

# 39<sup>th</sup> Annual Report 2017 - 18



**KAKATIYA CEMENT  
SUGAR & INDUSTRIES LTD.**



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED**

**BOARD OF DIRECTORS:**

- |                           |                                   |
|---------------------------|-----------------------------------|
| 1) Shri P Veeraiah        | Chairman & Managing Director      |
| 2) Shri J S Rao           | Director                          |
| 3) Shri C Madhusudana Rao | Director (Resigned on 24.07.2017) |
| 4) Shri T R C Bose        | Director                          |
| 5) Shri B V Subbaiah      | Director                          |
| 6) Shri K Venkat Rao      | Director                          |
| 7) Smt M Varalakshmi      | Woman Director                    |

**SENIOR EXECUTIVES**

- |                           |                                       |
|---------------------------|---------------------------------------|
| 1) Dr. P Anuradha         | Chief Executive Officer               |
| 2) Shri B K Prasad        | General Manager and Company Secretary |
| 3) Shri M Bhavani Dattu   | Chief Financial Officer               |
| 4) Shri D G K Raju        | President (Cement works)              |
| 5) Shri Ramaswamy Ettikan | Vice President (Sugar works)          |

**AUDITORS**

M/s. Ramanantham & Rao.,  
Chartered Accountants,  
Kala Mansion, S.D. Road,  
P.B. No. 2102, Flat No. 302,  
SECUNDERABAD – 500003

**COST AUDITORS**

M/s. Narasimha Murthy & Co.,  
Cost Accountants,  
3-6-365, 104 & 105, Pavani Estates,  
Y.V. Rao Mansion,  
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.  
Phone No. 040-27637717

**REGISTRARS**

**XL SOFTECH Systems Limited,**  
3, Sagar Society, Road No.2, Banjara Hills,  
HYDERABAD-500034.  
Ph. No. 040-23545915

**FACTORIES**

**CEMENT:**

Dondapadu Village  
Chintalapalem Mandal  
Suryapet Dist. Telangana State

**SUGAR & POWER:**

Peruvancha Village  
Kallur Mandal  
Khammam Dist. Telangana State



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

### **NOTICE:**

Notice is hereby given that the 39<sup>th</sup> Annual General Meeting of the Company is scheduled to be held on Thursday the 20<sup>th</sup> September, 2018 at 3.00 PM 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 31<sup>st</sup> March 2018 including the Audited Balance Sheet as at 31<sup>st</sup> March, 2018 and 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 31<sup>st</sup> March 2018.
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 offers himself for re-appointment be and is hereby re-appointed as a Director of the company, liable to retire by rotation”.

#### **Special Business:**

4. To consider and, if though fit, to pass with or without modifications, the following Resolution as a **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, and pursuant to the recommendation of the Nomination and Remuneration Committee and that of the Board, the consent of the members of the Company be and is hereby accorded for Re-appointment of Shri P Veeraiah as Chairman and Managing Director of the Company for a period of five years with effect from 1<sup>st</sup> December, 2018 on the following terms and conditions:-

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

(The Resolution portion in respect of remuneration payable to the Managing Director is for a period of 3 years in case the remuneration is paid in accordance with Schedule V and other related provisions of the Companies Act, 2013)

- 1) **Salary:** ₹ 7,00,000 (Rupees Seven lacs only) per month (annual increments to be decided by the Board)
- 2) **Commission:** 2% of Commission (in addition to salary and perquisites) calculated with reference to the net profits of the Company for each financial year which shall not exceed the ceiling laid down in section 197 of the Companies Act, 2013.
- 3) Leave Travel Allowance for self and family equivalent to one month's salary in a year.

