provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1952.
  - b) Gratuity shall be paid as per the Payment of Gratuity Act or Company's Gratuity scheme whichever is higher



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INDUSTRIES LIMITED**

**III. Other Perquisites:**

- A) Gas, Electricity, Water, House Maintenance and furnishings, the monetary value of which shall be valued as per the Income Tax Rules, 1962 and subject to ceiling of 10% of the salary of the Managing Director.
- B) Personnel Accident Insurance shall not exceed ₹ 10,000/- per annum.
- C) Re-imbursement of all Medical expenses incurred for self and family
- D) Provision of car with driver for use on Company's business and telephone/fax facility at residence.
- E) club Fee:- Fee of clubs subject to maximum of two clubs. However admission and life membership fee shall not be included for this purpose.

The perquisites shall be evaluated at cost to the Company and when such evaluation is difficult, it shall be evaluated as per the Income Tax Rules.

**C) Minimum Remuneration :**

Where in any financial year during the currency of tenure of Shri P.Veeraiah, the Company has no profits or its profits are inadequate, the Company shall pay to Shri P.Veeraiah remuneration by way of salary and perquisites not exceeding the limits specified in schedule V of the Companies Act, 2013 including any statutory modifications thereto for the time being in force.

The Managing Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or committees thereof.

Further Resolved that the Board of Directors of the Company be and are hereby authorized to take such steps and to do other acts, deeds, matters and things as they deem fit and appropriate and give such directions / instructions as may be necessary, proper or expedient for the purpose of giving effect to this Resolution and for all the matters connected therewith or incidental thereto.

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

**B K Prasad**  
**General Manager and**  
**Company Secretary**

Place : Hyderabad  
Date : 12.08.2016



## **KAKATIYA CEMENT SUGAR AND 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. The instrument of proxy, in order to be effective should be deposited at the Registered office of the company, duly completed and signed, not less than 48 HOURS before the commencement of the Meeting. Proxies submitted on behalf of limited companies, societies etc must be supported by appropriate Resolutions/ authority as applicable.
2. Members are requested to bring their attendance slip along with their copy of Annual Report to the meeting.
3. In case of Joint holders attending the Meeting, only such Joint holder who is higher in the order of the names will be entitled to vote.
4. An explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013 which sets out details relating to the special Business to be transacted at the meeting is annexed hereto.
5. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities Market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company.
6. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the company/ Registrar and transfer agents for consolidation into a single folio.
7. The Register of Members and Share Transfer Books will remain closed from 15th September, 2016 to 26th September, 2016 (both days inclusive) in connection with Annual general Meeting and Dividend.
8. The relevant details, as required under the listing Regulations in respect of persons seeking appointment / re-appointment are furnished elsewhere in this notice.
9. All the shareholders are requested to intimate their e-mail address to the Company at [shares@kakatiyacements.com](mailto:shares@kakatiyacements.com) for sending Notice and Annual Report through e-mail. Shareholders are also requested to notify immediately any change in their addresses to the Company's Registered Office with their Folio Number(s) and with their e-mail addresses.
10. The Dividend, after declaration, will be paid to those shareholders whose names stand on the Register of Members as on 14th September, 2016. 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 14th September, 2016. The Dividend will be paid on or before 25th October 2016.
11. Members may note that they can avail of nomination facility in respect of shares held by them in physical form pursuant to provisions of Section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed Form No SH-13 duly filled in to XL Softech Systems Limited at the address mentioned in this Report. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
12. As per provisions of Section 124 of the Companies Act, 2013, the Company has transferred to the Investors Education and Protection Fund, the amount of all unclaimed dividend declared up to and including the financial year ended 31st March 2008. The amount of unclaimed dividend for the financial year ended 31st March 2009 will be transferred to the Investors Education and Protection Fund with in the prescribed time.
13. As per the provisions of Section 124 of the Companies Act, 2013, 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, 2009 onwards are requested to lodge their claim with the Company.
14. The Company's shares are listed with the The National Stock Exchange of India Limited (NSE) and BSE Limited(BSE). The Annual Listing Fee for the year 2016-2017 has been paid to these two Stock Exchanges.
15. As per SEBI circular No.CIR/MRD/DP/10/2013 dated March 21, 2013, dividend payments to investors are made electronically through ECS. Shareholders are requested to update their bank details with the





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depositories to ensure that dividend is credited promptly. Those shareholders who hold shares in physical form are requested to communicate their bank account number, Name of the Bank and address to: [shares@kakatiyacements.com](mailto:shares@kakatiyacements.com)

16. **Members seeking any information with regard to accounts and any other information relating to the Annual Report are requested to write to the company at least 10 days in advance of the meeting to enable the management to keep the information ready.**
17. Relevant documents referred to in this notice are open for inspection by the members at the Registered office of the company on all working days between 2.00 PM to 4.00 PM up to the date of the meeting provided a notice in this regard is received by the company at least three days in advance.
18. Electronic copy of the Notice of the 37th Annual General Meeting of the Company and the Annual Report inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 37th Annual General Meeting and the Annual Report for 2015-2016 of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent in the permitted mode. They can also visit the company's website [www.kakatiyacements.com](http://www.kakatiyacements.com) where the notice is uploaded. For any communication, the shareholders may also utilize company's investor e-mail ID: [shares@kakatiyacements.com](mailto:shares@kakatiyacements.com).
19. In Compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and the provisions of Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company is providing e-voting facility to the members to exercise their right to vote on Resolutions proposed to be passed in the meeting by electronic means. The members may cast their vote using an electronic voting system from a place other than the venue of the meeting. The company has engaged the services of Central depository Services of (India) Limited (CDSL) as the authorised agency to provide e-voting facilities and instructions for availing e-voting facility are given in Note No.27.
20. The Board of Directors has appointed Smt. Manjula Aleti, Company Secretary Practice (Membership No.ACS31661, Cop 13279) as scrutinizer to scrutinize the remote e-voting process and poll at Annual General Meeting in a fair and transparent manner.
21. The scrutinizer shall, immediately after the conclusion of voting at the meeting, would first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the company and make not later than three (3) days from the conclusion of the meeting, a consolidated scrutinizer's Report of the total votes cast in favour or against forthwith to the Chairman or a person authorised by the Chairman for countersignature.
22. The Results shall be declared by the Chairman or by an authorised person of the Chairman and the Resolutions will be deemed to have been passed on the date of Annual General Meeting, subject to receipt of requisite number of votes in favour of Resolutions.
23. After declaration of results, the same shall be placed along with the scrutinizer's Report(s) on the website of the company [www.kakatiyacements.com](http://www.kakatiyacements.com) and communicated to BSE Limited and National stock Exchange India Limited, where the shares of the company are listed for placing the same on their website.
24. A person whose name is recorded in the Register of members or in the Register of beneficial owners maintained by the Depositories as on the cut-off date i.e. 19th September, 2016 shall only be entitled to avail the facility of remote e-voting and voting at the meeting through ballot.
25. The e-voting period commences on 23rd September, 2016 (9:00 AM) and ends on 25th September, 2016 (5:00 PM). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 19th September, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a Resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
26. The voting rights of shareholders shall be in proportion to their shares in the paidup equity share capital of the Company.



## 27. INSTRUCTIONS FOR E-VOTING

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on 23rd September, 2016 (9.00 A.M.) and ends on 25th September, 2016 (5.00 P.M.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 19th September, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

|   | <b>For members holding shares in Demat Form and Physical Form</b>   |
|---|---|
| PAN   | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul> |
| Dividend Bank Details<br>OR Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>  |

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.





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- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non - Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

### **ANNEXURE TO NOTICE:**

#### **STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.**

##### **Item No.5**

Smt. M Vara Lakshmi was appointed as an Additional Director of the company by the Board effective from 12th August, 2016 pursuant to Section 161 of the Companies Act, 2013 and holds office up to the date of this Annual General Meeting.

The Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member along with deposit of requisite amount proposing the candidature of Smt. M Vara Lakshmi for the office of the Director under Section 152 of the Companies Act, 2013. The company has received from Smt. M Vara Lakshmi the requisite disclosures / declarations pursuant to the provisions of the Companies Act, 2013.

The particulars of Smt. M Vara Lakshmi with regard to qualification, experience and other matters are furnished in this Annual Report.

Smt. M Vara Lakshmi is interested in this Resolution as set out in the notice with regard to her appointment as a Director. None of the Directors, key Managerial Personnel (KMPs) or relatives of directors and KMPs are interested or concerned in this Resolution.

The Board commends this Resolution for approval of members.



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**Item No.6**

The Board of Directors of the Company on the recommendation of the Audit Committee approved the appointment and remuneration of M/s. Narasimha Murthy & Co., Cost Accountants to conduct the audit of the Cost Records of the Company for the Financial Year ended 31st March, 2017.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a) (ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the Members of the Company. Accordingly, consent of the Members is sought to ratify the remuneration payable to the Cost Auditors. None of the Directors or Key Managerial Personnel or relatives of directors and KMPs is interested or concerned in this Resolution.

**The Board commends this Resolution for approval of Members.**

**Item No.7**

The company proposes to alter its Articles of Association so as to align with the provisions of Companies Act, 2013 in respect of matters relating to appointment of Key Managerial Personnel and to enable the company to formalise the appointment of Shri P Veeraiah as Chairman and Managing Director.

The Board commends this Resolution for approval of members.

None of the Directors, key Managerial Personnel (KMPs) or relatives of directors and KMPs is interested or concerned in this Resolution except Shri P Veeraiah.

**Item No.8**

Shri P Veeraiah has been elevated from the position of Joint Managing Director to that of Chairman and Managing Director at the meeting of the Board of Directors held on 3rd February, 2016.

Shri P Veeraiah has been associated with the Company for nearly two decades. However, formally, he became the Joint Managing Director with effect from 05.12.1998. The Current term ends on 30.11.2018. He also functioned as Managing Director of Kakatiya Finance and Leasing Company Pvt. Ltd for a long time.

Shri P.Veeraiah has been discharging the whole gamut of operational responsibilities after passing away of Shri P. Venkateswarlu. This naturally involves assuming greater responsibilities including resolution of complex issues concerning the Company. The Company has been progressing well under the stewardship of Shri P.Veeraiah and is poised to attain further growth in the Current Year.

Presently he has been drawing a basic salary of ₹ 2.95 lacs per month in addition to allowances, perquisites, benefits and commission. Shri P Veeraiah drew a total Remuneration of ₹ 104.75 lacs for the year ended 31st March 2016.

The Board has taken into account the vast experience Shri P Veeraiah in handling the affairs of Cement, Sugar and Power divisions. The Industrial parameters in respect of remuneration and compensation for Heads of the organizations of similar sized companies with multi-product operations have also been considered.

The Board opines that the determination of remuneration of Shri P Veeraiah by the Nomination and Remuneration Committee, after due consideration of all relevant factors, is a fair compensation.

Shri P.Veeraiah is interested in the subject matter. Shri J S Rao, Director of the company is also deemed to be interested in the subject matter being relative of Shri P Veeraiah. None of the Directors, key Managerial Personnel (KMPs) or relatives of directors and KMPs is interested or concerned in this Resolution.

The Board commends this Resolution for approval of Members.

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

**B K Prasad**  
**General Manager and**  
**Company Secretary**

Place : Hyderabad  
Date : 12.08.2016



## KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

### DIRECTORS' REPORT

To  
The Members

Your Directors have pleasure in presenting the 37th Annual Report together with the Audited Financial statements for the year ended 31st March 2016.

### FINANCIAL RESULTS

The Financial Results for the year ended 31st March 2016 are summarized below:

|   | (₹ in Lacs)     |          |
|---|-----------------|----------|
| Particulars                                       | 2015-16         | 2014-15  |
| Income (Sales and other Income)                   | <b>21641.40</b> | 15720.40 |
| Profit before Depreciation, Interest & Taxes      | <b>3388.66</b>  | 2075.46  |
| Depreciation                                      | <b>247.92</b>   | 247.40   |
| Interest  | <b>160.41</b>   | 81.07    |
| Provision for Taxation                            | <b>774.72</b>   | 349.46   |
| Provision for Deferred Taxation                   | <b>(12.81)</b>  | (13.54)  |
| Profit after Taxation                             | <b>2218.42</b>  | 1411.00  |
| Profit brought forward from Previous year         | <b>13078.82</b> | 12068.89 |
| Less: Adjustment for depreciation on fixed assets | -               | 7.34     |
| <b>APPROPRIATIONS</b>                             |                 |          |
| Transfer to General Reserve                       | <b>221.84</b>   | 141.10   |
| Proposed Dividend                                 | <b>209.89</b>   | 209.89   |
| Corporate Tax on Dividend                         | <b>42.72</b>    | 42.72    |
| Balance carried over to Balance Sheet             | <b>14822.78</b> | 13078.82 |

### DIVIDEND

Your Directors are pleased to recommend for your consideration a Dividend of ₹ 2.70 per equity share for the year ended 31.03.2016 as has been recommended in the earlier years, aggregating to ₹ 209.89 lacs excluding Dividend Distribution Tax.

Despite relatively better performance in the year under review, your Directors have recommended

dividend at the same rate considering the outflow on the capital expenditure proposed for Cement and Sugar Divisions which is estimated to cost around ₹ 15 crores. The company is also required to meet the challenges in honoring timely payments to the cane growers and ensure that the operational targets of the sugar division are met in time without any hindrance in the light of its seasonal character. The Company is also further required to conserve its resources and utilize the same for its Cement division to achieve higher level of operations targeted in the current year.

### TRANSFER OF PROFITS TO RESERVES.

The company has transferred a sum of ₹ 221.84 lacs to reserves from out of the current year's profits as against a sum of ₹ 141.10 lacs in the preceding year.

### TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

According to Section 205C of the Companies Act, 2013 read with Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, the company has transferred unclaimed dividend amounting to ₹ 88,908/- to the Investor Education and Protection Fund established by the Central government during the year. The said transfer is in respect of the financial year 2007-2008.

### MATERIAL CHANGES AND COMMITMENTS

In terms of Section 134 (3) (I), of the Companies Act, 2013, there are no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the Report.

### PUBLIC DEPOSITS

The company has not accepted any deposits during the year under review and there were no outstanding deposits as at the end of the year.

### SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

There are no significant and material orders passed by the Regulators or courts or tribunals impacting the going concern status and company's operations in future.



### **DEMISE OF SHRI P.VENKATESWARLU**

It is with deep sense of sorrow that the Board informs the members that the founder of the Company, Chief Promoter and Managing Director Shri P Venkateswarlu passed away on 11th January, 2016 at Hyderabad after a brief illness.

The Board places on record the services rendered by late Shri P Venkateswarlu for the growth and development of the Company particularly in the formative years of the Company and noted that the determined efforts put in by late Shri P Venkateswarlu in diversifying its range of enterprise by establishing sugar and power plants had put the corporate entity on a higher plane.

The Board opined that late Shri P Venkateswarlu had laid down high standards in the conduct of affairs of the Company with his insistence on transparency and accountability. He had meticulously combined business and philosophy and transformed the company into a transparent and committed enterprise embodied with virtues.

The Board feels that the passing away of Shri P.Venkateswarlu is an irreparable loss to the Company.

### **DEMISE OF SHRI V.B.R.SURYAM**

Shri V B R Suryam, Independent Director who had served the Company for more than two decades passed away on 12th March, 2016 at Hyderabad after a brief illness.

He had provided valuable guidance in respect of various technical issues concerning company's cement plant. His participation and performance during the Board meetings had certainly enhanced the prestige and dignity of the Board. The Board opines that the passing away of Shri V B R Suryam is a great loss to the Company.

### **ELEVATION OF POSITION:**

Consequent to the passing away of Late Shri P Venkateswarlu, Shri P Veeraiah has been appointed as Chairman and Managing Director with effect from 3rd February 2016 at the same remuneration which he was drawing in the capacity of Joint Managing Director. He will hold this position till 30th November 2018.

The Board proposed enhancement of his remuneration suitably considering his contribution and dedication in discharging the additional responsibilities. All necessary matters relating to

his appointment and remuneration are being placed before the members for their approval.

### **RESIGNATION OF DIRECTORS**

Shri J Siva Rama Prasad and Smt. J Shalini, Directors of the company have resigned from their directorship with effect from 17th May 2016. The Board places on record its appreciation for the services rendered by Shri J Siva Rama Prasad and Smt. J Shalini during their tenure.

### **Appointment of Additional Director.**

Smt. M Vara Lakshmi has been inducted as an Additional Director under Section 161 of the companies Act, 2013 in compliance with Regulation 17 (1) (a) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This appointment is made consequent to the resignation of Smt. J Shalini necessitating induction of another woman director. Smt. M Vara Lakshmi has rich experience in Accounts and Banking functions.

She holds the office up to the date of the forthcoming Annual General Meeting and being eligible for appointment as Director, a Resolution for appointment of Smt. M Vara Lakshmi is being placed before the members for their approval at the Annual General Meeting.

### **DIRECTORS RETIRING BY ROTATION**

In accordance with the provisions of the Companies Act, 2013, Shri J S Rao, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The brief profile(s) of the director(s) seeking appointment / re-appointment at the Annual general Meeting are presented in the Annual Report.

### **DEMATERIALISATION**

As on 31st March, 2016, 73,18,265 shares were dematerialised with National Securities Depository Limited and Central Depository Services Limited which constitutes 94.14% of the shares of the company. Your Directors would request all the members who have not yet converted their holdings into dematerialised form, to do so thereby facilitating trading of their shares without any difficulty.



## **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

### **PERFORMANCE OF THE YEAR UNDER REVIEW**

#### **Cement Division:**

During the year under review, the Cement Division has produced 2,37,027 MT as against 2,60,685 MT in the year ago period thereby registering a minor decline of 5.77% in volume. The Cement Division has earned Profit Before Tax (PBT) of ₹ 9.31 crores in comparison with ₹ 16.55 crores in the previous year.

#### **Sugar Division:**

The Sugar Division crushed 3,38,582 MT of sugarcane for the year under review as against 2,31,086 MT in the previous year. There is improvement in the recovery rate at 10.80% in comparison with 10.48% in the previous year. The Company could substantially reduce the losses in the Sugar Division due to improvement in operations and better realization prices. The Division's loss is reduced to ₹ 2.16 crores in 2015-2016 on account of the factors stated above. This is in comparison with a loss of ₹ 19.69 crores in the previous year.

#### **Power Division:**

In the year under review, the Power Division has generated 6,70,20,044 KWH as against 9,19,76,742 KWH of power in the preceding year thereby recording a decline of 27% due to various administrative issues with the Government of Telangana. The Division has earned Profit before tax (PBT) of ₹ 22.66 crores as against ₹ 20.63 Crores in the previous year thus notching an increase of 9.84%.

#### **Current Year Outlook:**

##### **Cement Division:**

Various developmental activities that have been undertaken by the Telangana State offer immense opportunities to the Company in shoring up the operational performance of its Cement Division on a sustainable basis and this can be seen on the back of fresh demand for housing, urban and infrastructure development.

With bifurcation of the State of Andhra Pradesh, the Company clearly visualizes very good potential and good prospects for its Cement Division in the context of building up a new capital city for Andhra Pradesh.