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

- a) House Rent Allowance : 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.
- b) Provident Fund and Gratuity:
  - i. Company's contribution to Provident fund and superannuation fund shall be as per the provisions of Employees Provident Funds and Miscellaneous Provisions Act, 1952.
  - ii. Gratuity shall be paid as per the Payment of Gratuity Act or Company's Gratuity scheme whichever is higher



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**C. Other Perquisites:**

- i. 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 a ceiling of 10% of the salary of the Managing Director.
- ii. Personnel Accident Insurance shall not exceed ₹ 10,000/- per annum.
- iii. Re-imbursement of all Medical expenses incurred for self and family.
- iv. Provision of car with driver for use on Company's business and telephone facility at residence.
- v. club Fee:- Fee of clubs subject to a 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.

**D. Minimum Remuneration :**

Where in any financial year during the currency of the tenure, the Company has no profits or its profits are inadequate, the Company shall pay remuneration by way of salary, perquisites and commission 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.

5. 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 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, the remuneration payable to M/s Narasimha Murthy, 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 31<sup>st</sup> March, 2019 amounting to ₹ 1.45 lacs together with the applicable taxes and reimbursement of out of pocket expenses incurred in connection with the aforesaid audit be and is hereby ratified and confirmed".

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

Place : Hyderabad  
Date : 25<sup>th</sup> May, 2018

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



## **NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll only instead of himself/herself. Such proxy need not be a member of the company. 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 14<sup>th</sup> September, 2018 to 20<sup>th</sup> September, 2018 (both days inclusive) in connection with Annual general Meeting and Dividend payment.
8. The relevant details, as required under the Listing Regulations, in respect of a person 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 13<sup>th</sup> September, 2018. 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 13<sup>th</sup> September, 2018. The Dividend will be paid on or before 19<sup>th</sup> October, 2018.
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 of 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 31<sup>st</sup> March 2010. The amount of unclaimed dividend for the financial year ended 31<sup>st</sup> March 2011 will be transferred to the Investors Education and Protection Fund with in the prescribed time during the current year.
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, 2011 onwards are requested to lodge their claim with the Company.





**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

14. The Company's shares are listed with The National Stock Exchange of India Limited (NSE) and BSE Limited(BSE). The Annual Listing Fee for the year 2018-2019 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 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) for necessary action at our end.
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 working days in advance.
18. Electronic copy of the Notice of the 39<sup>th</sup> 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 39<sup>th</sup> Annual General Meeting and the Annual Report 2017-2018 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 at [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 in 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 websites.



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. 13<sup>th</sup> September, 2018 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 17<sup>th</sup> September, 2018 (9:00 AM) and ends on 19<sup>th</sup> September, 2018 (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 13<sup>th</sup> September, 2018, 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:

The voting period begins on 17<sup>th</sup> September, 2018 (9.00 AM) and ends on 19<sup>th</sup> September, 2018 (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 13<sup>th</sup> September, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

The shareholders should log on to the e-voting website [evotingindia.com](http://evotingindia.com).

- (i) Click on shareholders.
- (ii) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID
  - b. For NDSL: 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.
- (iii) Next enter the image Verification as displayed and click on Login.
- (iv) 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.
- (v) If you are first time user follow the steps given below:

	For members holding shares in Demat Form and Physical Form
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 O's before the number after the first two characters of the name in CAPITAL letters, eg. If your name Ramesh Kumar with sequence number 1 than enter RA0000001 in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If 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>



- (vi) After entering these details appropriately, click on “SUBMIT” TAB.
- (vii) 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 also to be 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.
- (viii) For members holding shares in physical form, the details can be used only for e-voting on the Resolutions contained in this notice.
- (ix) Click on the EVSN for the relevant (Kakatiya Cement sugar and Industries Limited) on which you choose to vote.
- (x) 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 the Resolution and option No implies that you dissent to the Resolution.
- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xii) After selections 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.
- (xiii) Once you “CONFIRM” your vote on the Resolution, you will not be allowed to modify your vote.
- (xiv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the voting page.
- (xv) If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on ‘Forgot Password’ and enter the details as prompted by the system.
- (xvi) 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 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 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.
- (xvii) 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**