Considering various factors, your company has set a target for its production at 2,85,120 MTs in the current year.

##### **Sugar Division:**

Though the Company endeavors to retain its record performance in sugar cane crushing achieved in the year under review, considering the water scarcity and other related problems, your company has set a target of 2,70,000 MTs in the current year. The general recovery of sugar industry will also be a positive factor for the Company. The Sugar Cane crop in our factory zone is expected to be stable as the company has obtained the order from the commissioner of sugar cane allotting villages for cultivation of sugar cane and as such the company does not envisage any hindrances to its crushing operations.

##### **Power Division:**

The Company will spare no effort to make best endeavors in achieving enhanced level of power generation. However, since it is greatly related to government policy and to various issues that are yet to be settled by the Courts, lot of uncertainty still remains as a sour factor.

#### **INSURANCE:**

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

Disclosures under the Companies Act, 2013

#### **I) EXTRACT OF THE ANNUAL RETURN:**

The extract of the Annual Return as per provisions of section 92 of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014 in form MGT 9 is annexed to this Report.

#### **II) BOARD MEETINGS:**

During the year under review, 5 (Five) Board Meetings were held. The details of the Board Meetings and the attendance of the Directors are furnished in the Corporate Governance Report.

#### **III) Changes in Share Capital**

There is no change in the Share Capital during the year under review.





## **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

### **IV) Audit Committee:**

The terms reference of the Audit Committee encompasses the requirements of Section 177 of Companies Act, 2013 and Regulation 18 of the Listing regulations and, inter alia includes:

- a. To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the financial reports of the company and internal control systems. Scope of audit and observations of the Auditors / Internal Auditors and overseeing that the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- b. To call for the comments of the auditors about internal control systems, scope of audit, including the observations of the auditors and review of financial statements before their submission to the Board and also to discuss any related issues with the internal and statutory auditors and the management of the company;
- c. To evaluate internal financial controls and risk management systems;
- d. To, inter-alia, review Management Discussion and Analysis of financial condition and results of operations, Statement of Significant Related Party transactions submitted by the management before submission to the Board;
- e. To investigate into any matter in relation to the items referred to it by the Board and for this purpose obtain professional advice from external sources;
- f. To make recommendations to the Board on any matter relating to the financial management of the company including the Audit Report;
- g. To approve Related Party Transactions.
- h. Reviewing the functioning of the Whistle Blower mechanism;

- i. Recommending the appointment, re-appointment, and if required, the replacement or removal of the statutory auditors and fixation of audit fee and approval for payment for any other services.

More details of the Audit Committee are furnished in the Corporate Governance Report.

### **V) REMUNERATION POLICY:**

The Company follows a policy on remuneration of Directors and Senior Management personnel. The Policy is approved by the Nomination and Remuneration Committee and the Board.

More details on the same are given in the Corporate Governance Report.

#### **Nomination and Remuneration Committee:**

##### **Scope**

The main scope of the committee is to determine and recommend to the Board the persons to be appointed/re-appointed as Executive Directors/Non-Executive Directors.

The committee also determines and recommends to the Board the financial component. The compensation of the Executive Directors comprises of fixed component and also commission based on the profits earned by the company.

The compensation is determined based on the levels of responsibility and the parameters prevailing in the industry. The Executive Directors are not paid any sitting fee for Board / Committee meetings attended by them. The Non-Executive Directors are paid sitting fee for Board / Committee Meetings attended by them and no other payment is made to them.

The Nomination and Remuneration Committee examines and devises a policy on Board diversity and to formulate criteria for determining qualifications, experience, positive attributes and independence. It also recommends to the Board the factors to be reckoned with in determining the remuneration payable to the Directors.

More details of the committee are furnished in the Corporate Governance Report.





## **VI) RELATED PARTY TRANSACTIONS**

Particulars of contracts / arrangements entered into by the company with Related Parties referred to in Section 188 (1) of the Companies Act, 2013 have been provided in Form No.AOC-2 pursuant to clause (b) of sub Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 and the same are annexed to this Report.

## **VII) STATEMENT OF PARTICULARS OF APPOINTMENT AND REMUNERATION OF THE MANAGERIAL PERSONNEL:**

The statement of particulars of Appointment and Remuneration of Managerial Personnel as per Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Report.

## **VIII) STATEMENT OF DECLARATION FURNISHED BY INDEPENDENT DIRECTORS UNDER SECTION 149(6) OF THE COMPANIES ACT, 2013:**

The independent Directors have submitted the declaration of independence as required pursuant to section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in section 149(6) of the Companies Act, 2013.

## **IX) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information relating to conservation of energy, technology absorption and foreign exchange outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules 2014 is annexed to this Report.

### **COMMITTEE MEETINGS:**

The Composition and other details of the Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee are furnished in the Corporate Governance Report. The other details in respect of Audit Committee

and Corporate Social Responsibility Committee are furnished in the Corporate Governance Report.

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

Pursuant to the requirement under section 134 (3) (c) and 134 (5) of the Companies Act, 2013 with respect to the Director's Responsibility statement, the Board of Directors of the Company hereby confirm:

- a. That in the preparation of annual accounts, the applicable accounting standards have been followed and that there were no material departures therefrom.
- b. That the Directors 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 as on 31st March, 2016 and of Profit of the Company for that period.
- c. That the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. That the Directors have prepared the Annual Accounts for the Financial Year ended 31st March, 2016 on a going concern basis.
- e. That the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f. That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



## **EVALUATION OF THE BOARD'S PERFORMANCE:**

In compliance with the provisions of Section 134 (3) (p) of the Companies Act, 2013, and Regulation 25 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, the performance evaluation of the Board was carried out during the year under review.

More details on the same are furnished in the Corporate Governance Report.

## **AUDITORS:**

M/s. Anandam & Company, Chartered Accountants, Secunderabad have been the Auditors of the Company and they retire at the conclusion of this Annual General Meeting and are eligible for re-appointment. There are no qualifications, reservations or adverse remarks made by M/s. M. Anandam & Co., Chartered Accountants, Secunderabad, Statutory Auditors in their Report for the Financial Year ended 31st March, 2016.

As per section 148 of the companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, Cost records are required to be audited. Based on the recommendation of Audit Committee, your Board has appointed M/s. Narasimha Murthy, Cost Accountants, Hyderabad as Cost Auditors for the current year and necessary Resolution for ratification of their remuneration is being placed before the shareholders for their approval in terms of Rule 14 (a) (ii) of the Companies (Audit and Auditors) Rules, 2014.

The Board has appointed Smt. Manjula Aleti, Company Secretary in whole-time Practice to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of the Managerial Personnel) Rules, 2014 for the financial year 2015-2016.

The Secretarial Audit Report issued by Smt. Manjula Aleti practicing Company Secretary in Form-MR 3 is annexed to this Report.

The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

## **VIGIL MECHANISM AND WHISTLE BLOWING POLICY:**

The Company has adopted a Whistle Blower Policy establishing a formal mechanism to the Directors

and employees to report concerns about unethical behavior, actual or suspected fraud or violation of code of conduct and ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and also envisages direct access to the Chairperson of the Audit Committee in exceptional cases. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

The whistle blower policy aims at conduct of the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. The policy on vigil mechanism and whistle blower policy may be accessed on the company's website: [www.kakatiyacements.com](http://www.kakatiyacements.com).

## **Risk Management Committee:**

The objective behind constitution of the Risk Management Committee is to identify risk, develop appropriate risk mitigation strategies and to monitor activities of the organization and also to highlight the systematic study safeguards against threats, loss and damages of brand, reputation and assets of the company. Improvement of level of awareness and appreciating and managing material business risks are also the objectives of the Risk Management Committee.

The Committee, besides identifying the risk factors, is also expected to manage and monitor risk and ensure that proper internal systems and processes are in place.

More details of the committee are furnished in the Corporate Governance Report.

## **ENVIRONMENTAL PROTECTION:**

The Company has been making endeavors to protect the Environment from the evil effects of 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.

## **MANAGEMENT DISCUSSION AND ANALYSIS 2016**

### **a) Industry Structure and Development:**

Cement is a cyclical commodity with a high correlation to Gross Domestic Product. The Indian housing sector is the biggest demand



## **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

driver of Cement accounting for about 64% of total consumption. The other major consumers of Cement include infrastructure 17%, commercial construction 13% and industrial construction 6%.

Low capacity utilization coupled with weak prices and increasing input costs have all significantly impacted the performance of Cement Industry in India. It is not an uncommon sight to find some Indian producers who had a record of subdued operating profits and high debt service obligations, deferring their expansion plans.

With improved demand resulting from infrastructure and housing sectors coupled with limited capacity additions, the Cement Capacity utilization on a pan India basis is expected to gradually improve in the Current Year.

The aggressive stance adopted by the Telangana Government in pushing up the developmental activities particularly that of Housing and Infrastructure will boost up the demand potential of the Company in view of the fact that the Company's Cement Plant is located in Telangana State.

The Company envisages a significant upswing in demand for its product given the fact that construction of new capital for Andhra Pradesh will throw up lot of opportunities for the Cement Industry as the Company's Plant is quite proximate to the Capital Region of Andhra Pradesh. The prospects are expected to be better than other plants located outside the State of Andhra Pradesh.

The track record established by your Company for a period of more than three decades with regard to its quality and post delivery service, will play as a major factor in targeting bulk orders from Telangana and Andhra Pradesh.

As a result of the above factors, the Company envisages that the demand for its product is expected to increase in the year under review and also in the years to come.

Good rainfall and availability of proper irrigation facilities will determine the fortunes of sugar industry, it being an agro-based industry.

The Company has secured necessary approval from the state government for its crushing operations for a period of five years and, therefore, it does not envisage any difficulty in matters pertaining to crushing of sugar cane. Availability of sufficient water is a concern and the company will make necessary endeavors in this regard.

As has been mentioned elsewhere, while the Company is confident of generating power on a sustaining basis, certain sour factors remain unresolved such as revision of power tariff and other connected matters. All efforts are being made to clear the uncertainties and to achieve higher generation of power in the year under review.

### **b) Opportunities and Threats:**

As stated elsewhere in this Report, the huge construction and infrastructure activity that is expected to take place in Telangana and Andhra Pradesh might provide significant opportunities to the Company in shoring up business operations of its Cement Division. The benefits may manifest in the current year or in the years to come.

On a similar note, the impetus given to the Housing and infrastructure sectors by the Government of India will also act as a positive factor for the Company's Cement plant and thereby aid its growth and development.

The Company will make every effort to overcome the bottlenecks in achieving the targeted operations in Sugar and Power Divisions and is confident of attaining the operational targets.

### **c) Segment or product-wise performance:**

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

### **d) Outlook:**

Division-wise outlook has 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 or steep fall in demand by way of product substitution or otherwise



## **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

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:**

As stated elsewhere in this Report, the Company has adequate internal control systems and the Reports of Internal Auditors are being placed before the Audit Committee and corrective measures, if any, are being taken care of by the Company. The Chief Financial Officer will monitor the Internal audit Reports and brief the Audit Committee in case any deficiency in the system is noticed.

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

This has been discussed elsewhere in this Report.

**h) Human Resource Development and Industrial Relations:**

The company believes that the quality of its employees is the key to success and is therefore committed to provide necessary human resource development and training opportunities to equip employees with additional skills to enable them to adapt to contemporary technological advancements.

Industrial Relations during the year continued to be cordial through effective communication, meetings and negotiations with the work force.

The Company's strength consists of 510 employees directly and indirectly as on 31st March 2016.

**i) Corporate Social Responsibility:**

In compliance with Section 134(3) (a) of the Companies Act, 2013 read with the Companies Corporate Social Responsibility (CSR) policy Rules 2014, the company has established CSR Committee comprising of Shri K Venkat Rao as Chairperson, Shri P Veeraiah and Shri J S Rao as members. The committee is responsible for formulating and monitoring the CSR policy of the Company.

**The Annual Report of CSR Activities forms part of this Report.**

### **PARTICULRS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013.**

There are no loans, guarantees or investments made or given under Section 186 of the Companies Act, 2013.

### **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 material 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.

### **ACKNOWLEDGEMENT**

Your Directors take this opportunity to place on record their sincere thanks to the Banks, the Director of Sugar and Cane Commissioner, the Transco Authorities of Telangana and Andhra Pradesh States and to various departments of the Central Government and the State Governments of Telangana and Andhra Pradesh for their support to the Industry.

The Directors thank the entire net work of dealers who have enabled the Company to achieve the desired volumes despite the market being sluggish for a considerable period during the year under review.

The Directors record their appreciation for committed support to the Company by all the employees at all levels throughout the year under reference.

The Directors record their gratitude to all the Share holders who have been reposing confidence in the Company and its Management.

**By order of the Board  
for Kakatiya Cement Sugar & Industries Limited**

**P Veeraiah  
Chairman and  
Managing Director  
DIN : 00276769**

Place: Hyderabad  
Date : 12.08.2016



# KAKATIYA CEMENT SUGAR AND 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 2015-16 |              |              | PREVIOUS YEAR 2014-15 |             |             |
|--|----------------------|--------------|--------------|-----------------------|-------------|-------------|
|  | CEMENT               | SUGAR        | POWER        | CEMENT                | SUGAR       | POWER       |
| <b>A. POWER &amp; FUEL CONSUMPTION</b> |                      |              |              |                       |             |             |
| <b>1. ELECTRICITY</b>                  |                      |              |              |                       |             |             |
| (a) Purchased (KWH)                    | 2,38,42,427          | 96,96,992    | --           | 2,68,46,031           | 77,34,908   | --          |
| Total Amount (₹)                       | 21,70,39,944         | 11,26,69,349 | --           | 22,78,56,868          | 6,23,43,358 | --          |
| Rate per Unit (₹)                      | 9.10                 | 11.619       | --           | 8.49                  | 8.06        | --          |
| (b) OWN GENERATION                     |                      |              |              |                       |             |             |
| Through Diesel                         |                      |              |              |                       |             |             |
| Generators (Units)                     | 30,550               | --           | --           | 12,662                | --          | --          |
| Total Amount (₹)                       | 4,54,410             | --           | --           | 2,36,400              | --          | --          |
| Cost per Unit (₹)                      | 14.87                | --           | --           | 18.67                 | --          | --          |
| <b>2. FUEL</b>                         |                      |              |              |                       |             |             |
| (a) COAL                               |                      |              |              |                       |             |             |
| Quantity (MT)                          | 45,607.64            | --           | --           | 47,814                | --          | --          |
| Total Cost (₹)                         | 20,10,11,264         | --           | --           | 22,44,26,934          | --          | --          |
| Average Rate (₹)                       | 4,407.40             | --           | --           | 4,693.75              | --          | --          |
| (b) Bagasse/Steam                      |                      |              |              |                       |             |             |
| Quantity (MT)                          | --                   | 1,42,853     | 99,028       | --                    | 98,401      | 66,141      |
| Total Cost (₹)                         | --                   | 5,62,84,082  | 12,61,81,478 | --                    | 3,82,77,989 | 8,02,64,088 |
| Average Rate (₹)                       | --                   | 394.00       | 1274.20      | --                    | 389.00      | 1213.53     |



# KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

|  | CURRENT YEAR 2015-16 |       |       | PREVIOUS YEAR 2015-16 |       |       |
|--|----------------------|-------|-------|-----------------------|-------|-------|
|  | CEMENT               | SUGAR | POWER | CEMENT                | SUGAR | POWER |
| <b>B. CONSUMPTION PER UNIT OF PRODUCTION</b> |                      |       |       |                       |       |       |
| 1. Electricity (KWH)<br>Cement (MT)          | 101.039              | --    | --    | 100.60                | --    | --    |
| Sugar (KGS)                                  | ---                  | --    | --    | ---                   | --    | --    |
| Power (KWH)                                  | ---                  | --    | --    | ---                   | --    | --    |
| 2. Coal (MT)<br>(Per tonne of clinker)       | 0.204                |       |       | 0.200                 |       |       |

## 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 : 12th August 2016

**P. Veeraiah**  
**Chairman & Managing Director**  
**DIN:00276769**





# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

## **SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016 Form No. MR-3**

**Annexure-1**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To  
The Members,  
Kakatiya Cement Sugar and Industries Limited  
#1-10-140, Gurukrupa  
Ashoknagar, Hyderabad-500020

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s.Kakatiya Cement Sugar and Industries Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s.Kakatiya Cement Sugar and Industries Limited ("the Company") for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not applicable to the Company during the Audit Period);
- (v) The following Regulations and Guidelines

prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during the Audit Period);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period);

I have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by the Institute of Company Secretaries of India (Not notified hence not applicable to the Company during the audit period)
- ii) Listing Agreements entered into by the Company with the BSE Ltd & National Stock Exchange.



## **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that, having regard to the compliance system prevailing in the company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the laws applicable specifically to the Company.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and

a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings, as represented by the management, were taken unanimously.

We further report that, as per the explanations given to us and the representations made by the Management and relied upon by us, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the audit period, there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines etc. having major bearing on the Company's affairs.

**Manjula Aleti**

Place : HYDERABAD

Practicing Company Secretary

Date : 24<sup>th</sup> May, 2016.

ACS No. 31661, Cop No. 13279

**Note:** This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

### **ANNEXURE A**

To  
The Members,  
KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED  
1-10-140/1, Gurukrupa  
Ashoknagar, Hyderabad-500020

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : HYDERABAD  
Date : 24<sup>th</sup> May, 2016.

**Manjula Aleti**  
Practicing Company Secretary  
ACS No. 31661, Cop No. 13279



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**FORM NO. MGT - 9**

**Annexure-2**

**EXTRACT OF ANNUAL RETURN**

**as on the financial year ended on 31.03.2016**

[Pursuant to section 92(3) of the companies act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

- i) CIN : L26942TG1979PLC002485
- ii) Registration Date : 07-07-1979
- iii) Name of the Company : KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED
- iv) Category/sub-Category of the Company : Company Limited by Shares/Public Company
- v) Address of the Registered office : 1-10-140/1, GURUKRUPA, ASHOK NAGAR,  
HYDERABAD - 500020
- vi) Whether Listed Company : YES
- vii) Name, Address and Contract details of Registrar and Transfer Agent, if any : XL SOFTECH SYSTEMS LIMITED, 3,  
SAGAR SOCIETY, ROAD NO.2, BANJARA HILLS,  
HYDERABAD - 500034

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sl.No. | Name and Description of main products/ services | NIC Code of the Product/service | % to total turnover of the company |
|--------|---|---------------------------------|------------------------------------|
| 1      | CEMENT  | 3242                            | 43%                                |
| 2      | SUGAR   | 2060                            | 50%                                |
| 3      | POWER   | 4390                            | 7%                                 |

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

| SL.NO.         | NAME AND ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/ SUBSIDIARY/ ASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|----------------|---------------------------------|---------|--------------------------------|------------------|--------------------|
| Not Applicable |                                 |         |                                |                  |                    |



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

## **IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

### **i) Category-wise Share Holding**

(₹ in lacs)

|            | Category of Shareholders   | No. of shares held at the beginning of the year |          |         |                   | No. of shares held at the end of the year |          |         |                   |                          |
|------------|--|---|----------|---------|-------------------|---|----------|---------|-------------------|--------------------------|
|            |  | Demat   | Physical | Total   | % of total shares | Demat                                     | Physical | Total   | % of total shares | % change during the year |
| <b>A.</b>  | <b>Promoters</b>   |   |          |         |                   |   |          |         |                   |                          |
| <b>(1)</b> | <b>Indian</b>  |   |          |         |                   |   |          |         |                   |                          |
| (a)        | Individuals/HUF  | 4123766   | 2000     | 4125766 | 53.07             | 4129975                                   | 2000     | 4131975 | 53.15             | 0.08                     |
| (b)        | Central Government   | -   | -        | -       | -                 | -   | -        | -       | -                 | -                        |
| (c)        | State Government(s)  | -   | -        | -       | -                 | -   | -        | -       | -                 | -                        |
| (d)        | Bodies Corporate   | -   | -        | -       | -                 | -   | -        | -       | -                 | -                        |
|            | Banks/Fl   | -   | -        | -       | -                 | -   | -        | -       | -                 | -                        |
| (e)        | Any Other  | -   | -        | -       | -                 | -   | -        | -       | -                 | -                        |
|            | Sub-Total (A)(1)   | 4123766   | 2000     | 4125766 | 53.07             | 4129975                                   | 2000     | 4131975 | 53.15             | 0.08                     |
| <b>(2)</b> | <b>Foreign</b>   |   |          |         |                   |   |          |         |                   |                          |
| (a)        | NRIs-Individuals   | -   | -        | -       | -                 | -   | -        | -       | -                 | -                        |
|            | Other Individuals  | -   | -        | -       | -                 | -   | -        | -       | -                 | -                        |
| (b)        | Bodies Corporate   | -   | -        | -       | -                 | -   | -        | -       | -                 | -                        |
| (c)        | Banks/Fl   | -   | -        | -       | -                 | -   | -        | -       | -                 | -                        |
| (d)        | Any Other  | -   | -        | -       | -                 | -   | -        | -       | -                 | -                        |
|            | Sub-Total (A)(2)   | 0   | 0        | 0       | 0                 | 0   | 0        | 0       | 0                 | 0                        |
|            | Total Shareholding of Promoter   | 4123766   | 2000     | 4125766 | 53.07             | 4129975                                   | 2000     | 4131975 | 53.15             | 0.08                     |
|            | (A)= (A)(1)+(A)(2)   |   |          |         |                   |   |          |         |                   |                          |
| <b>B.</b>  | <b>Public shareholding</b>   |   |          |         |                   |   |          |         |                   |                          |
| <b>1.</b>  | <b>Institutions</b>  |   |          |         |                   |   |          |         |                   |                          |
| a)         | Mutual Funds   | 200   | 4060     | 4260    | 0.05              | 200                                       | 4060     | 4260    | 0.05              | 0.00                     |
| b)         | Banks/Fl   | 0   | 3172     | 3172    | 0.04              | 0   | 3172     | 3172    | 0.04              | 0.00                     |
| c)         | Central Government   | -   | -        | -       | -                 | -   | -        | -       | -                 | -                        |
| d)         | State Government   | -   | -        | -       | -                 | -   | -        | -       | -                 | -                        |
| e)         | Venture Capital Funds  | -   | -        | -       | -                 | -   | -        | -       | -                 | -                        |
| f)         | Insurance Companies  | -   | -        | -       | -                 | -   | -        | -       | -                 | -                        |
| g)         | Flls   | -   | -        | -       | -                 | -   | -        | -       | -                 | -                        |
| h)         | Foreign Venture Capital Funds  | -   | -        | -       | -                 | -   | -        | -       | -                 | -                        |
|            | h) Others (specify)  | -   | -        | -       | -                 | -   | -        | -       | -                 | -                        |
|            | Sub-Total (B)(1)   | 200   | 7232     | 7432    | 0.10              | 200                                       | 7232     | 7432    | 0.10              | 0.00                     |
| <b>(2)</b> | <b>Non-institutions</b>  |   |          |         |                   |   |          |         |                   |                          |
| (a)        | Bodies Corporate   | 476408  | 12715    | 489123  | 6.29              | 437495                                    | 12715    | 450210  | 5.79              |                          |
| (b)        | Individuals -  | 2079043   | 441888   | 2520931 | 32.43             | 2417320                                   | 433046   | 2850366 | 36.67             |                          |
|            | i. Individual shareholders holding nominal share capital up to ₹ 1 lakh.         | 1807291   | 441888   | 2249179 | 28.93             | 2696414                                   | 433046   | 3129460 | 40.26             |                          |
|            | ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh. | 271752  | 0        | 271752  | 3.50              | 153952                                    | 0        | 153952  | 1.98              |                          |
| (c)        | Other (specify) N R I  | 630006  | 600      | 630606  | 8.11              | 333275                                    | 600      | 333875  | 4.29              |                          |
|            | Sub-Total (B)(2)   | 3185457   | 455203   | 3640660 | 46.83             | 3188090                                   | 446361   | 3634451 | 46.75             |                          |
|            | Total Public Shareholding  |   |          |         |                   |   |          |         |                   |                          |
|            | Shareholding (B) = (B)(1)+(B)(2)   | 3185657   | 462435   | 3648092 | 46.93             | 3188290                                   | 453593   | 3641883 | 46.85             |                          |
| <b>(C)</b> | <b>Shares held by</b>  |   |          |         |                   |   |          |         |                   |                          |
|            | Custodian for  | 0   | 0        | 0       | 0                 | 0   | 0        | 0       | 0                 |                          |
|            | GDRs & ADRs  |   |          |         |                   |   |          |         |                   |                          |
|            | GRAND TOTAL  |   |          |         |                   |   |          |         |                   |                          |
|            | (A)+(B)+(C)  | 7309423   | 464435   | 7773858 | 100               | 7318265                                   | 455593   | 7773858 | 100               |                          |



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

## **(ii) Shareholding of Promoters**

(₹ in lacs)

| Sl. No. | Shareholder's Name        | Shareholding at the beginning of the year |                                  |   | Shareholding at the end of the year |                                  |   | % change in shareholding during the year |
|---------|---------------------------|---|----------------------------------|---|-------------------------------------|----------------------------------|---|--|
|         |                           | No. of shares                             | % of total shares of the company | % of shares pledged/encumbered total shares | No. of shares                       | % of total shares of the company | % of shares pledged/encumbered total shares |  |
| 1       | P. VENKATESWARLU          | 2340836                                   | 30.11                            |   | 0                                   | 0.00                             |   | -30.11                                   |
| 2       | P. VEERAIAH               | 909643                                    | 11.70                            |   | 1152802                             | 14.83                            |   | 3.13                                     |
| 3       | P. VENKATESWARLU          | 236950                                    | 3.05                             |   | 0                                   | 0.00                             |   | -3.05                                    |
| 4       | TRIVENI JASTI             | 69500                                     | 0.89                             |   | 69500                               | 0.89                             |   | 0.00                                     |
| 5       | SHANTI JETTY              | 57880                                     | 0.74                             | 57880                                       | 57880                               | 0.74                             | 57880                                       | 0.00                                     |
| 6       | SAMRAJYAM PALLEMPATI      | 323277                                    | 4.16                             |   | 2664113                             | 34.27                            |   | 30.11                                    |
| 7       | SHALINI JETTY             | 38000                                     | 0.49                             | 38000                                       | 38000                               | 0.49                             | 38000                                       | 0.00                                     |
| 8       | RAGINI JETTY              | 36400                                     | 0.47                             | 36400                                       | 36400                               | 0.47                             | 36400                                       | 0.00                                     |
| 9       | JUTLA CHANDRA SEKHAR GOUD | 31450                                     | 0.40                             | 31450                                       | 31450                               | 0.40                             | 31450                                       | 0.00                                     |
| 10      | JASTI LAKSHMI NALINI      | 28520                                     | 0.37                             |   | 28520                               | 0.37                             |   | 0.00                                     |
| 11      | J SIVA RAMA PRASAD        | 19350                                     | 0.25                             | 19350                                       | 19350                               | 0.25                             | 19350                                       | 0.00                                     |
| 12      | SUKUMARI KONERU           | 12040                                     | 0.15                             |   | 12040                               | 0.15                             |   | 0.00                                     |
| 13      | SESHAGIRI RAO JASTI       | 10000                                     | 0.13                             |   | 10000                               | 0.13                             |   | 0.00                                     |
| 14      | SAARIKA KONERU            | 5720                                      | 0.07                             |   | 5720                                | 0.07                             |   | 0.00                                     |
| 15      | J VENKATA KRISHNA         | 3000                                      | 0.04                             |   | 3000                                | 0.04                             |   | 0.00                                     |
| 16      | NARASIMHA RAO MUSUNURY    | 2000                                      | 0.03                             |   | 2000                                | 0.03                             |   | 0.00                                     |
| 17      | RAAJITHA KONERU           | 700                                       | 0.01                             |   | 700                                 | 0.01                             |   | 0.00                                     |
| 18      | CHUNDURI MADHUSUDANA RAO  | 400                                       | 0.01                             |   | 400                                 | 0.01                             |   | 0.00                                     |
| 19      | JASTI CHELAMESWAR (HUF)   | 100                                       | 0.00                             |   | 100                                 | 0.00                             |   | 0.00                                     |
|         | <b>TOTAL</b>              | <b>4125766</b>                            | <b>53.07</b>                     | <b>183080</b>                               | <b>4131975</b>                      | <b>53.15</b>                     | <b>183080</b>                               |  |

During the year under review, Shri P Venkateswarlu, Chief Promoter and Managing Director of the company passed away.

## **(iii) CHANGE IN PROMOTERS' SHAREHOLDING**

(₹ in lacs)

| Sl. No. |  | Shareholding at the beginning of the year |                                  | Cumulative shareholding during the year |                                  |
|---------|--|---|----------------------------------|---|----------------------------------|
|         |  | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
|         | <b>Shri P Veeraiah</b>   | 909643                                    | 11.70                            | 1152802                                 | 14.83                            |
| 1       | through acquisition  | 6209                                      |                                  |   |                                  |
| 2       | through transmission of shares from late Shri P Venkateswarlu        | 236950                                    |                                  |   |                                  |
|         | <b>Smt. P Samrajyam</b>  | 323277                                    | 4.16                             | 2664113                                 | 34.27                            |
| 1       | through acquisition (being the nominee of Late Shri P Venkateswarlu) | 2340836                                   |                                  |   |                                  |



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

## **iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)**

| Sl. No. |                                  | Shareholding at the beginning of the year |                                  | Shareholding at the end of the year |                                  |
|---------|----------------------------------|---|----------------------------------|-------------------------------------|----------------------------------|
|         |                                  | No. of shares                             | % of total shares of the company | No. of shares                       | % of total shares of the company |
| 1       | Keswani Haresh                   | 282567                                    | 3.63                             | 255093                              | 3.28                             |
| 2       | Ricky Ishwardas Kirpalani        | 309828                                    | 3.99                             | 61249                               | 0.79                             |
| 3       | Bachh Raj Nahar                  | 0   | 0.00                             | 49928                               | 0.64                             |
| 4       | Bharat Tokershi Gosar            | 0   | 0.00                             | 44700                               | 0.58                             |
| 5       | Anil Zavar                       | 33324                                     | 0.43                             | 33324                               | 0.43                             |
| 6       | Camel Foods Pvt. Ltd             | 0   | 0.00                             | 26250                               | 0.34                             |
| 7       | Mustafa Mazahir Khedwala         | 0   | 0.00                             | 26000                               | 0.33                             |
| 8       | Abhay Krishi Udyog Pvt. Ltd      | 23096                                     | 0.30                             | 23096                               | 0.30                             |
| 9       | Religare Securities Ltd          | 0   | 0.00                             | 20622                               | 0.27                             |
| 10      | Bright Star Equities Private Ltd | 21157                                     | 0.27                             | 17874                               | 0.23                             |

## **(v) Shareholding of Directors and Key Managerial Personnel:**

(₹ in lacs)

| Sl. No. |                          | Shareholding at the beginning of the year |                                  | Cumulative shareholding during the year |                                  |
|---------|--------------------------|---|----------------------------------|---|----------------------------------|
|         |                          | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 1       | P. VENKATESWARLU         | 2340836                                   | 30.11                            | 0                                       | 0.00                             |
| 2       | P. VEERAAH               | 909643                                    | 11.70                            | 1152802                                 | 14.83                            |
| 3       | P. VENKATESWARLU         | 236950                                    | 3.05                             | 0                                       | 0.00                             |
| 4       | J SIVA RAMA PRASAD       | 19350                                     | 0.25                             | 19350                                   | 0.25                             |
| 5       | SESHAGIRI RAO JASTI      | 10000                                     | 0.13                             | 10000                                   | 0.13                             |
| 6       | CHUNDURI MADHUSUDANA RAO | 400                                       | 0.01                             | 400                                     | 0.01                             |
| 7       | SHALINI JETTY            | 38000                                     | 0.49                             | 38000                                   | 0.49                             |
|         | KMP                      |   |                                  |   |                                  |
| 1       | B KAMESWARA PRASAD       | 800                                       | 0.01                             | 800                                     | 0.01                             |
| 2       | M BHAVANI DATTU          | 0   | 0.00                             | 0                                       | 0.00                             |

Remarks made for column II may be referred to for column (III) (IV) and (V).





# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

## **V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in lacs)

|  | Secured Loans<br>excluding deposits | Unsecured<br>Loans | Deposits | Total<br>Indebtedness |
|--|-------------------------------------|--------------------|----------|-----------------------|
| <b>Indebtedness at the beginning<br/>of the Financial year</b> |                                     |                    |          |                       |
| i) Princial Amount   | 795.00                              | 468.60             | 0        | 1263.60               |
| ii) Interest due but not paid                                  | 26.56                               | 2.24               | 0        | 28.80                 |
| iii) Interest accrued but not due                              | 0                                   | 0                  | 0        | 0                     |
| <b>Total (i+ii+iii)</b>  | <b>821.56</b>                       | <b>470.84</b>      | <b>0</b> | <b>1292.40</b>        |
| Change in Indebtedness during<br>the financial year            |                                     |                    |          |                       |
| *addition  | 0                                   | 1520.30            | 0        | 1520.30               |
| *Reduction   | 26.56                               | 0                  | 0        | 26.56                 |
| Net Change   | -26.56                              | 1520.30            | 0        | 1493.74               |
| <b>Indebtedness at the end of the<br/>financial year</b>       |                                     |                    |          |                       |
| i) Princial Amount   | 795.00                              | 1991.14            | 0        | 2786.14               |
| ii) Interest due but not paid                                  | 0                                   | 0                  | 0        | 0                     |
| iii) Interest accrued but not due                              | 0                                   | 0                  | 0        | 0                     |
| <b>Total (i+ii+iii)</b>  | <b>795.00</b>                       | <b>1991.14</b>     | <b>0</b> | <b>2786.14</b>        |

## **VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

### **A. Remuneration to Managing Director and whole Time Director: (₹ in lacs)**

| Sl.No. | Particulars of Remuneration  | Managing<br>Director<br>(See Note 1) | Managing<br>Director<br>(See Note 2) | Total<br>Amount |
|--------|--|--------------------------------------|--------------------------------------|-----------------|
| 1      | Gross Salary   | 40.95                                | 33.25                                | 74.20           |
| (a)    | Salary as per provisions contained in<br>section 17(1) of the Income-Tax Act, 1961.                            |                                      |                                      |                 |
| (b)    | Value of perquisites u/s 17(2)<br>Income-Tax Act, 1961.  | 13.13                                | 7.76                                 | 20.89           |
|        | © Profits in lieu of salary under section 17(3)<br>Income-Tax Act, 1961  |                                      |                                      |                 |
| 2      | Stock Option   | 0                                    | 0                                    | 0               |
| 3      | Sweat Equity   | 0                                    | 0                                    | 0               |
| 4      | Commission   |                                      |                                      |                 |
|        | - as % of Profit   | 47.80                                | 63.74                                | 111.54          |
|        | - others, specify  |                                      |                                      |                 |
| 5      | Others, please specify   | 0                                    | 0                                    |                 |
|        | <b>Total (A)</b>   | <b>101.88</b>                        | <b>104.75</b>                        | <b>206.63</b>   |
|        | Ceiling as per the Act is 5% of the net<br>Profits calculated under section 198<br>of the Companies Act, 2013. | 0                                    | 0                                    |                 |

Note 1. Shri P Venkateswarlu passed away on 11th January, 2016 .

Note 2. Shri P Veeraiah, Joint Managing Director was elevated to the position of Managing Director with effect from 3rd February, 2016.



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

## **B. REMUNERATION TO OTHER DIRECTORS:**

| Sl. No. | Particulars of Remuneration                 | Name of Directors |              |             |             |              |              |              |             | Total Amount |
|---------|---|-------------------|--------------|-------------|-------------|--------------|--------------|--------------|-------------|--------------|
|         |   | C Madhusudana Rao | V B R Suryam | A Chengappa | T R C Bose  | B V Subbaiah | K Venkat Rao | J S R Prasad | J S Rao     | J Shalini    |
| 1       | Independent Directors                       |                   |              |             |             |              |              |              |             |              |
|         | *Fee for attending Board committee meetings | 3250              | 1750         | 1500        | 3750        | 3750         | 2000         |              |             | 16000        |
|         | *Commission                                 | 0                 | 0            | 0           | 0           | 0            | 0            |              |             | 0            |
|         | *Others, please specify                     | 0                 | 0            | 0           | 0           | 0            | 0            |              |             | 0            |
|         | <b>Total (1)</b>                            | <b>3250</b>       | <b>1750</b>  | <b>1500</b> | <b>3750</b> | <b>3750</b>  | <b>2000</b>  |              |             | <b>16000</b> |
| 2       | Other Non-Executive Directors               |                   |              |             |             |              |              |              |             |              |
|         | *Fee for attending Board committee meetings |                   |              |             |             |              |              | 250          | 1750        | 750          |
|         | *Commission                                 |                   |              |             |             |              |              | 0            | 0           | 0            |
|         | *Others, please specify                     |                   |              |             |             |              |              | 0            | 0           | 0            |
|         | <b>Total (2)</b>                            |                   |              |             |             |              |              | <b>250</b>   | <b>1750</b> | <b>750</b>   |
|         | <b>Total (B) = (1+2)</b>                    | <b>3250</b>       | <b>1750</b>  | <b>1500</b> | <b>3750</b> | <b>3750</b>  | <b>2000</b>  | <b>250</b>   | <b>1750</b> | <b>18750</b> |
|         | Total Managerial Remuneration               |                   |              |             |             |              |              |              |             |              |
|         | Overall ceiling as per the Act              |                   |              |             |             |              |              |              |             |              |

Note : Sitting Fee alone is paid to Independent Directors/other Non-Executive directors for attending Board or Committee meetings.