**Item No. 3**

Sl.No.	Name of the appointee	Shri J S Rao
1.	Date of Birth	18/07/1953
2.	Qualification	B.E
3.	Date of Appointment	09/07/1979
4.	Expertise in the specific functional areas	38 years of Industrial experience in the manufacturing Sector.
5.	Occupation	Industrialist
6.	Shareholding of Kakatiya Cement Sugar and Industries Limited	10000 shars
7.	Name of Listed entities in which committee membership / chairmanship held	2
8.	Name of Listed entities in which Directorship held	1
9.	Inter-se relationship with any other director on the Board.	-

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

**Item No. 4**

Shri P Veeraiah had been associated with the Company since December 5, 1998 when he was made the joint Managing Director of the Company. During his tenure he was actively involved in the operations of cement, sugar and power divisions. He had also contributed a lot to improve the functioning of the corporate office.

Consequent to the demise of Shri P Venkateswarlu, the founder Promoter and Managing Director of the Company, Shri P Veeraiah had been elevated to the position of Chairman and Managing Director w.e.f February 3, 2016. He was discharging the whole gamut of operational responsibilities relating to the entire company with grit and determination. This naturally involves assuming greater responsibilities including resolution of complex issues concerning the Company.

Presently he has been drawing a basic salary of ₹ 7.00 lacs per month in addition to allowances, perquisites, benefits and commission. Shri P Veeraiah drew a total Remuneration of Rs.129.94 lacs for the year ended 31<sup>st</sup> March 2018. He is holding 3493638 shares in the company.

The Board has taken into account the vast experience of 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 by the Board.

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 fair and appropriate and therefore recommends the same for approval of members. The details of remuneration are set out in the notice under item no.4.

Shri P Veeraiah is interested in the subject matter. Dr. P Anuradha, Chief Executive Officer and one of the Key Managerial Personnel is the wife of Shri P Veeraiah and therefore is deemed to be interested in the subject matter. None of the other Directors and key Managerial Personnel (KMPs) or their relatives is interested or concerned in this Resolution.



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

Information in accordance with Schedule V Companies Act, 2013

## **I. General Information:**

1.	Nature of Industry	Manufacture of Cement, Sugar and Generation Power			
2.	Date or expected date of commencement of commercial production	The Cement plant had commenced its operations in 1983 and later acquired a Sugar Company. The Company established a power unit primarily as well for captive consumption.			
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable			
4.	Financial performance based on given indicators	(₹ in cores)			
		2017-2018	2016-2017	2015-2016	
		Total Revenue	172.80	227.42	216.41
		Net profit	10.48	28.72	22.18
5.	Foreign investments or collaborations, if any.	Not Applicable			

## **II. Information about the appointee:**

1.	Background details	Shri P Veeraiah is the son of Late Shri P Venkateswarlu, Founder Promoter and Chairman and Managing Director of the Company. Shri P Veeraiah, aged 46 years, is a Commerce Graduate. He was inducted into the Board and was made the Joint Managing Director on 5 <sup>th</sup> December 1998. He was holding this position till he was elevated as Chairman and Managing Director on 3 <sup>rd</sup> February, 2016.
2.	Past remuneration	He drew a sum of ₹ 129.94 lacs in 2017-2018 from the company
3.	Recognition or awards	---
4.	Job profile and his suitability	He is now in charge of the entire operations of the company.
5.	Remuneration proposed	₹ 7.00 lacs per month and 2% of commission on the net profits and other perquisites and benefits Schedule V is applicable in the event of no profits or inadequate profits.
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with be with respect to the country of his origin)	All parameters have been duly considered by the Nomination and Remuneration Committee and the same are approved by the Board as well. This point has been elaborated in Item No.5 of the explanatory statement to the notice.
7.	Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel, if any	He is now the Chairman and Managing Director of the company. He is also the Chief Promoter of the Company. His wife Dr. P Anuradha has been appointed as Chief Executive Officer effective from 25 <sup>th</sup> May, 2018. He is not related to any Director or Key Managerial Personnel or to their relatives.
8.	No. of shares held in the company	3493638 shares.



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**III. Other Information:**

1.	Reasons of loss or inadequate profits	In 2017-2018, the Cement plant was shut down for nearly six months due to closure directions issued by Central Pollution Control Board (CPCB). The plant has restarted its operations from 19 <sup>th</sup> April, 2018.
2.	Steps taken or proposed to be taken for improvement	All critical issues are being monitored by the company regularly.
3.	Expected increase in productivity and profits in measurable terms.	If Market conditions are normal, we will attain reasonable production levels as is evident from the track record of the company except in the year under review.

**IV. Disclosures:** Mention is made in corporate Governance Report to the extent applicable.

The Board commends this Resolution for approval of Members.

**Item No.5**

The Board of Directors of the Company on the recommendation of the Audit Committee approved the appointment and remuneration of M/s Narasimha Murthy, Cost Accountants to conduct the audit of the Cost Records of the Company for the Financial Year ended 31<sup>st</sup> March, 2019.

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 for ratification of 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.

By Order of the Board  
for Kakatiya Cement Sugar & Industries Limited

Place : Hyderabad  
Date : 25<sup>th</sup> May, 2018

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



## **DIRECTORS' REPORT**

To

The Members

Your Directors have pleasure in presenting the 39<sup>th</sup> Annual Report together with the Audited Financial statements for the year ended 31<sup>st</sup> March 2018.

### **FINANCIAL RESULTS**

The Financial Results for the year ended 31<sup>st</sup> March 2018 are summarized below:

(₹ in lakhs)

<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
Income (Sales and other Income)	<b>17280.10</b>	25078.90
Profit before Depreciation, Interest & Taxes	<b>1950.59</b>	5128.80
Depreciation	<b>218.12</b>	236.12
Interest	<b>250.44</b>	171.15
doubtful debts	<b>0.00</b>	196.07
Taxation	<b>534.68</b>	2128.69
Deferred Taxation	<b>(100.61)</b>	(486.43)
<b>TOTAL</b>	<b>902.63</b>	2245.60
Profit after Tax	<b>1047.96</b>	2883.20
Other Comprehensive Income	<b>44.94</b>	7.18
Total Comprehensive Income	<b>1092.90</b>	2890.38
Share Capital (No. of shares)	<b>7773858</b>	7773858
EPS (Rs.)	<b>13.48</b>	37.09

### **DIVIDEND**

Your Directors are pleased to recommend for your consideration a Dividend of ₹ 3.00 per equity share for the year ended 31.03.2018 which aggregates to ₹ 233.22 lacs excluding dividend distribution Tax. Your directors felt that it shall be appropriate to recommend dividend at ₹ 3.00 per equity share at par with the dividend declared for the last year despite the fact that the financial performance of the company suffered a setback due to closure of cement plant for almost six months during the year under review.

### **TRANSFER OF PROFITS TO RESERVES.**

The company has decided not to transfer any sum to reserves from out of the current year's profits. However a sum of ₹ 287.19 lacs was transferred to reserves from out of its profits 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 ₹ 93,150 to the Investor Education and Protection Fund established by the Central government during the year under review. The said transfer is in respect of the unclaimed dividends for the financial year 2009-2010.

### **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 except the revocation of closure directions issued by the pollution control authorities. The company has recommenced operations at its cement plant located at Dondapadu Village, Chintalapalem Mandal, Suryapet District, Telangana state on 19th April, 2018.



## **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 in the year under review impacting the going concern status or company's operations in future.

## **RESIGNATION OF DIRECTOR**

Shri C Madhusudana Rao, an Independent Director of the company has resigned from the directorship with effect from 24<sup>th</sup> July, 2017. The Board places on record its appreciation for the services rendered by Shri C Madhusudana Rao during his tenure.

## **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 of Shri J S Rao, director who is seeking re-appointment at the ensuing Annual General Meeting is presented elsewhere in this Annual Report.