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

## **C. REMUNERATION TO KEY MANAGERIAL PERSONNEL**

(₹ in lacs)

| Sl. No. | Particulars of Remuneration  | Key Managerial Personnel |                   |                           |                 |               |
|---------|--|--------------------------|-------------------|---------------------------|-----------------|---------------|
|         |  | Managing Director        | Managing Director | Company Secretary Officer | Chief Financial | Total Amount  |
| 1       | Gross Salary   | 40.95                    | 33.25             | 7.57                      | 9.74            | 91.51         |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961. |                          |                   |                           |                 |               |
|         | (b) Value of perquisites u/s 17(2) Income-Tax Act, 1961.                             | 13.13                    | 7.76              | 0                         | 0               | 20.89         |
|         | © Profits in lieu of salary under section 17(3) Income-Tax Act, 1961                 | 0                        | 0                 | 0                         | 0               |               |
| 2       | Stock Option   | 0                        | 0                 | 0                         | 0               | 0             |
| 3       | Sweat Equity   | 0                        | 0                 | 0                         | 0               | 0             |
| 4       | Commission   |                          |                   |                           |                 |               |
|         | - as % of Profit   | 47.80                    | 63.74             | 0                         | 0               | 111.54        |
|         | - others, specify  |                          |                   |                           |                 |               |
| 5       | Others, please specify   | 0                        | 0                 | 0                         | 0               | 0             |
|         | <b>Total</b>   | <b>101.88</b>            | <b>104.75</b>     | <b>7.57</b>               | <b>9.74</b>     | <b>223.94</b> |

## **VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

There were no penalties punishment or compounding of offences during the year ended 31st March, 2016.



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

## **Annexure-3**

### **Statement of particulars as per Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

- (i) **The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year**

| S.No. | Name of the Director                      | Ratio of the remuneration to the median remuneration of the employees. |
|-------|---|--|
| 1.    | Sri P. Venkateswarlu ( Managing Director) | 49 : 1   |
| 2.    | Sri P. Veeraiah (Joint Managing Director) | 52 : 1   |

- (ii) **The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year**

| S.No. | Name of the Director                                    | Percentage increase in remuneration |
|-------|---|-------------------------------------|
| 1     | Shri P. Venkateswarlu (Managing Director)               | N.A                                 |
| 2.    | Shri P. Veeraiah (Joint Managing Director)              | 52.8%                               |
| 3.    | Shri B K Prasad (General Manager and Company Secretary) | N.A                                 |
| 4.    | Shri M Bhavani Dattu(Chief Financial Officer)           | Nil                                 |

**Note :** Shri P Venkateswarlu passed away on 11th January 2016 after brief illness. Shri P Veeraiah became the Managing Director with effect from 3rd February, 2016.

- (iii) **The percentage increase in the median remuneration of employees in the financial year**

10%

- (iv) **The number of permanent employees on the rolls of company**

479

- (v) **The explanation on the relationship between average increase in remuneration and company performance**

| S.No. | Average increase in remuneration | Company performance (Net profits after Tax) |
|-------|----------------------------------|---|
| 1.    | 2.98%                            | 57%   |

- (vi) **Comparison of the remuneration of the Key Managerial Personnel against the performance of the company**

| S.No. | Remuneration of Key Managerial Personnel | Performance of the Company for the year ended 31st March, 2016(Net profits after Tax) |
|-------|--|---|
| 1.    | ₹ 223.94 Lacs                            | ₹ 2218.42 Lacs  |

- (vii) **Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies**

| S.No. | Particular            | As at 31st March, 2015 |             | As at 31st March, 2016 |              |
|-------|-----------------------|------------------------|-------------|------------------------|--------------|
| 1.    | Market capitalization | ₹ 930530803            | ₹ 921202173 | ₹ 1560990686           | ₹ 1561379379 |
| 2.    | Market quote(NSE)     | ₹ 119.70               | ₹ 118.50    | ₹ 200.80               | ₹ 200.85     |
| 3.    | EPS                   | ₹ 18.15                | ₹ 18.15     | ₹ 28.54                | ₹ 28.54      |

The company has not made any public issue during the year.

- (viii) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

The increase in the Remuneration of Shri P Verraiah, Managing Director has been decided by the Nomination and Remuneration Committee after due consideration of his vast experience and also due to assumption of



# KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

charge for the entire gamut of operations of the company. This is in comparison of 10% increase in the Remuneration for employees other than the Managerial personnel.

There are two whole time Directors viz., Managing Director and Joint Managing Director and the increase their salary is already given above with comparison to the performance of the company.

(ix) **Comparison of remuneration of each of the Key Managerial Personnel against the performance of the company** (₹ in lacs)

| S.No. | Name  | Remuneration of Key Managerial Personnel | Performance of the Company for the year ended 31st March, 2016 (profits after tax) |
|-------|---|--|--|
| 1.    | Shri P. Venkateswarlu (Managing Director) *             | 101.88                                   | 2218.42  |
| 2.    | Shri P. Veeraiah (Managing Director)                    | 104.75                                   | 2218.42  |
| 3.    | Shri B K Prasad (General Manager and Company Secretary) | 7.57                                     | 2218.42  |
| 4.    | Shri M Bhavani Dattu(Chief Financial Officer)           | 9.74                                     | 2218.42  |

\*Shri P Venkateswarlu passed away on 11th January, 2016 and Shri P Veeraiah, Joint Managing Director was elevated to the position of Managing Director with effect from 3rd February, 2016.

(x) **The key parameters for any variable component of remuneration availed by the directors**

Commission at 2% of the net profit of the company is payable in addition to the monthly remuneration subject to the overall limits specified by the Companies Act, 2013 and the same has been taken into account in the above table.

(xi) **The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year**

Not Applicable

(xii) **Affirmation that the remuneration is as per the remuneration policy of the company:** Yes.

Statement of particulars of employees pursuant to the provision of Sec 197(12) of the Companies Act, 2013 read with rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended. (₹ in lacs)

| Name of the employee  | age employee | Designation of the employee           | Gross remuneration received (₹ In lacs) | Nature of employment whether contractual or otherwise | Qualifications of the employee | Experience of the employee | Date of commencement of employment | The last employment held by such employee before joining the company |
|-----------------------|--------------|---------------------------------------|---|---|--------------------------------|----------------------------|------------------------------------|--|
| Shri P Venkateswarlu* | 90 years     | Chairman and Managing Director        | 101.88                                  | Regular   | SSLC                           | 45 years                   | 09-07-1979                         | --   |
| Shri P Veeraiah       | 45 years     | Chairman and Managing Director        | 104.75                                  | Regular   | B.Com                          | 18 years                   | 12-05-1998                         | --   |
| Shri M Bhavani Dattu  | 62 years     | Chief Financial Officer               | 9.74                                    | Regular   | M.Com, ACA, LLB, ACS, ICWA,    | 35 years                   | 18-04-2012                         | HMT Machine Tools Ltd.   |
| Shri B K Prasad       | 66 years     | General Manager and Company Secretary | 7.57                                    | Regular   | M.Com, LLB, FCS                | 36 years                   | 27-07-2015                         | Pitti Laminations Limited  |

No employee has received a remuneration for the year which in the aggregate was not less than Rupees Sixty Lacs and not less than Rupees Five Lacs per month in the aggregate if employed for part of the year.

\*Shri P Venkateswarlu passed away on 11th January, 2016 and Shri P Veeraiah, Joint Managing Director was elevated to the position of Managing Director with effect from 3rd February, 2016.

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

Place : Hyderabad  
Date : 12th August 2016

**P. Veeraiah**  
Chairman and Managing Director  
DIN: 00276769



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

## **Form No. AOC - 2**

**Annexure-4**

(pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transaction not at arm's length basis.

There were no contracts or arrangements or transactions entered into during the year ended 31st March 2016 which were not at arm's length basis.

2. Details of contracts or arrangements or transactions at arm's length basis.

The details of contracts or arrangements or transactions at arm's length basis for the year ended 31st March 2016 are as follows:-

| Name of Related Party         | Nature of relationship            | Duration of contract        | Salient terms                        | Amount (₹ in lacs)        |
|-------------------------------|-----------------------------------|-----------------------------|--------------------------------------|---------------------------|
| Shri P Venkateswarlu          | Key Managerial Personnel          | As per approval of members  | As per approval of members           | 101.88<br>(119.29)        |
| Shri P Veeraiah               | Key Managerial Personnel          | As per approval of members  | As per approval of members           | 104.75<br>(74.24)         |
| Shri B K Prasad               | Key Managerial Personnel          | As per terms of appointment | As per company's policy              | 7.57<br>--                |
| Shri M Bhavani Dattu          | Key Managerial Personnel          | As per terms of appointment | As per company's policy              | 9.74<br>(9.64)            |
| Shri R Ramakrishna            | Key Managerial Personnel          | As per terms of appointment | As per company's policy              | --<br>(10.57)             |
| <b>Total Remuneration</b>     |                                   |                             |                                      | <b>223.89</b><br>(213.74) |
| Shri P Veeraiah               | Key Managerial Personnel/Promoter | Ongoing                     | Based on transfer pricing guidelines | 24.00<br>(24.00)          |
| Smt. P samrajyam              | Promoter                          | Ongoing                     | Based on transfer pricing guidelines | 2.40<br>(2.40)            |
| <b>Total Rent</b>             |                                   |                             |                                      | <b>26.40</b>              |
| Standard Construction         | P Veeraiah (controlling interest) | Ongoing                     | Based on transfer pricing guidelines | 2.16<br>(23.16)           |
| <b>Total Partnership Firm</b> |                                   |                             |                                      | <b>2.16</b>               |

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

Place : Hyderabad  
Date : 12th August 2016

**P. Veeraiah**  
Chairman and Managing Director  
DIN: 00276769





# KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

## Annual Report on Corporate Social Responsibility (CSR) Activities:

Annexure-5

1. Social and environmental responsibility has always been at the forefront of our operating philosophy and the company has consistently contributed to socially responsible activities. CSR portrays the deep symbiotic relationship that the company enjoys with the communities it is engaged with.

As a responsible corporate citizen it tries to contribute to social and environmental causes on a consistent basis. We believe that to succeed, an organization must maintain high standards of corporate behavior towards its stakeholders i.e. employees, consumers and society in which it operates. We are of the opinion that CSR underlines the objective of bringing about a difference and adding value to our stakeholders' lives.

### 2. Composition of CSR Committee:-

|                   |               |                                  |
|-------------------|---------------|----------------------------------|
| Shri K Venkat Rao | - Chairperson | - Independent, Non-executive     |
| Shri P Veeraiah   | - Member      | - Managing Director,( Executive) |
| Shri J S Rao      | - Member      | - Non-Independent, Non-Executive |

3. Average net profit of the company for the last three financial years - ₹ 1684.45 lacs
4. Prescribed CSR Expenditure (2% of Item No.3) - ₹ 33.69 lacs.
5. Details of CSR activities/projects under taken during the year 2015-2016
  - (a) Total amount to be spent for the financial year - ₹ 33.69 lacs
  - (b) Amount carried forward from the previous year - ₹ 30.57 lacs
  - (c) Amount spent during the year - ₹ 30.33 lacs
  - (d) Amount unspent (a+b-c) - ₹ 33.93 lacs
  - (e) Manner in which the amount spent during the financial year is detailed below :-

| Sl. No. | Projects/ Activities                                   | Sector              | Projects or Programmes (District and State)  | Amount Outlay (Budget) Project or Programs wise | Amount Spent on the project or programs | Cumulative Expenditure upto reporting period | Amount spent: Direct/through implementing agency |
|---------|--|---------------------|--|---|---|--|--|
| 1.      | Donation   | Charitable activity | Hyderabad foundation for deaf and dumb   | 1.00  | 1.00                                    | 1.00   | Direct   |
| 2.      | Cost of laying Road                                    | Rural Development   | Bathulapally Kalluru Mandal, Khammam District (Telangana)  | 27.27   | 26.03                                   | 26.03  | Direct   |
| 3.      | Donation for installation of closed circuit television | Rural Development   | Kalluru Village, Kalluru Mandal, Khammam District (Telangana)  | 2.00  | 2.00                                    | 2.00   | Direct   |
| 4.      | Construction of Bus shelter                            | Rural Development   | Jaggiahpet, Near the Cement Plant at Srinivasa Nagar Dondapapu Mandal, Nalgonda District (Telangana) | 1.30  | 1.30                                    | 1.30   | Direct   |

### Note:

- Laying of roads and related works are in the nature of ongoing works and the necessary sums will be spent on such works / projects along with other projects being identified during the current year.
- The Company is making every endeavor to identify certain villages near the plants so that the Company can monitor the progress of those projects which are designed to benefit the local population. The CSR committee will review the matter periodically and identify the projects and allocate the sums for completion of such projects. As of now, the Company is required to spend the residue sum pertaining to 2014-2015 and 2015-2016 aggregating to ₹ 33.93 lacs.
- The company could not spend the required sums during the year under review partly because of cash constraints at certain critical points of time and partly because of the delay in identifying the programme / project.



# KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

## CORPORATE GOVERNANCE REPORT

Report Pursuant to Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company furnishes herein below the compliance with the requirements of the Corporate Governance:-

### A) RELATED PARTY DISCLOSURE:

The transactions with related parties are disclosed in notes to accounts forming part of the Annual Report. All the transactions with related parties are at arm's length and in compliance with the requirements. The related party transactions are approved by the Audit Committee.

In terms of the Companies Act, 2013 and as envisaged under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted a policy to determine related party transactions. The policy can be viewed on the website of the company: [www.kakatiyacemets.com](http://www.kakatiyacemets.com).

### B) Management Discussion and Analysis(MDA) Report:

- I. The Report on MDA is annexed to the Directors' Report and forms part of the Annual Report.
- II. Disclosure of Accounting Treatment: The Company has followed the accounting standards in preparation of its financial statements.

### C) Corporate Governance:

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

Your Company is committed to implement sound corporate governance practices with a view to bring about accountability and transparency in its operations and thereby meet its stakeholders' aspirations and societal expectations. The Company's corporate governance practices are driven by timely disclosures, transparent accounting policies, internal control on operations and high level of integrity in decision making with an objective to enhance the value to the stakeholders.

#### BOARD OF DIRECTORS:

As of 31st March, 2016, the Board of Directors (Board) comprised of 9 (Nine) Directors of which 8 are Non-Executive Directors. The Company has 5 (Five) Independent Directors who comprised more than half the total strength of the Board.

| Sl. No. | Name of the Director | DIN No.  | No. of Board Meetings held | Designation and Category | No. of Board Meetings Attended Meeting | Whether attended the last Annual General Boards | No. of Directorships in other Committees | No. of Memberships in other Board |
|---------|----------------------|----------|----------------------------|--------------------------|--|---|--|-----------------------------------|
| 01.     | P. Venkateswarlu*    | 00276684 | CMD                        | 5                        | 1                                      | NO  | Na                                       | Na                                |
| 02.     | P. Veeraiah          | 00276769 | CMD                        | 5                        | 5                                      | YES   | 1  | 2                                 |
| 03.     | J.S.R. Prasad**      | 00221271 | NED                        | 5                        | 1                                      | YES   | 13                                       | 4                                 |
| 04.     | T.R.C. Bose          | 00160630 | IND                        | 5                        | 4                                      | YES   | 6  | 4                                 |
| 05.     | J. S. Rao            | 00029090 | NED                        | 5                        | 4                                      | YES   | 9  | 1                                 |
| 06.     | C. Madhusudana Rao   | 00410173 | IND                        | 5                        | 3                                      | YES   | Nil                                      | 3                                 |
| 07.     | V.B.R. Suryam*       | 00409995 | IND                        | 5                        | 4                                      | YES   | Na                                       | Na                                |
| 08.     | B.V.Subbaiah         | 01147062 | IND                        | 5                        | 4                                      | YES   | 1  | 3                                 |
| 09.     | A. Chengappa         | 03170722 | IND                        | 5                        | 4                                      | YES   | Nil                                      | 2                                 |
| 10.     | K Venkata Rao        | 06566627 | IND                        | 5                        | 3                                      | YES   | Nil                                      | 2                                 |
| 11.     | J Shalini**          | 03337095 | NED                        | 5                        | 3                                      | YES   | 4  | Nil                               |

\*Shri P.Venkateswarlu and Shri V B R Suryam passed away during the year under review and as a result the strength of the Board is reduced to 9 (Nine) as compared to 11 (Eleven) at the beginning of the year.

\*\*Shri J S R Prasad and Smt. J Shalini have resigned from the Board due to personal reasons. The resignations are effective from 17th May, 2016.

\*\*\*Smt. M Vara Lakshmi has been inducted as an Additional Director on the Board of Directors of the company at the meeting held on 12th August, 2016.



## **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

The Board has an optimum combination of executive, non-executive and independent directors and the composition of the Board is in conformity with Regulation 17(1) of the Regulations, 2015.

The dates of Board Meeting held during the year under review are: 28.05.2015, 12.08.2015, 13.11.2015, 03.02.2016 and 11.02.2016. The Maximum gap between any of two consecutive meetings did not exceed 120 days.

### **Disclosure of Relationship between Directors inter-se:**

The Present Chairman and Managing Director Shri P Veeraiah is son of Shri P.Venkateswarlu who passed away on 11th January, 2016. Late Shri P.Venkateswarlu was the Chairman and Managing Director of the Company at the time of his demise. Smt. J Shalini is the daughter of Shri J S R Prasad. Shri J S R Prasad and Shri J S Rao are sons-in-law of late Shri P Venkateswarlu.

### **Share holding of Non-Executive Directors in the company**

The number of equity shares of the Company held by Non-Executive Directors as on 31st March, 2016 are as detailed herein below:

|    | Name of the Director    | No. of Equity Shares held in the Company |
|----|-------------------------|--|
| 1. | Shri J S R Prasad       | 19350                                    |
| 2. | Shri J S Rao            | 10000                                    |
| 3. | Shri A Chengappa        | Nil                                      |
| 4. | Shri C Madhusudhana Rao | 400                                      |
| 5. | Shri T R C Bose         | Nil                                      |
| 6. | Shri B V Subbaiah       | Nil                                      |
| 7. | Shri K Venkata Rao      | Nil                                      |
| 8. | Smt. J Shalini          | 38000                                    |

**Pursuant to Regulation 33(3) of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, brief particulars of the Directors proposed for appointment / Re-appointment at Annual General Meeting are given below:-**

| Sl.No. | Name of the appointee   | Shri P Veeraiah   |
|--------|---|---|
| 1.     | Date of Birth   | 30/03/1970  |
| 2.     | Qualification   | B.Com   |
| 3.     | Date of Appointment   | 05/12/1998  |
| 4.     | Expertise in the specific functional areas                                  | Managing business operations of Cement, Sugar and Power Projects. |
| 5.     | Occupation  | Industrialist   |
| 6.     | Shareholding of Kakatiya Cement Sugar and Industries Limited                | 1152802 as on 31st March 2016.                                    |
| 7.     | Name of Listed entities in which committee member ship / chairman ship held | Nil   |
| 8.     | Name of Listed entities in which Directorship held                          | —   |
| Sl.No. | Name of the appointee   | Shri J S Rao  |
| 1.     | Date of Birth   | 18/07/1953  |
| 2.     | Qualification   | Post Graduate in Engineering                                      |
| 3.     | Date of Appointment   | 09/07/1979  |
| 4.     | Expertise in the specific functional areas                                  | Expertise in handling overall charge of business enterprises.     |
| 5.     | Occupation  | Industrialist   |
| 6.     | Shareholding of Kakatiya Cement Sugar and Industries Limited                | 10000 as on 31st March, 2016                                      |
| 7.     | Name of Listed entities in which committee member ship / chairman ship held | ---   |
| 8.     | Name of Listed entities in which Directorship held                          | Keerthi Industries Limited  |



# KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

| Sl.No. | Name of the appointee   | Smt. M Vara Lakshni                                       |
|--------|---|---|
| 1.     | Date of Birth   | 01/07/1959  |
| 2.     | Qualification   | BSC   |
| 3.     | Date of Appointment   | 12/08/2016  |
| 4.     | Expertise in the specific functional areas                                  | 34 years of experience in Accounts and Banking functions. |
| 5.     | Occupation  | Business  |
| 6.     | Shareholding of Kakatiya Cement Sugar and Industries Limited                | ---   |
| 7.     | Name of Listed entities in which committee member ship / chairman ship held | Nil   |
| 8.     | Name of Listed entities in which Directorship held                          | Nil   |

## 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.     | Shri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad - 500020. | 10.08.2015<br>11.00 A.M | NO  | NO             |
| 02.     | Shri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad - 500020. | 14.07.2014<br>11.00 A.M | NO  | NO             |
| 03.     | Shri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad - 500020. | 11.07.2013<br>11.00 A.M | YES   | NO             |

## INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on 11th February, 2016, inter alia, to discuss:

- Evaluation of the performance of Non Independent Directors and the Board of Directors as a whole.
- Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors
- Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

## FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Process under the familiarization programme starts with induction of the independent director joining the Board of the Company.

While welcoming the New Director, various important documents of the Company are shared for his / her reference which include the Annual Reports of the past three consecutive years, details of nature of Industry, products, sales and distribution channel and position of the Company in the Industry. Further, various Codes and Practices will be delivered to him / her for reference and record. The Board evaluation processes and procedures are explained to the new director.

The Company presents in an informal manner programmes to familiarize independent directors with the strategy, operations and functions of the Company besides providing updates on relevant legislations to ensure that independent directors are kept abreast of these Regulations. These are normally done after conclusion of the Board and Committee Meetings.

Complete access to any information related to the Company is provided to the Independent Directors, if any, specific request is made.



## **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

Web link where details regarding Familiarisation Programme for Independent Directors can be viewed:  
[WWW.KAKATIYACEMENTS.COM](http://WWW.KAKATIYACEMENTS.COM)

### **MECHANISM FOR EVALUATION OF BOARD:**

Evaluation of all Board members will be done on an annual basis. The evaluation is done by the Independent Directors with specific focus on the performance of the Board and individual Directors.

There are various parameters based on which the performance of the independent Directors is evaluated which include participation at the Board / Committee Meetings, guidance provided to senior Management outside of Board / Committee Meetings, effective deployment of knowledge and expertise, integrity and maintaining of confidentiality, independence of behavior and judgment, impact and influence, exercise of objective independent judgment in the best interest of the Company, ability in monitoring Corporate Governance practices and adherence to the Code of Conduct for independent Directors.

The Board evaluation embraces several aspects such as development of suitable strategies and business plans at appropriate time and its effectiveness, implementation of robust policies and procedures and size, structure and expertise of the Board.

As regards evaluation of whole time Directors, aspects such as achievement of financial / business targets prescribed by the Board, Developing and executing business plans, Operational Plans, Risk Management and financial affairs of the organization and Development of policies and strategic plans aligned with the vision and mission of the Company were considered.

With regard to evaluation of non-executive directors, aspects such as participation at the Board / Committee Meetings, effective deployment of knowledge and expertise, independence of behavior and judgment were considered.

As regards evaluation of performance in respect of Committee Meetings, aspects such as discharge of functions and duties as per scope of the Committee, process and procedures followed in discharging such functions were considered.

In respect of evaluation of the Chairperson, aspects such as Managing relationship with the members of the Board and Management, providing ease of raising of issues and concerns by the members of the Board and promoting constructive debate and effective decision making at the Board were taken into account.

### **STAKE HOLDERS RELATIONSHIP COMMITTEE:**

#### **Composition:**

The Committee consists of the following Directors:

|                         |            |
|-------------------------|------------|
| Shri C Madhusudhana Rao | - Chairman |
| Shri T R C Bose         | - Member   |
| Shri B V Subbaiah       | - Member   |

Shri B Kameswara Prasad, General Manager and Company Secretary is the Compliance Officer for the Committee.

No. of shareholder complaints received : 4

No. of complaints not solved to the satisfaction of shareholders : NIL

No. of Pending complaints: NIL

**Email-id of Investor Grievances:** [shares@kakatiyacements.com](mailto:shares@kakatiyacements.com)

#### **Terms of reference:**

The Committee is constituted to address complaints regarding transfer/transmission of shares, non-receipt of share certificates, dividends, annual reports and such other matters.



# KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

## AUDIT COMMITTEE MEETINGS AND ATTENDANCE DURING THE FINANCIAL YEAR ENDED 31ST MARCH, 2016:

Four Audit committee meetings were held during the year under review and the attendance details are as under:

| Name of the Director    | Designation | No. of Meetings attended |
|-------------------------|-------------|--------------------------|
| Shri C Madhusudhana Rao | Chairman    | 4                        |
| Shri T R C Bose         | Member      | 4                        |
| Shri J S Rao            | Member      | 4                        |
| Shri B V Subbaiah       | Member      | 4                        |

The Audit Committee meetings were held on 26-5-2015, 11-8-2015, 12-11-2015 and 10-02-2016.

The maximum gap between any two consecutive meetings was not more than 120 days.

## NOMINATION AND REMUNERATION COMMITTEE:

The Board constituted a Nomination and Remuneration committee consisting of the following Independent Directors with the role and responsibility duly defined and in accordance with the applicable statutory and other requirements.

The Nomination and Remuneration committee met on 10.02.2016.

| Name of the Director    | Designation | Category                  | Attendance |
|-------------------------|-------------|---------------------------|------------|
| Shri C Madhusudhana Rao | Chairman    | Non Executive/Independent | 1          |
| Shri T R C Bose         | Member      | Non Executive/Independent | 1          |
| Shri B V Subbaiah       | Member      | Non Executive/Independent | 1          |

The details of the remuneration paid to whole-time Directors are mentioned in the notes to accounts and also in Annual Return (Form MGT 9) forming part of the Annual Report.

## Corporate Social Responsibility (CSR) Committee:

The Company has constituted a committee to formulate a CSR Policy and to implement certain activities as envisaged in schedule VII of the Companies Act, 2013.

Originally, the Committee consisted of Shri K Venkata Rao, Independent Director as Chairman of the Committee, Shri P Venkateswarlu, Chairman and Managing Director and Shri P Veeraiah, Joint Managing Director as members of the Committee. On the passing away of Shri P Venkateswarlu in January, 2016, Shri V B R Suryam was inducted into the Committee in February, 2016. Shri V B R Suryam passed away in March, 2016. Shri J S Rao, Director has been inducted as member in place of Late Shri V B R Suryam at the Board meeting held on 25th May, 2016.

The CSR Committee met twice during the year under review.

## Risk Management Committee:

The objective behind constitution of the Risk Management Committee is to identify risk, develop appropriate risk mitigation strategies and to monitor activities of the organization and also to highlight the systematic study safeguards against threats, loss and damages of brand, reputation and assets of the company. Improvement of level of awareness and appreciating and managing material business risks are also the objectives of the Risk Management Committee.

The Committee, besides identifying the risk factors, is also expected to manage and monitor risk and ensure that proper internal systems and processes are in place.

## Composition of the Committee:

With the induction of Shri A Chengappa as member of the Committee in place of Shri P Venkateswarlu who passed away in January, 2016, the re-constituted committee consists of the following members.

| Name of the Director | Designation |
|----------------------|-------------|
| Shri P Veeraiah      | Chairman    |
| Shri K Venkata Rao   | Member      |
| Shri A Chengappa     | Member      |

The Risk Management committee met once during the year.





**DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013**

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Anti Sexual Harassment of Women at the Workplace (Prevention, prohibition & Redressal) Act, 2013. Internal complaints Committee (ICC) has been setup to address complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy.

No complaint of sexual harassment has been received during the year under review.

**Code of Conduct:**

The Board has laid down a Code of Conduct covering the ethical requirements to be complied with by all members of the Board and Senior Management personnel of the Company. An affirmation of the compliance with the code is received from them in respect of the financial year ending 31st March, 2016.

**Code of Conduct for prevention of insider trading:**

The company has adopted a code of conduct for prevention of insider trading in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015. The insider trading code is applicable to all directors and designated employees and the code lays down the procedures and guidelines to be followed and disclosures to be made while dealing in the securities of the company. Reports and matters related to insider trading code are reported to the Audit Committee on quarterly basis.

**Other Disclosures:**

During the year ended 31st March, 2016, there were no materially significant related party transactions which had potential conflict with the interest of the Company at large. The transactions with related parties are disclosed in the notes to the Annual Accounts.

**Details of Non-compliances etc.**

A statement of compliance with all laws and regulations as certified by the Managing Director and Company Secretary are placed at periodic intervals before the Board.

No penalty has been imposed by any Stock Exchange, SEBI or any other regulatory authority. The Company's shares were not suspended at any point of time.

The Disclosure of compliance with Corporate Governance Requirements specified in Regulation 17 to 27 and Clauses B to I of Sub-Regulation (2) of Regulation 46 are as follows:

| Regulation      | Particulars of Regulation   | Compliance status (Yes/No) |
|-----------------|---|----------------------------|
| 17              | Board of Directors  | Yes                        |
| 18              | Audit Committee   | Yes                        |
| 19              | Nomination and Remuneration Committee   | Yes                        |
| 20              | Stakeholders Relationship Committee   | Yes                        |
| 21              | Risk Management Committee   | Yes                        |
| 22              | Vigil mechanism   | Yes                        |
| 23              | Related Party Transactions  | Yes                        |
| 24              | Corporate Governance requirements with respect to subsidiary of listed entity | N.A                        |
| 25              | Obligations with respect to Independent Directors                             | Yes                        |
| 26              | Obligation with respect to Directors and senior management                    | Yes                        |
| 27              | Other Corporate Governance requirements                                       | Yes                        |
| 46(2)(b) to (i) | Website   | Yes                        |

**Certification by Chairman and Managing Director and CFO:**

The Chairman and Managing Director and Chief Financial Officer have furnished a certificate to the Board as contemplated in schedule V of the Security and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is separately annexed.



## **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

### **Disclosure of Material Events:**

The Company has adopted a policy on determining materiality of an event or information and furnishing the same to stock exchanges in accordance with Regulation 30 (5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **Adoption of Policy on Preservation of documents:**

The Company has adopted the policy on preservation of documents in accordance with Regulation 9 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **Adoption of Discretionary Requirements**

The company has complied with mandatory requirements of Corporate Governance as per SEBI Listing Regulations. We have yet to adopt the Discretionary Requirements.

### **MEANS OF COMMUNICATION:**

Quarterly/Half Yearly Financial Results of the Company are filed with National Stock Exchange of India Limited and BSE Limited and generally published in Financial Express and Andhra Prabha (Telugu Daily). Half Yearly reports are not sent to shareholders separately. They are also available on Company's website: [www.kakatiyacements.com](http://www.kakatiyacements.com). The Company has not made any presentations to investors / analysts during the year.

### **GENERAL SHAREHOLDER INFORMATION:**

- |    |                            |   |   |
|----|----------------------------|---|---|
| a) | Annual General Meeting     | : | 37th Annual General Meeting   |
|    | Date                       | : | 26th September, 2016  |
|    | Time                       | : | 11.00 A.M   |
|    | Venue                      | : | Sri Thyagaraya Gana Sabha, Vivek Nagar,<br>Chikkadapally, Hyderabad - 500 020.  |
| b) | Financial Calendar         | : | 1st April to 31st March   |
| c) | Date of Book closure       | : | 15th September, 2016 to 26th September, 2016<br>(both days inclusive)   |
| d) | Dividend payment date      | : | On or before 25th October, 2016.  |
| e) | Registered Office          | : | <b>KAKATIYA CEMENT SUGAR &amp; INDUSTRIES LTD.,</b><br>1-10-140/1, "GURUKRUPA", Ashok Nagar,<br>HYDERABAD - 500 020.<br>Phone:040-27637717/27633627 Fax No.27630172<br>CIN:L26942TG1979PLC002485<br>e-mail : <a href="mailto:shares@kakatiyacements.com">shares@kakatiyacements.com</a> |
| f) | Listing on Stock Exchanges | : | The National Stock Exchange of India Ltd.,<br>Exchange Plaza, 5th Floor, Plot No. C/1, G Block,<br>Bandra - Kurla Complex, Bandra (E),<br>MUMBAI - 400 051.<br><br>Bombay Stock Exchange Limited,<br>Floor 25, P.J. Towers, Dalal Street, MUMBAI - 400 001.                             |
| g) | Code/Symbol                | : | NSE - KAKATCEM BSE - 500234<br>ISIN for NSDL & CDSL: INE437B01014   |



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

## **h) Market Price Data: (Source: National Stock Exchange Quotations)**

| Month and Year |      | High ₹ | Low ₹  | No. of Shares Traded |
|----------------|------|--------|--------|----------------------|
| April          | 2015 | 131.00 | 110.05 | 145168               |
| May            | 2015 | 129.00 | 111.50 | 76790                |
| June           | 2015 | 125.00 | 108.00 | 89671                |
| July           | 2015 | 134.90 | 115.40 | 169675               |
| August         | 2015 | 133.00 | 93.75  | 204075               |
| September      | 2015 | 108.00 | 91.05  | 37186                |
| October        | 2015 | 129.00 | 99.55  | 130437               |
| November       | 2015 | 154.00 | 116.20 | 316013               |
| December       | 2015 | 160.00 | 136.40 | 231153               |
| January        | 2016 | 158.75 | 124.90 | 161153               |
| February       | 2016 | 137.60 | 100.10 | 233894               |
| March          | 2016 | 208.10 | 115.70 | 1423338              |

## **Market Price Data: (Source: BSE Limited Quotations)**

| Month and Year |      | High ₹ | Low ₹  | No. of Shares Traded |
|----------------|------|--------|--------|----------------------|
| April          | 2015 | 132.80 | 110.30 | 40268                |
| May            | 2015 | 127.00 | 112.00 | 38158                |
| June           | 2015 | 127.00 | 106.10 | 28769                |
| July           | 2015 | 134.90 | 115.50 | 95729                |
| August         | 2015 | 132.00 | 92.00  | 75707                |
| September      | 2015 | 110.00 | 90.60  | 15662                |
| October        | 2015 | 130.00 | 100.10 | 74610                |
| November       | 2015 | 153.90 | 112.50 | 146326               |
| December       | 2015 | 159.00 | 140.00 | 96814                |
| January        | 2016 | 158.00 | 124.60 | 74157                |
| February       | 2016 | 136.00 | 100.00 | 203808               |
| March          | 2016 | 208.40 | 120.40 | 555738               |

## **i) Address of Registrars and Share Transfer Agents:**

XL SOFTECH Systems Limited,  
 3, Sagar Society, Road No. 2, Banjara Hills,  
 HYDERABAD - 500 034.  
 Tel: 040-23545913, 14, 15  
 Fax: 040-23553214  
 Email: xlfield@gmail.com

## **j) Share Transfer System:**

The Share Transfer work is being handled by the Company's R & T Agent. Transfer of shares are registered and share certificates are dispatched within the prescribed period provided the documents are in order.



# KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

k) Distribution of Shareholding and Shareholding Pattern:

Distribution of Shareholding as on 31.03.2016

| Share Holding   | Number of Shareholders | % to total    | Number of Shares | % to total    |
|-----------------|------------------------|---------------|------------------|---------------|
| Up to 500       | 40632                  | 97.67         | 1122845          | 14.44         |
| 501 - 1000      | 496                    | 1.19          | 389456           | 5.01          |
| 1001 - 2000     | 200                    | 0.48          | 301818           | 3.88          |
| 2001 - 3000     | 98                     | 0.24          | 244556           | 3.15          |
| 3001 - 4000     | 40                     | 0.10          | 144281           | 1.85          |
| 4001 - 5000     | 33                     | 0.04          | 153066           | 1.97          |
| 5001 - 10000    | 54                     | 0.08          | 386866           | 4.98          |
| 10001 and above | 47                     | 0.13          | 5030970          | 64.72         |
| <b>TOTAL</b>    | <b>41600</b>           | <b>100.00</b> | <b>7773858</b>   | <b>100.00</b> |

Shareholding Pattern as on 31.03.2016:

| Category                               | No. of Equity Shares | % of Paid-up Capital |
|--|----------------------|----------------------|
| Promoters                              | 4131975              | 53.15                |
| Other Corporate Bodies                 | 450210               | 5.79                 |
| General Public                         | 2850366              | 36.67                |
| Non Resident Individuals               | 333775               | 4.29                 |
| Foreign Institutional Investors & OCBs | 100                  | 0.00                 |
| Indian Financial Institutions          | 3000                 | 0.04                 |
| Mutual Funds & Banks                   | 4432                 | 0.06                 |
| <b>TOTAL</b>                           | <b>7773858</b>       | <b>100.00</b>        |

l) There are no outstanding GDRs / ADRs / Warrants or any Convertible instruments as on 31st March, 2016.

m) Dematerialisation of Shares:

As on 31st March 2016, 73,18,265 shares were dematerialised with the following depositories:

- i) National Securities Depositories Limited - 26,07,152 Shares
- ii) Central Depository Services Limited - 47,11,113 Shares

n) Plant locations

**CEMENT:**

Srinivasa Nagar  
Mellacheruvu Mandal  
Nalgonda Dist. Telangana State

**SUGAR & POWER:**

Peruvancha Village  
Kallur Mandal  
Khammam Dist. Telangana State

o) Address for correspondence:

Shareholders can correspond at the Registered Office of the Company at Hyderabad, addressed to the Company Secretary or to the Registrars & Share Transfer Agents, whose address has been mentioned elsewhere in this Report.

## DECLARATION ON CODE OF CONDUCT

This is to affirm that all Directors and Senior Management personnel of the company have complied with the code of conduct of the Company for the financial year ended 31.03.2016 as envisaged under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place : Hyderabad  
Date : 12.08.2016

**P. Veeraiah**  
**Chairman & Managing Director**  
**DIN: 00276769**



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**AUDITORS' REPORT ON CORPORATE GOVERNANCE**

To  
The Members of  
Kakatiya Cement Sugar and Industries Limited

We have examined the compliance of conditions of Corporate Governance by Kakatiya Cement Sugar and Industries Limited ('the Company') for the year ended 31st March, 2016 as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the company with stock exchanges for the period 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing regulation for the period 1st December, 2015 to 31st March, 2016.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to 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 opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing Agreement / Listing regulations as applicable.

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

for **M. ANANDAM & CO.**  
**CHARTERED ACCOUNTANTS**  
(Firm Regn.No.000125S)

Place : Hyderabad  
Date : 25th May 2016

**A.V. Sadasiva**  
**PARTNER**  
M. No. 018404



## **INDEPENDENT AUDITORS' REPORT**

To  
The Members of  
**Kakatiya Cement Sugar and Industries Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Kakatiya Cement Sugar and Industries limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend

on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.





**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the Directors as on 31st March, 2016 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2016 from being appointed as a Director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 30 to the financial statements;
- ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

for **M. ANANDAM & CO.**  
**CHARTERED ACCOUNTANTS**  
(Firm Regn.No.000125S)

Place : Hyderabad  
Date : 25th May 2016

**A.V. Sadasiva**  
**PARTNER**  
M. No. 018404



## **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

### **ANNEXURE - A TO THE AUDITORS' REPORT**

The Annexure referred to in our report to the members of the Company for the year ended on 31st March, 2016. We report that:

- (i) (a) The Company is in the process of updating proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management in a periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its business. No material discrepancies were noticed on such physical verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventories have been physically verified during the year by the management. The discrepancies noticed on verification between the physical stocks and book records were not material.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3 (iii) (a) to (c) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted loans, has not made investments, has not given guarantees and securities and hence paragraph (iv) of the Order is not applicable.
- (v) The Company has not accepted deposits within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under.
- (vi) We have broadly reviewed the cost records maintained by the company prescribed by the Central Government under sub-section (1) of section 148 of the Act. However, we have not made a detailed examination of cost records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, value added tax, wealth tax, service tax, customs duty, excise duty, cess and any other statutory dues as applicable with the appropriate authorities and there were no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and records of the Company examined by us, the particulars of income tax, sales tax, valued added tax, wealth tax, service tax, customs duty, excise duty or cess as at 31st March, 2016 which have not been deposited on account of any dispute pending, are as under:

| <b>Name of the Statute</b> | <b>Nature of dues</b> | <b>Amount (in Lacs)</b> | <b>Period to which the amount relates</b>               | <b>Forum where the Dispute is pending</b>  |
|----------------------------|-----------------------|-------------------------|---|--|
| Income-Tax Act, 1961       | Income-tax            | 12.42                   | Assessment years<br>1999-2000<br>2000-2001<br>2001-2002 | High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh |
| Income-Tax Act, 1961       | Income-tax            | 64.45                   | Assessment year<br>2011-12                              | CIT (Appeals)  |
| Income-Tax Act, 1961       | Income-tax            | 120.68                  | Assessment year<br>2012-13                              | CIT (Appeals)  |



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- (viii) The Company has not defaulted in repayment of loans or borrowing to a financial institution, banks and Governments.
- (ix) The Company did not raise any money by way of initial public offer or further public offer during the year. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained other than amounts temporarily invested pending utilization of the funds for the intended use.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with Directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

for **M. ANANDAM & CO.**  
**CHARTERED ACCOUNTANTS**  
(Firm Regn.No.000125S)

Place : Hyderabad  
Date : 25th May 2016

**A.V. Sadasiva**  
**PARTNER**  
M. No. 018404



## **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

### **ANNEXURE - B TO THE AUDITORS' REPORT**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Kakatiya Cement Sugar and Industries Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **M. ANANDAM & CO.**  
**CHARTERED ACCOUNTANTS**  
(Firm Regn.No.000125S)

**A.V. Sadasiva**  
**PARTNER**  
M. No. 018404

Place : Hyderabad  
Date : 25th May 2016



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**BALANCE SHEET AS AT 31st MARCH, 2016**

(₹ in Lacs)

| Particulars                            | Note | As at<br>31.03.2016 | As at<br>31.03.2015 |
|--|------|---------------------|---------------------|
| <b>I. EQUITY &amp; LIABILITIES</b>     |      |                     |                     |
| <b>(1) Shareholders' Funds</b>         |      |                     |                     |
| (a) Share capital                      | 2    | 777.39              | 777.39              |
| (b) Reserves and surplus               | 3    | 19,383.01           | 17,417.23           |
| <b>(2) Non-Current Liabilities</b>     |      |                     |                     |
| (a) Long Term Borrowings               | 4    | 476.08              | 821.56              |
| (b) Deferred tax liabilities (net)     | 5    | 66.75               | 79.55               |
| (c) Other Long term liabilities        | 6    | 142.23              | 142.68              |
| (d) Long Term Provisions               | 7    | 192.51              | 202.33              |
| <b>(3) Current Liabilities</b>         |      |                     |                     |
| (a) Short Term Borrowings              | 8    | 1,991.14            | 2,670.79            |
| (b) Trade payables                     | 9    | 2,270.49            | 900.62              |
| (c) Other current liabilities          | 10   | 2,664.70            | 855.40              |
| (d) Short-term provisions              | 11   | 266.51              | 345.23              |
| <b>TOTAL</b>                           |      | <b>28,230.82</b>    | <b>24,212.79</b>    |
| <b>II. ASSETS</b>                      |      |                     |                     |
| <b>(1) Non-current assets</b>          |      |                     |                     |
| (a) Fixed assets                       |      |                     |                     |
| Tangible assets                        | 12   | 5,792.00            | 5,967.17            |
| (b) Non-current investments            | 13   | 5.07                | 5.07                |
| (c) Long term Loans and advances       | 14   | 992.61              | 201.49              |
| <b>(2) Current assets</b>              |      |                     |                     |
| (a) Inventories                        | 15   | 11,311.33           | 10,116.38           |
| (b) Trade receivables                  | 16   | 1,502.03            | 1,052.69            |
| (c) Cash and Bank Balances             | 17   | 7,099.99            | 4,309.25            |
| (d) Short-term loans and advances      | 18   | 1,527.78            | 2,560.73            |
| <b>TOTAL</b>                           |      | <b>28,230.82</b>    | <b>24,212.79</b>    |
| <b>Significant Accounting Policies</b> | 1    |                     |                     |

The accompanying notes form an integral part of the financial statements.

As per our report of even date  
for **M. ANANDAM & CO.**  
**Chartered Accountants**  
((Firm Regn. 000125S))

**A.V. Sadasiva**  
**Partner**  
M. No. 018404

For and on behalf of the Board of Directors

**P. Veeraiah**  
**Chairman & Managing Director**  
DIN: 00276769

**M. Bhavani Dattu**  
**Chief Financial Officer**

**B K. Prasad**  
**General Manager &  
Company Secretary**

Place : Hyderabad  
Date : 25.05.2016



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2016**

(₹ in Lacs)

| Particulars                            | Note | Year ended<br>31.03.2016 | Year ended<br>31.03.2015 |
|--|------|--------------------------|--------------------------|
| I. Revenue from operations             | 19   | 21,035.89                | 15,460.19                |
| II. Other Income                       | 20   | 605.51                   | 260.21                   |
| <b>III. Total Revenue (I +II)</b>      |      | <b>21,641.40</b>         | <b>15,720.40</b>         |
| <b>IV. Expenses:</b>                   |      |                          |                          |
| Cost of Materials Consumed             | 21   | 9,976.89                 | 6,951.93                 |
| Changes in inventories                 | 22   | (892.52)                 | (2,399.40)               |
| Employee benefits                      | 23   | 1,800.93                 | 1,748.79                 |
| Finance costs                          | 24   | 160.41                   | 81.07                    |
| Depreciation                           | 12   | 247.92                   | 247.40                   |
| Other Expenses                         | 25   | 7,367.44                 | 7,343.62                 |
| <b>Total Expenses</b>                  |      | <b>18,661.06</b>         | <b>13,973.41</b>         |
| <b>V. Profit before tax (III - IV)</b> |      | <b>2,980.34</b>          | <b>1,746.99</b>          |
| <b>VI. Tax expenses:</b>               |      |                          |                          |
| (1) Current tax                        |      | 774.72                   | 349.53                   |
| (2) Deferred tax                       |      | (12.81)                  | (13.54)                  |
| <b>VII. Profit for the year (V-VI)</b> |      | <b>2,218.42</b>          | <b>1,411.00</b>          |
| <b>VIII. Earning per equity share:</b> |      |                          |                          |
| (1) Basic                              | 26   | 28.54                    | 18.15                    |
| (2) Diluted                            |      | 28.54                    | 18.15                    |
| <b>Significant Accounting Policies</b> | 1    |                          |                          |

The accompanying notes form an integral part of the financial statements.

As per our report of even date  
for **M. ANANDAM & CO.**  
**Chartered Accountants**  
((Firm Regn. 000125S))

**A.V. Sadasiva**  
**Partner**  
M. No. 018404

For and on behalf of the Board of Directors

**P. Veeraiah**  
**Chairman & Managing Director**  
**DIN: 00276769**

**M. Bhavani Dattu**  
**Chief Financial Officer**

**B K. Prasad**  
**General Manager &  
Company Secretary**

Place : Hyderabad  
Date : 25.05.2016



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016**

(₹ in Lacs)

| Particulars  | Year ended<br>31.03.2016 | Year ended<br>31.03.2015 |
|--|--------------------------|--------------------------|
| <b>A) CASH FLOW FROM OPERATING ACTIVITIES:</b>             |                          |                          |
| Net Profit before tax                                      | 2,980.34                 | 1,746.99                 |
| Adjustments for:   |                          |                          |
| Depreciation   | 247.92                   | 247.40                   |
| Finance cost   | 160.41                   | 81.07                    |
| Interest Income  | (579.83)                 | (197.60)                 |
| Profit on sale of asset                                    | (1.01)                   | -                        |
| <b>Operating Profit before working capital changes</b>     | <b>2,807.81</b>          | <b>1,877.87</b>          |
| <b>Working Capital Changes:</b>                            |                          |                          |
| (Increase)/Decrease in Inventories                         | (1,194.95)               | (2,141.61)               |
| (Increase)/Decrease in Trade and Other receivables         | 583.62                   | 386.19                   |
| Change in long term provisions                             | (9.82)                   | -                        |
| Increase/(Decrease) in Trade payable and other liabilities | 2,786.27                 | (1,121.66)               |
|  | <b>2,165.12</b>          | <b>(2,877.08)</b>        |
| Cash Generated from Operations                             | 4972.93                  | (999.21)                 |
| Direct Taxes paid  | (713.16)                 | (260.00)                 |
| Cash Flow from Operating Activities                        | <b>4259.77</b>           | <b>(1259.21)</b>         |
| <b>B) CASH FLOW FROM INVESTING ACTIVITIES:</b>             |                          |                          |
| Purchase of Fixed Assets/Capital WIP                       | (73.20)                  | (59.88)                  |
| Interest Income  | 579.83                   | 197.60                   |
| Increase / (Decrease) in Long term loans and advances      | (791.12)                 | -                        |
| Profit on sale of Vehicles                                 | 1.01                     | -                        |
| Cash Flow from Investing Activities                        | <b>(283.47)</b>          | <b>137.72</b>            |
| <b>C) CASH FLOW FROM FINANCING ACTIVITIES:</b>             |                          |                          |
| Dividend paid Including Corporate Dividend Tax             | -                        | (252.62)                 |
| Interest Paid  | (160.41)                 | (81.07)                  |
| Increase/(Decrease) in Bank Borrowings                     | (1,025.13)               | 3,142.35                 |
| Cash Flow from Financing Activities                        | <b>(1,185.54)</b>        | <b>2,808.66</b>          |
| <b>D) Net increase in Cash and Cash equivalents</b>        | <b>2790.75</b>           | <b>1687.17</b>           |
| Cash and Cash equivalents at the beginning of the year     | 4,309.25                 | 2,622.08                 |
| Cash and Cash equivalents at the end of the year           | <b>7,099.99</b>          | <b>4,309.25</b>          |

**Note:** The Cash Flow Statement has been prepared as per indirect method as set out in Accounting Standard-3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.

As per our report of even date

For and on behalf of the Board of Directors

for **M. ANANDAM & CO.**  
**Chartered Accountants**  
((Firm Regn. 000125S))

**A.V. Sadasiva**  
**Partner**  
M. No. 018404

**P. Veeraiah**  
**Chairman & Managing Director**  
DIN: 00276769

**M. Bhavani Dattu**  
**Chief Financial Officer**

**B K. Prasad**  
**General Manager &  
Company Secretary**

Place : Hyderabad  
Date : 25.05.2016





## **Note 1 : Significant Accounting Policies**

### **i) Basis of Preparation of financial statements**

These financial statements have been prepared in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis.

### **ii) Revenue Recognition**

Revenue and expenses are recognised on accrual basis with the exception of insurance claims, which are accounted on cash basis. Dividend Income on investments is accounted for when the right to receive the payment is established

### **iii) Fixed Assets**

Fixed Assets are stated at cost (net of CENVAT wherever applicable) less accumulated depreciation. All major acquisitions of Fixed Assets are capitalised at cost and operative expenses directly attributable to cost for bringing assets to working conditions for intended use.

### **iv) Treatment of Expenditure During Construction Period**

Expenditure during construction period is grouped under "Capital work-in- progress". And the same is allocated to respective Fixed Assets on the completion their construction.

### **v) Depreciation**

Cement Division: Depreciation is provided on Straight Line Method in respect of Buildings, Plant & Machinery (other than Quarry Equipment) and Electrical Installations and in respect of all other assets depreciation is provided on Written Down Value Method. Depreciation has been calculated at the rates specified in Schedule XIV to the Companies Act, 1956 up to 31.03.2014.

Sugar and Power divisions: Depreciation is provided on Straight Line Method at the rates computed in accordance with Schedule XIV to the Companies Act, 1956 up to 31.03.2014.

The depreciation is provided as per schedule II of the Companies Act, 2013 w.e.f. 01.04.2014.

### **vi) Inventories**

Inventories are valued at the lower of weighted average cost and net realizable value except waste / scrap which is valued at net realisable value. Finished and process stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Obsolete, defective and unserviceable inventories are duly provided for.

### **vii) Employee Benefits**

- a) Provident Fund is administered through Regional Provident Fund Commissioner. The contribution to the Provident Fund is charged against revenue.
- b) Gratuity Liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on Projected unit credit method. The company has created an approved gratuity fund, which has taken a group gratuity cum insurance policy with life Insurance Corporation of India (LIC) for future payment of gratuity to the employees. The company accounts for gratuity liability of its employees on the basis of Independent Actuarial valuation carried out by an Actuary.
- c) The company accounts for Leave Encashment liability of its employees on the basis of Independent Actuarial valuation carried out by an Actuary.

### **viii) Borrowing Cost**

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of such asset till such time the asset is ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

### **ix) Taxes on Income**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

### **x) Investments**

All investments are stated at cost. Provision for diminution in value of investments is made only if such a decline is other than temporary.



# KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

## xi) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed, while Contingent Assets are neither recognised nor disclosed, in the financial statements.

## xii) Impairment

The management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the assets net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior year.

## xiii) Operating Cycle

Based on the nature of products / activities of the company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non current.

## Note 2 : SHARE CAPITAL

(₹ in Lacs)

| Particulars   | As at<br>31.03.2016 | As at<br>31.03.2015 |
|---|---------------------|---------------------|
| <b>AUTHORIZED CAPITAL:</b>  |                     |                     |
| 90,00,000 Equity Shares of ₹ 10/- each<br>(Previous year: 90,00,000 Equity Shares of ₹ 10/- each)                             | <b>900.00</b>       | 900.00              |
| <b>ISSUED, SUBSCRIBED &amp; PAID-UP CAPITAL</b>   |                     |                     |
| 77,73,858 Equity Shares of ₹ 10/- each fully paid up<br>(Previous year: 77,73,858 Equity Shares of ₹ 10/- each fully paid up) | <b>777.39</b>       | 777.39              |

2.1 : The company has only one class of equity shares having face value of ₹ 10 each. Each shareholder of Equity share entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by Board of directors is subject to approval of shareholders in ensuing Annual general meeting.

During the year ended 31st March, 2016, dividend per share recognised as distribution to equity shareholders is ₹ 2.70/- per share (Previous Year ₹ 2.70 per share)

In the event of liquidation of the company, the equity shareholders will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## 2.2. The details of shareholders holding more than 5% shares in the company

| Particulars             | As at 31.03.2016    |                | As at 31.03.2015    |                |
|-------------------------|---------------------|----------------|---------------------|----------------|
| Name of the Shareholder | Number of<br>Shares | % of<br>Shares | Number of<br>Shares | % of<br>Shares |
| a) Sri P Venkateswarlu  | -                   | -              | 2340836             | 30.11          |
| b) Sri P Veeraiah       | 1152802             | 14.83          | 904955              | 11.64          |
| c) Smt. P Samrajyam     | 2664113             | 34.27          | -                   | -              |

## 2.3. The reconciliation of the number of shares

| Particulars                                   | As at<br>31.03.2016 | As at<br>31.03.2015 |
|---|---------------------|---------------------|
| Number of shares at the beginning of the year | <b>7,773,858</b>    | 7,773,858           |
| Add: Shares issued during the year            | -                   | -                   |
| Number of shares as at the end of the year    | <b>7,773,858</b>    | 7,773,858           |



**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

**Note 3 : RESERVES AND SURPLUS**

(₹ in Lacs)

| Particulars  | As at<br>31.03.2016 | As at<br>31.03.2015 |
|--|---------------------|---------------------|
| <b>Security Premium Reserve (i)</b>                          | <b>1391.62</b>      | 1391.62             |
| <b>Amalgamation Reserve (ii)</b>                             | <b>1075.89</b>      | 1075.89             |
| General Reserve  | 1870.89             | 1729.79             |
| Add: Transferred from Surplus                                | 221.84              | 141.10              |
| <b>Total General Reserve (iii)</b>                           | <b>2092.73</b>      | 1870.89             |
| Surplus in the Statement of Profit & Loss                    |                     |                     |
| Opening Balance  | 13078.82            | 12068.89            |
| Less: Adjustment for depreciation on fixed assets            | 0.00                | 7.34                |
| Add: Deferred tax on account of adjustment in depreciation   |                     |                     |
| Add : Net profit transferred from Statement of Profit & Loss | 2218.42             | 1411.00             |
| <b>Total Profit &amp; Loss Account (iv)</b>                  | <b>15297.24</b>     | 13472.55            |
| Less Appropriations:   |                     |                     |
| a) Proposed dividend   | 209.89              | 209.89              |
| b) Corporate dividend tax                                    | 42.73               | 42.72               |
| c) Amount transferred to General reserve                     | 221.84              | 141.10              |
| <b>Total appropriations (v)</b>                              | <b>474.47</b>       | 393.71              |
| <b>Surplus-Closing balance (v-iv)=vi</b>                     | <b>14822.78</b>     | 13078.82            |
| <b>(b) Reserves and surplus - Total (i+ii+iii+vi)</b>        | <b>19383.01</b>     | 17417.22            |
| <b>Note 4 : LONG TERM BORROWINGS</b>                         |                     |                     |
| Interest Free Term Loan                                      | 476.08              | 821.56              |
| <b>TOTAL</b>   | <b>476.08</b>       | 821.56              |

Interest free loan from Andhra Bank to meet timely settlement of cane price of crushing sugar season (2013-14) relating to the fair and remunerative price fixed by the central Government to the sugar cane growers. Loan is secured by first charge on the fixed assets of sugar division and collateral security of fixed deposits of ₹ 795 lakhs of the company. Repayment schedule as below:

| Year    | Quarterly Instalments | Amount in Lacs. |
|---------|-----------------------|-----------------|
| 2016-17 | 3                     | 198.75          |
| 2017-18 | 4                     | 265.00          |
| 2018-19 | 4                     | 265.00          |
| 2019-20 | 1                     | 66.25           |

**Note 5 : DEFERRED TAX LIABILITIES (NET)**

(₹ in Lacs)

| Particulars  | As at<br>31.03.2016 | As at<br>31.03.2015 |
|--|---------------------|---------------------|
| <b>1. Deferred tax asset</b>                                 |                     |                     |
| Opening balance  | 28.02               | 13.73               |
| Add: On account of Income tax disallowances                  | 9.77                | 14.29               |
| Less: Reversed during the year                               | (2.85)              |                     |
| <b>Total</b>   | <b>34.95</b>        | 28.02               |
| <b>2. Deferred tax Liability</b>                             |                     |                     |
| Opening Balance  | 107.58              | 110.35              |
| Add: Depreciation  | (5.88)              | 0.75                |
| Less: Adjustment for Depreciation difference on Fixed assets | 0.00                | 3.52                |
|  | 101.70              | 107.57              |
| <b>Deferred tax Liabilities (Net)</b>                        | <b>66.75</b>        | 79.55               |



**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

**Note 6 : OTHER LONG TERM LIABILITIES**

(₹ in Lacs)

| Particulars                      | As at<br>31.03.2016 | As at<br>31.03.2015 |
|----------------------------------|---------------------|---------------------|
| Security Deposits from stockists | 12.98               | 13.43               |
| Other Liabilities                | 129.25              | 129.25              |
| <b>TOTAL</b>                     | <b>142.23</b>       | <b>142.68</b>       |

6.1. Other Liabilities represent liability to Late Sri S.R Kailash. The Company has filed a Petition in AP High Court against Arbitration award amounting to ₹ 129.25 lacs given in favour of Late Sri S. R. Kailash and pending decision of the AP High court, the same is retained in Fixed deposit with Andhra Bank.

**Note 7 : LONG TERM PROVISIONS**

Provision for Employees Benefits

|                  |               |               |
|------------------|---------------|---------------|
| Gratuity         | 181.58        | 194.65        |
| Leave Encashment | 10.93         | 7.68          |
| <b>TOTAL</b>     | <b>192.51</b> | <b>202.33</b> |

**Note 8: SHORT TERM BORROWINGS**

Unsecured Loans From Related Parties - Directors

|              |                |                |
|--------------|----------------|----------------|
|              | -              | 468.61         |
| From Banks   | 1991.14        | 2202.18        |
| <b>TOTAL</b> | <b>1991.14</b> | <b>2670.79</b> |

8.1 During the year the Company has taken loan from Andhra bank and State bank of India against fixed deposits of the company at an Interest rate of 8.25%.

**Note 9 : TRADE PAYABLES**

Dues to Micro and Small Enterprises

|              |                |               |
|--------------|----------------|---------------|
|              | -              | -             |
| Others       | 2270.49        | 900.62        |
| <b>TOTAL</b> | <b>2270.49</b> | <b>900.62</b> |

9.1 There are no transactions with Micro and Small Enterprises, hence disclosures are not given as required under MSMED Act, 2006.

**NOTE 10 : OTHER CURRENT LIABILITIES**

|                                      |                |               |
|--------------------------------------|----------------|---------------|
| Current maturities of Longterm debts | 198.75         | 0.00          |
| Sales tax deferred                   | 7.45           | 0.00          |
| Unclaimed Dividend                   | 43.60          | 38.83         |
| Statutory & Other Liabilities        | 2414.90        | 816.57        |
| <b>TOTAL</b>                         | <b>2664.70</b> | <b>855.40</b> |



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

10.1 Statutory liabilities represent amounts payable towards Excise Duty, Service Tax, Sales tax/VAT and Tax Deducted at Source.

10.2 The Company filed an appeal before the Hon'ble High Court of Judicature of Telangana and Andhra Pradesh vide W.P. no.20536 of 2009 for levy of Duty at ₹ 0.25 per unit of captive consumption of the electricity generated by the company. The appeal was dismissed by the Hon'ble High Court of Judicature of Telangana and Andhra Pradesh. Hence, a provision of ₹ 1265 lakhs is made in the books of accounts during the year forming part of Statutory Liabilities.

**Note 11 : SHORT TERM PROVISIONS**

**(₹ in Lacs)**

| Particulars                        | As at<br>31.03.2016 | As at<br>31.03.2015 |
|------------------------------------|---------------------|---------------------|
| Provision for Leave Encashment (i) | -                   | 3.63                |
| Provision for Tax (ii)             | 774.72              | 3899.48             |
| Advance Tax Paid (iii)             | 712.00              | 3775.33             |
| TDS & TCS (iv)                     | 48.84               | 35.17               |
| Net Tax Payable (ii-iii-iv)=v      | 13.88               | 88.98               |
| Dividend & Dividend Tax (vi)       | 252.62              | 252.62              |
| <b>Total (i+v+vi)</b>              | <b>266.51</b>       | <b>345.23</b>       |



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## **Note 12 : FIXED ASSETS TANGIBLE**

(₹ in Lacs)

| DESCRIPTION          | GROSS BLOCK         |                |                | DEPRECIATION |                     |                 | NET BLOCK           |                     |                     |
|----------------------|---------------------|----------------|----------------|--------------|---------------------|-----------------|---------------------|---------------------|---------------------|
|                      | AS AT<br>01.04.2015 | ADDI-<br>TIONS | DELE-<br>TIONS | 31.03.2016   | AS AT<br>01.04.2015 | For the<br>Year | Up to<br>31.03.2016 | AS AT<br>31.03.2016 | AS AT<br>31.03.2015 |
| CEMENT DIVISION      |                     |                |                |              |                     |                 |                     |                     |                     |
| FREEHOLD LAND        | 101.23              | -              | -              | 101.23       | -                   | -               | 0.00                | 101.23              | 101.23              |
| BUILDINGS            | 594.92              | -              | -              | 594.92       | 258.31              | 10.40           | 268.71              | 326.21              | 336.61              |
| PLANT & EQUIPMENTS   | 6785.72             | 53.52          | -              | 6839.24      | 5334.85             | 69.51           | 5404.36             | 1434.88             | 1450.87             |
| OTHER EQUIPMENT      | 147.52              | -              | -              | 147.52       | 139.26              | 1.54            | 140.80              | 6.72                | 8.26                |
| FURNITURE & FIXTURES | 18.78               | -              | -              | 18.78        | 17.36               | 0.09            | 17.45               | 1.33                | 1.42                |
| OFFICE EQUIPMENT     | 11.84               | 1.11           | -              | 12.95        | 7.52                | 1.80            | 9.32                | 3.63                | 4.32                |
| VEHICLES             | 60.91               | 18.57          | 19.17          | 60.31        | 53.69               | 7.10            | 18.72               | 18.24               | 7.22                |
| TOTAL                | 7720.92             | 73.20          | 19.17          | 7774.95      | 5810.98             | 90.44           | 5882.70             | 1892.25             | 1909.94             |
| SUGAR DIVISION       |                     |                |                |              |                     |                 |                     |                     |                     |
| FREEHOLD LAND        | 156.82              | -              | -              | 156.82       | -                   | -               | 0.00                | 156.82              | 156.82              |
| BUILDINGS            | 2211.47             | -              | -              | 2211.47      | 1087.75             | 57.07           | 1144.82             | 1066.65             | 1123.72             |
| PLANT & EQUIPMENTS   | 3978.18             | -              | -              | 3978.18      | 3129.03             | 32.72           | 3161.75             | 816.43              | 849.15              |
| OTHER EQUIPMENT      | 88.26               | -              | -              | 88.26        | 87.27               | -               | 87.27               | 0.99                | 0.99                |
| FURNITURE & FIXTURES | 12.15               | -              | -              | 12.15        | 11.55               | -               | 11.55               | 0.60                | 0.60                |
| OFFICE EQUIPMENT     | 45.62               | -              | -              | 45.62        | 43.35               | -               | 43.35               | 2.27                | 2.27                |
| VEHICLES             | 67.51               | -              | -              | 67.51        | 50.25               | 1.86            | 52.10               | 15.41               | 17.26               |
| TOTAL                | 6560.01             | 0.00           | -              | 6560.01      | 4409.20             | 91.65           | 4500.84             | 2059.17             | 2150.81             |
| POWER DIVISION       |                     |                |                |              |                     |                 |                     |                     |                     |
| FACTORY BUILDINGS    | 442.22              | -              | -              | 442.22       | 181.14              | 13.58           | 194.72              | 247.50              | 261.07              |
| PLANT & EQUIPMENTS   | 4574.66             | 0.00           | -              | 4574.66      | 2929.33             | 52.26           | 2981.59             | 1593.07             | 1645.33             |
| TOTAL                | 5016.88             | 0.00           | -              | 5016.88      | 3110.47             | 65.84           | 3176.31             | 1840.57             | 1906.40             |
| GRAND TOTAL          | 19297.81            | 73.20          | 19.17          | 19351.84     | 13330.65            | 247.92          | 13559.85            | 5792.00             | 5967.16             |
| PREVIOUS YEAR        | 19204.42            | 93.40          | 0.00           | 19297.81     | 13072.38            | 247.40          | 13330.65            | 5967.16             | 6132.03             |



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**Note 13 : NON-CURRENT INVESTMENTS**

**(₹ in Lacs)**

| <b>Particulars</b>  | <b>As at<br/>31.03.2016</b> | <b>As at<br/>31.03.2015</b> |
|---|-----------------------------|-----------------------------|
| <b>Long term - Quoted</b>   |                             |                             |
| Investments in Equity Instruments of Andhra Bank<br>5,631 Equity Shares of ₹ 10/- each Face Value | <b>5.07</b>                 | 5.07                        |
| <b>TOTAL</b>  | <b>5.07</b>                 | <b>5.07</b>                 |
| 13.1. Aggregate market value of Quoted Investments<br>₹ 2.95 Lakhs (P.Y 4.45 Lakhs).              |                             |                             |

**Note 14 : LONGTERM LOANS AND ADVANCES**

**Unsecured considered good**

|  |                |               |
|--|----------------|---------------|
| a) Deposits - Government (i)               | <b>133.24</b>  | 132.27        |
| b) Deposits - Others(ii)                   | <b>10.93</b>   | 69.22         |
| Advance Tax (iii)                          | <b>4747.91</b> |               |
| Less: Provision for Tax-Earlier Years (iv) | <b>3899.48</b> |               |
| Net Advance Tax balance (iii-iv)=v         | <b>848.43</b>  |               |
| <b>TOTAL (i+ii+v)</b>                      | <b>992.61</b>  | <b>201.49</b> |

**Note 15 : INVENTORIES**

**(Valued at lower of cost or net realizable value)**

|                               |                 |                 |
|-------------------------------|-----------------|-----------------|
| Finished Goods                | <b>9841.59</b>  | 8869.30         |
| Work-in-Progress              | <b>296.03</b>   | 217.62          |
| Raw Materials                 | <b>36.25</b>    | 29.02           |
| Banked Energy                 | <b>260.39</b>   | 418.56          |
| Packing Materials             | <b>28.96</b>    | 22.90           |
| Stores Spares and Consumables | <b>848.11</b>   | 558.98          |
| <b>TOTAL</b>                  | <b>11311.33</b> | <b>10116.38</b> |

**Note 16 : TRADE RECEIVABLES**

**Unsecured, considered good from the Due Date**

|                  |                |                |
|------------------|----------------|----------------|
| Over six months  | <b>1254.98</b> | 718.36         |
| Debtors - Others | <b>247.05</b>  | 334.34         |
| <b>TOTAL</b>     | <b>1502.03</b> | <b>1052.70</b> |

**Note 17 : CASH AND BANK BALANCES**

|   |                |                |
|---|----------------|----------------|
| Balances with banks in Current Accounts | <b>620.22</b>  | 311.55         |
| Balances with banks in Deposit Accounts | <b>6462.06</b> | 3984.31        |
| Cash on hand                            | <b>17.71</b>   | 13.39          |
| <b>TOTAL</b>                            | <b>7099.99</b> | <b>4309.25</b> |

**17.1. Balances with banks in Current Accounts includes-**

|                    |              |       |
|--------------------|--------------|-------|
| Unclaimed dividend | <b>43.60</b> | 38.83 |
|--------------------|--------------|-------|

During the year, the company has transferred unclaimed dividend of ₹ 0.89 Lakhs pertaining to the financial year 2007-08 to the investor education protection fund on expiry of seven years.





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**17.2. Balances with banks in Deposit Accounts includes-**

(₹ in Lacs)

| Particulars                              | 31.03.2016 | 31.03.2015 |
|--|------------|------------|
| FDs pledged against Temporary OD         | 3,598.09   | 3,598.09   |
| FDs pledged against SEFASU Term Loan     | 844.23     | 874.23     |
| FDs with morethan twelve months maturity | 2,283.81   | 2,283.81   |
| Margin Money against Bank Guarantee      | 83.00      | 81.50      |

**Note 18 : SHORT TERM LOANS & ADVANCES**

(₹ in Lacs)

| Particulars                         | As at<br>31.03.2016 | As at<br>31.03.2015 |
|-------------------------------------|---------------------|---------------------|
| <b>Unsecured Considered good</b>    |                     |                     |
| Advances towards Goods and Services | 304.18              | 1249.22             |
| Employees Advances                  | 1.95                | 2.75                |
| Other Advances                      | 1006.11             | 1173.01             |
| Prepaid Expenses.                   | 8.62                | 18.55               |
| Interest Accrued on Deposits        | 206.92              | 117.20              |
| <b>TOTAL</b>                        | <b>1527.78</b>      | <b>2560.73</b>      |

18.1. Other Advances include Income tax paid under protest during AY 2007-08 amounting to ₹ 602.10 Lacs (PY 602.10 Lacs) and Sales tax paid under protest amounting to ₹ 200.54 Lakhs (PY 200.54 Lacs)

**Note 19 : REVENUE FROM OPERATIONS**

(₹ in Lacs)

| Particulars                            | Year ended<br>31.03.2016 | Year ended<br>31.03.2015 |
|--|--------------------------|--------------------------|
| <b>Revenue from operations</b>         |                          |                          |
| Sale of products (Gross)               | 22919.26                 | 17047.61                 |
| Less: Excise Duty                      | 1883.37                  | 1587.42                  |
| Revenue from operations (Net)          | 21035.89                 | 15460.19                 |
| <b>19.1 : Details of products sold</b> |                          |                          |
| Cement                                 | 9142.09                  | 9218.23                  |
| Sugar                                  | 10429.19                 | 4016.82                  |
| Power                                  | 1464.61                  | 2225.14                  |
| <b>TOTAL</b>                           | <b>21035.89</b>          | <b>15460.19</b>          |

**Note 20 : OTHER INCOME**

|                 |               |               |
|-----------------|---------------|---------------|
| Interest Income | 579.83        | 197.60        |
| Sale of Flyash  | 0.23          | 38.04         |
| Sale of scrap   | 0.68          | 8.48          |
| Misc. Income    | 24.76         | 16.09         |
| <b>TOTAL</b>    | <b>605.51</b> | <b>260.21</b> |

**20.1** Interest income represents Interest on Fixed Deposits and Interest on Eletricity Deposits



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**Note 21 : COST OF MATERIALS CONSUMED**

**(₹ in Lacs)**

| <b>Particulars</b>     | <b>Year ended<br/>31.03.2016</b> | <b>Year ended<br/>31.03.2015</b> |
|------------------------|----------------------------------|----------------------------------|
| <b>Cement Division</b> |                                  |                                  |
| - Limestone            | 460.60                           | 460.83                           |
| - Gypsum               | 180.14                           | 189.47                           |
| - Others               | 117.28                           | 134.80                           |
| <b>Sugar Division</b>  |                                  |                                  |
| - Sugar Cane           | 9218.86                          | 6166.83                          |
| <b>TOTAL</b>           | <b>9976.89</b>                   | <b>6951.93</b>                   |

**Note 22 : CHANGES IN INVENTORIES**

**Finished Goods**

|               |          |         |
|---------------|----------|---------|
| Closing Stock | 10101.98 | 9287.86 |
| Opening Stock | 9287.86  | 6785.65 |
| (A)           | 814.11   | 2502.21 |

**Work in Progress**

|                     |        |          |
|---------------------|--------|----------|
| Closing Stock - WIP | 296.03 | 217.62   |
| Opening Stock - WIP | 217.62 | 320.43   |
| (B)                 | 78.41  | (102.81) |

**Changes in inventories (A+B)**

**(892.52) (2399.40)**

**Details of Closing Inventory**

**Finished Goods**

|                  |                  |                 |
|------------------|------------------|-----------------|
| Cement           | 35.60            | 53.69           |
| Sugar            | 9,805.98         | 8,815.61        |
| Banked Energy    | 260.39           | 418.56          |
| <b>Total (i)</b> | <b>10,101.98</b> | <b>9,287.86</b> |

**Work in Progress**

|                     |                  |                 |
|---------------------|------------------|-----------------|
| Cement (ii)         | 296.03           | 217.62          |
| <b>Total (i+ii)</b> | <b>10,398.01</b> | <b>9,505.49</b> |

**Details of Opening Inventory**

**Finished Goods**

|                  |                 |                 |
|------------------|-----------------|-----------------|
| Cement           | 53.69           | 61.69           |
| Sugar            | 8,815.61        | 6,596.93        |
| Banked Energy    | 418.56          | 127.03          |
| <b>Total (i)</b> | <b>9,287.86</b> | <b>6,785.65</b> |

**Work in Progress**

|                     |                 |                 |
|---------------------|-----------------|-----------------|
| Cement (ii)         | 217.62          | 320.43          |
| <b>Total (i+ii)</b> | <b>9,505.49</b> | <b>7,106.08</b> |

**Note 23 : EMPLOYEE BENEFITS**

|                                |                |                |
|--------------------------------|----------------|----------------|
| Salaries, Wages and Bonus      | 1625.01        | 1578.82        |
| Contribution to Provident fund | 55.70          | 55.19          |
| Staff Welfare Expenses         | 120.22         | 114.78         |
| <b>TOTAL</b>                   | <b>1800.93</b> | <b>1748.79</b> |

23.1 As per Accounting Standard 15, 'Employee Benefits', the discloser as defined in the Accounting Standard are given in Note No. 30



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**Note 24 : FINANCE COST**

(₹ in Lacs)

| Particulars      | Year ended<br>31.03.2016 | Year ended<br>31.03.2015 |
|------------------|--------------------------|--------------------------|
| Interest expense | 158.89                   | 81.07                    |
| Bank Charges     | 1.51                     | -                        |
| <b>TOTAL</b>     | <b>160.41</b>            | <b>81.07</b>             |

**Note 25 : OTHER EXPENSES**

|   |                |                |
|---|----------------|----------------|
| Consumption of Stores & Spare Parts               | 793.14         | 720.26         |
| Cost of packing materials consumed                | 525.60         | 596.65         |
| Power & Fuel                                      | 5012.34        | 5085.47        |
| Repairs to Buildings                              | 5.85           | 1.12           |
| Repairs to Machinery                              | 46.52          | 23.73          |
| Repairs to Others                                 | 43.36          | 72.69          |
| Other Manufacturing Expenses                      | 238.71         | 138.90         |
| Excise Duty on Increase/(Decrease) in Inventories | (3.20)         | 104.89         |
| Advertisement and sales promotion                 | 43.10          | 18.94          |
| Other selling expenses                            | 166.63         | 63.03          |
| Donations   | 37.30          | 58.01          |
| Contribution towards CSR(*)                       | 30.33          | 11.43          |
| Bad debts Written Off                             | 0.00           | 0.13           |
| Travelling Expenses                               | 47.75          | 39.20          |
| Communication Expenses                            | 8.81           | 8.54           |
| Printing & Stationary                             | 5.96           | 6.95           |
| Legal & Professional Expenses                     | 7.82           | 3.66           |
| Fire & General Insurance                          | 14.71          | 7.54           |
| Rents and Rates & Taxes                           | 92.60          | 76.55          |
| Audit Fee   | 6.05           | 4.65           |
| Books & Periodicals                               | 1.37           | 0.75           |
| Other Expenses                                    | 242.71         | 300.53         |
| <b>TOTAL</b>                                      | <b>7367.44</b> | <b>7343.62</b> |

(\*) Gross amount required to be spent by the company during the year is ₹ 33.69 Lacs, and the amount spent during the year is as follows:

| Particulars                           | Paid in cash | Balance to be spent<br>as on 31.03.2016 |
|---------------------------------------|--------------|---|
| 1. Construction/acquisition of assets | 27.33        | -                                       |
| 2. For purposes other than (1) above  | 3.00         | 3.36                                    |

**Note 25.1: PAYMENT TO AUDITOR IS A PART OF MISCELLANEOUS EXPENSES WHICH IS INCLUDED IN NOTE NO.25**

**As Auditor**

|                                       |             |             |
|---------------------------------------|-------------|-------------|
| For Statutory Audit (Includes I.F.C.) | 3.90        | 3.00        |
| For Tax Audit                         | 0.95        | 0.65        |
| For Quarterly review                  | 1.20        | 1.00        |
| <b>TOTAL</b>                          | <b>6.05</b> | <b>4.65</b> |



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

## **Note.26. EARNINGS PER SHARE (EPS)**

**(₹ in Lacs)**

| <b>Particulars</b>   | <b>Year ended<br/>31.03.2016</b> | <b>Year ended<br/>31.03.2015</b> |
|--|----------------------------------|----------------------------------|
| The following reflects the profit and share data used in the basic and diluted EPS computations: |                                  |                                  |
| Profit after tax   | <b>2218.42</b>                   | 1411.00                          |
| Weighted average number of equity shares in calculating basic EPS                                | <b>77.74</b>                     | 77.74                            |
| Weighted average number of equity shares in calculating Diluted EPS                              | <b>77.74</b>                     | 77.74                            |
| Basic Earnings per Share (₹)   | <b>28.54</b>                     | 18.15                            |
| Diluted Earnings per Share (₹)   | <b>28.54</b>                     | 18.15                            |

## **Note 27 : RELATED PARTY DISCLOSURES**

### **i) Key management personnel:**

|                     |  |
|---------------------|--|
| Sri P.Venkateswarlu | Managing Director. (upto 11.01.2016)       |
| Sri P.Veeraiah      | Joint Managing Director (Up to 02.02.2016) |
| Sri P.Veeraiah      | Managing director (w.e.f.,03.02.2016).     |
| Sri B K Prasad      | General Manager & Company Secretary        |
| Sri M Bhavani Dattu | Chief Financial Officer                    |

### **ii) Relatives of key management personnel:**

|             |                             |
|-------------|-----------------------------|
| P.Samrajyam | Wife of Sri P.Venkateswarlu |
|-------------|-----------------------------|

### **iii) Enterprise in which key management personnel and their relatives have control:**

|   |
|---|
| Standard Construction Co. (Partnership Firm)                    |
| Kakatiya Finance and Leasing Company Pvt Limited (KFL (P) Ltd.) |

### **iv) Aggregated Related Party Disclosures:**

**(₹ in Lacs)**

| <b>Nature of Transaction</b> | <b>Key Management personnel</b> | <b>Relatives of Key Management personnel</b> | <b>Enterprises Controlled By relatives of key management personnel</b> | <b>Total</b>       |
|------------------------------|---------------------------------|--|--|--------------------|
| Remuneration                 | 223.89<br>(213.74)              | -<br>-                                       | -<br>-   | 223.89<br>(213.74) |
| Rent Paid                    |                                 | 26.40<br>(26.40)                             | -<br>-   | 26.40<br>(26.40)   |
| Truck hire charges           |                                 |  | 2.16<br>(23.16)  | 2.16<br>(23.16)    |

\*Figures in bracket represent previous year's figures.



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**Details of material Related Party transactions:**

**(₹ in Lacs)**

| Particulars  | 2015-16 | 2014-15 |
|--|---------|---------|
| <b>A) Key Managerial Persons</b>   |         |         |
| <b>i) Remuneration</b>   |         |         |
| Sri P.Venkateswarlu  | 101.77  | 119.29  |
| Sri P.Veeraiah   | 104.81  | 74.24   |
| Sri B K Prasad   | 7.57    | 0.00    |
| Sri M Bhavani Dattu  | 9.74    | 9.64    |
| Sri R Ramakrishna  | 0.00    | 10.57   |
| <b>ii) Rent Paid</b>   |         |         |
| Sri P.Veeraiah   | 24.00   | 24.00   |
| <b>B) Relatives of Key Managerial Personnel</b>  |         |         |
| Smt P.Samrajyam  | 2.40    | 2.40    |
| <b>C) Enterprise in which key management personnel<br/>and their relatives have control:</b> |         |         |
| Standard Construction Co. (Partnership Firm)   | 2.16    | 23.16   |

**Note 28 : EMPLOYEE BENEFITS**

As per Accounting Standard 15 "Employee Benefits", the disclosures as defined in the Accounting Standard are given below

**Defined Benefit plans:**

The company operates post retirement gratuity plan with LIC. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The Company has determined the leave encashment provision based on independent actuary.

**a) Gratuity - Disclosures as per AS 15:**

**(₹ in Lacs)**

| Particulars  | Year ended<br>31.03.2016 | Year ended<br>31.03.2015 |
|--|--------------------------|--------------------------|
| <b>1 Changes in the Present Value of Obligation</b>      |                          |                          |
| Present value of obligations as at beginning of the year | 174.80                   | 174.25                   |
| Interest Cost  | 13.98                    | 13.94                    |
| Current Service cost                                     | 9.38                     | 8.72                     |
| Benefits paid  | (50.82)                  | (9.97)                   |
| Actuarial (gain)/loss on obligations                     | 34.82                    | (12.14)                  |
| Present value of obligations as at end of year           | 182.16                   | 174.80                   |
| <b>2 Changes in Fair value of plan assets</b>            |                          |                          |
| Fair value of plan assets at beginning of the year       | 56.01                    | 46.57                    |
| Expected return on plan assets                           | 3.65                     | 3.86                     |

(Contd.)



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**Gratuity - Disclosures as per AS 15 (Contd.)**

**(₹ in Lacs)**

| <b>Particulars</b>  | <b>Year ended<br/>31.03.2016</b> | <b>Year ended<br/>31.03.2015</b> |
|---|----------------------------------|----------------------------------|
| Contributions   | 49.75                            | 15.57                            |
| Benefits paid   | (29.70)                          | (9.97)                           |
| Actuarial gain/(loss) on plan assets                                      | -                                | -                                |
| Fair value of plan assets at the end of year                              | 79.71                            | 56.03                            |
| <b>3 Assets recognized in the Balance Sheet</b>                           |                                  |                                  |
| Present value of obligations as at the end of the year                    | 182.16                           | 174.80                           |
| Fair value of plan assets as at the end of the year                       | 79.71                            | 56.03                            |
| Funded status   |                                  | -                                |
| Net asset/(liability) recognized in balance sheet<br>(Refer Note below)   | 102.45                           | 118.77                           |
| Note: The Company has gratuity provision of ₹ 208.66 lacs as on 31.3.2014 |                                  |                                  |
| <b>4 Assumptions</b>  |                                  |                                  |
| Discount Rate   | 8%                               | 8%                               |
| Salary Escalation   | 4%                               | 4%                               |
| <b>b) Leave Encashment - Disclosures as per AS 15:</b>                    |                                  |                                  |
| <b>1 Changes in the Present Value of Obligation</b>                       |                                  |                                  |
| Present value of obligations as at beginning of year                      | 11.30                            | 10.24                            |
| Interest cost   | 0.91                             | 0.82                             |
| Current Service cost  | 0.13                             | 0.32                             |
| Benefits paid   | (3.71)                           | -                                |
| Actuarial (gain)/loss on obligations                                      | 2.22                             | (0.07)                           |
| Present value of obligations as at end of year                            | 10.85                            | 11.30                            |
| <b>2 Assets recognized in the Balance Sheet</b>                           |                                  |                                  |
| Present value of obligations as at the end of year                        | 10.85                            | 11.30                            |
| Fair value of plan assets as at the end of the year                       | -                                | -                                |
| Funded status   | (10.85)                          | (11.30)                          |
| Net asset/(liability) recognized in balance sheet                         | (10.85)                          | (11.30)                          |
| <b>3 Expenses recognized in the Statement of Profit &amp; Loss</b>        |                                  |                                  |
| Current service cost  | 0.13                             | 0.32                             |
| Interest cost   | 0.91                             | 0.82                             |
| Expected return on plan assets  | -                                | -                                |
| Net Actuarial (gain)/loss recognized in the year                          | 2.22                             | (0.07)                           |
| Expenses recognized in statement of profit and loss                       | 3.26                             | 1.06                             |
| <b>4 Assumptions</b>  |                                  |                                  |
| Discount Rate   | 8%                               | 8%                               |
| Salary Escalation   | 4%                               | 4%                               |



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

## **Note 29 : CONSUMPTION OF RAW MATERIALS AND OTHER MATERIALS**

| Particulars   | Year ended 31.03.2016 |     | Year ended 31.03.2015 |     |
|---|-----------------------|-----|-----------------------|-----|
|   | ₹ in Lacs             | %   | ₹ in Lacs             | %   |
| <b>a) Raw Materials</b>   |                       |     |                       |     |
| i) Imported   | -                     | -   | -                     | -   |
| ii) Indigenous  | 9,976.89              | 100 | 6,951.93              | 100 |
| <b>TOTAL</b>  | 9,976.89              | 100 | 6,951.93              | 100 |
| <b>b) Components, Spares, Consumables &amp; Packing Materials</b> |                       |     |                       |     |
| i) Imported   | -                     | -   | -                     | -   |
| ii) Indigenous  | 1,318.73              | 100 | 1,316.91              | 100 |
| <b>TOTAL</b>  | 1,318.73              | 100 | 1,316.91              | 100 |

## **Note: 30. Provisions, Contingent Liabilities and Contingent Assets:**

Disclosures required by AS-29 "Provisions, Contingent Liabilities & Contingent Assets"

- Disputes with regard to Power purchase Tariff and PLF with regard to sale of power to APTRANSCO amounting to ₹ 1772.05 lakhs, out of which ₹ 1042.27 lakhs was considered as income, matter is pending before APERC.
- Claims against the company by APCPDCL/APSPDCL amounting to ₹ 907.41 lakhs towards wheeling charges for energy wheeled from company's bagasse based co-generation unit to cement division for which writ petition was filed in the High Court of Judicature of Telangana and Andhra Pradesh and the stay was obtained.
- For the Asst. years 1999-00, 2000-01 and 2001-02 Income tax paid ₹ 123.98 lakhs under protest against the demand of ₹ 136.40 lakhs towards disallowance of un-absorbed depreciation / losses. The matter is pending in appeal before the High Court of Judicature of Telangana and Andhra Pradesh.
- For the Asst. Year 2010-11 and 2011-12 there was a demand of ₹ 64.45 lakhs and ₹ 120.68 lakhs towards denial of exemption u/s. 80-IA to Company's Power Division and other disallowances in Sugar and Cement Divisions. The matter is pending before CIT (Appeals).
- Sales tax paid under protest for the Asst. years 2001-02, 2002-03 of ₹ 188.56 lakhs against a demand of ₹ 188.56 lakhs regarding disputed sales tax on Molasses sales. The matter is under appeal before the High Court of Andhra Pradesh.
- The Company has paid ₹ 1.00 crore as per the directions of Hon'ble High Court against demand of ₹ 850.22 lakhs from the forest department towards Net Present Value (NPV) in respect of diverted forest land for renewal of Mining lease under Forest (Conservation) Act, 1980. The matter is pending in appeal before the High Court of Andhra Pradesh.





# KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

## Note 31 : SEGMENT REPORTING

(₹ In Lacs)

|  | Year ended 31.03.2016 |                 |                |                 | Year ended 31.03.2015 |                |                |                 |
|--|-----------------------|-----------------|----------------|-----------------|-----------------------|----------------|----------------|-----------------|
| Particulars                                | Cement                | Sugar           | Power          | Consolidated    | Cement                | Sugar          | Power          | Consolidated    |
| <b>PRIMARY DISCLOSURES</b>                 |                       |                 |                |                 |                       |                |                |                 |
| <b>Segment Revenue</b>                     |                       |                 |                |                 |                       |                |                |                 |
| External Revenue                           | 9142.09               | 10429.19        | 1464.61        | 21035.89        | 9218.23               | 4019.70        | 2222.26        | 15460.19        |
| Inter-Segment Revenue                      | -                     | 1,261.81        | 3,130.15       | 4391.96         | -                     | 802.64         | 3010.96        | 3813.60         |
| <b>Total Revenue</b>                       | <b>9142.09</b>        | <b>11691.00</b> | <b>4594.76</b> | <b>25427.85</b> | <b>9218.23</b>        | <b>4822.34</b> | <b>5233.22</b> | <b>19273.79</b> |
| <b>Segment Result</b>                      |                       |                 |                |                 |                       |                |                |                 |
| Segment result                             | 881.09                | (255.57)        | 1909.71        | 2535.23         | 1574.79               | (1923.38)      | 1916.44        | 1567.85         |
| Interest Expenses                          | 23.17                 | 137.20          | 0.03           | 160.41          | 12.46                 | 68.61          | 0.00           | 81.07           |
| Interest & Other Income                    | 73.22                 | 176.43          | 355.86         | 605.51          | 92.77                 | 23.38          | 144.06         | 260.21          |
| Income Tax & Deferred Taxation             | 761.91                | 0.00            | 0.00           | 761.91          | 335.99                | -              | -              | 335.99          |
| Net Profit/(Loss) from ordinary activities | 169.23                | (216.35)        | 2265.54        | 2218.42         | 1319.11               | (1968.61)      | 2060.50        | 1411.00         |
| <b>OTHER INFORMATION</b>                   |                       |                 |                |                 |                       |                |                |                 |
| Segment Assets                             | 5,809.38              | 13,418.20       | 9,003.22       | 28230.81        | 8738.23               | 12256.47       | 6767.61        | 27762.31        |
| Segment Liabilities                        | 1,309.39              | 5,529.73        | 0.00           | 6839.12         | 5323.72               | 4508.47        | 0              | 9832.19         |
| Depreciation                               | 90.44                 | 91.65           | 65.84          | 247.92          | 86.19                 | 96.14          | 65.05          | 247.38          |

The Company accounts for intersegment sales and transfer at average Market Price.

## Note 32 : CLASSIFICATION

Previous Year figures have been regrouped wherever necessary to conform to current Year's groupings / classification.

As per our report of even date

for **M. ANANDAM & CO.**

**Chartered Accountants**

((Firm Regn. 000125S))

**A.V. Sadasiva**

**Partner**

M. No. 018404

Place : Hyderabad

Date : 25.05.2016

For and on behalf of the Board of Directors

**P. Veeraiah**

**Chairman & Managing Director**

**DIN: 00276769**

**M. Bhavani Dattu**  
**Chief Financial Officer**

**B K. Prasad**  
**General Manager & Company Secretary**





**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

CIN : L26942TG1979PLC002485  
1-10-140/1, "GURUKRUPA", Ashok Nagar,  
Hyderabad - 500 020.

**ATTENDANCE SLIP**

|                  |                      |
|------------------|----------------------|
| DPID No.* :      | No. of shares held : |
| Client ID No.* : | E-mail Id :          |

**NAME AND ADDRESS OF THE SHAREHOLDER**

I hereby record my presence at the 37th Annual General Meeting of the Company on Monday, September 26, 2016 at Shri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad - 500 020

Signature of Shareholder/proxy

\*Applicable for investors holding shares in electronic form.



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

CIN : L26942TG1979PLC002485  
1-10-140/1, "GURUKRUPA", Ashok Nagar,  
Hyderabad - 500 020.

**PROXY FORM**

Name of the member (s) :

Registered address :

E-mail Id :

Folio No/Client Id :

DP ID :

I / We being the member (s) of \_\_\_\_\_ shares of Kakatiya Cement Sugar & Industries Limited, hereby appoint:

1) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him

2) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_

And whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/ us and on my/our behalf at the 37th Annual General Meeting of the Company to be held on Monday, September 26, 2016 at 11.00 A.M. at Shri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad - 500 020 and at any adjournment thereof in respect of such Resolutions as are indicated.



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

| <b>Resolutions</b>  | <b>For</b> | <b>Against</b> |
|---|------------|----------------|
| 1. Audited Financial Statements, Reports of the Board of Directors and Auditors for the year ended 31st March, 2016.            |            |                |
| 2. Declaration of Dividend on Equity Shares   |            |                |
| 3. To appoint a Director in place of Shri J S Rao who retires by rotation and being eligible offers himself for re-appointment. |            |                |
| 4. Appointment of Statutory Auditors and to fix their remuneration.   |            |                |
| 5. To appoint Smt. M Vara Lakshmi as a Director, liable to retire by rotation.  |            |                |
| 6. Ratification of remuneration payable to M/s. Narasimha Murthy & Co., Cost Accountants, who are Cost Auditors of the Company. |            |                |
| 7. Alteration of Articles of Association.   |            |                |
| 8. Appointment of Shri P Veeraiah to the position of Chairman and Managing Director and terms of appointment.                   |            |                |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

Signature of shareholder \_\_\_\_\_

Signature of proxy holder (s)

Affix One Rupee  
Revenue  
Stamp

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. Shareholder/Proxy holder, as the case may be, is requested to sign and hand over this slip at the entrance of the Meeting venue.
3. Members are requested to advise change of their address, if any, to the Company at the above address.

**Members who have not dematerialized their holdings are requested to do so at the earliest in compliance with the requirements of SEBI.**

**NO GIFTS/ COMPLIMENTS WILL BE DISTRIBUTED AT THE MEETING**

**By Courier**

If undelivered, please return to:



**KAKATIYA CEMENT SUGAR &  
INDUSTRIES LIMITED**

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

CIN No. L26942TG1979PLC002485

Website: [www.kakatiyacements.com](http://www.kakatiyacements.com)

Phone: 040-27637717