## **DEMATERIALISATION**

As on 31<sup>st</sup> March, 2018, 73,56,514 shares were dematerialised with National Securities Depository Limited and Central Depository Services Limited which constitutes 94.64% of the shares of the company. Members may please note that it is a mandatory requirement that the company shall endeavour to ensure that at least 50% of the shareholding of the public shareholders is in the dematerialised mode.

The company, therefore, once again requests such of the public shareholders who have not yet dematerialised their shares to initiate immediate steps to complete the process of dematerialisation.

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

### **Cement Division:**

During the year under review, the Cement Division has produced 1,64,207 MT as against 2,81,852 MT in the year ago period thereby registering a steep fall of 41.74% consequent to the closure of operations of the plant pursuant to the directions issued by CPCB New Delhi for not providing online connectivity to CPCB server.

The Cement Division has earned Profit Before Tax (PBT) of ₹ 4.81 crores in the year under review in comparison with ₹ 13.27 crores earned in the previous year. This works out to a fall of 63.75% over the previous year. The Company secured revocation order from CPCB and thereafter complied with other formalities and procedures. The power connection was restored and operations were restarted on April 19, 2018 in the cement plant.

### **Sugar Division:**

The Sugar Division produced 1,52,074 Qtls in the year under review as against 2,44,290 Qtls in the previous year there by recording a significant decline of 37.75%. During the year under review, reorganization of zonal areas was effected by the department resulting in a very disadvantageous situation to the company as the plant has lost many productive areas. The inadequate availability of water sources has also impacted the cane production and by extension even the production of sugar to a significant level. The fluid situation in respect of the zonal allocation matter has also affected the cane development programmes of the cane growers.

Due to the cumulative factors cited above, the sugar division has clocked a turnover of ₹ 89.33 cores in 2017-2018 in comparison with ₹ 122.31 crores in the preceding year, thereby registering a decline of 26.96% over the year ago period. The sugar division recorded profit before tax (PBT) of ₹ 5.32 crores as against profit before tax (PBT) of ₹ 6.18 crores in the preceding year resulting in a decline of 24.11% in the year under review.



**Power Division:**

The Power Division has generated 2,44,04,891 KWH in 2017-18 as against 3,74,92,394 KWH of power in the preceding year thereby recording a decline of 34.91%. As has been stated in our earlier reports, the company has not been able to generate power during off-season period in the sugar division since the Government of Telangana has not been conceding to the request of the power entities to generate power using coal as an alternative fuel as a matter of policy. In view of this and coupled with lower quantum of crushing operations, the power division has generated lower number of units compared to the previous year. The shut-down of the operations in the cement division during October, 2017 to March, 2018 is another important factor for lower generation of power in the year under review.

In the circumstance therefore the power Division could earn a meagre Profit before tax (PBT) of ₹ 4.69 crores as against ₹ 25.68 crores in the previous year thus recording a decline of 81.73% for the year.

**CURRENT YEAR OUTLOOK:**

**Cement Division:**

In the year under review, the company has produced 1,64,207 MT only as against 2,81,852 M T produced in the preceding year there by recording a decline of 41.74%. This is consequent to the closure of operations of the plant pursuant to the directions issued by CPCB New Delhi for reasons stated in the preceding paras.

The company has set a target of its cement production at 1,75,000 M T in the current year considering the present scenario from various aspects.

**Sugar Division:**

Availability of adequate water is a crucial factor in the sugar cane development and in this connection, proper allocation of cane development areas to the company by the Director of Sugar and Cane Commissioner assumes paramount importance for the development of the sugar division.

As the company was deprived of many fertile areas apart from losing many mandals and villages consequent to the zonal allocation order issued by Director of Sugar and Cane Commissioner, Hyderabad, the company preferred an appeal before the Principal Secretary, Industries and commerce, Hyderabad. The company is still awaiting the outcome in this matter.

Taking into account the critical factors, your company has set a target of 1,00,000 MT of crushed cane in the current year.

**Power Division:**

The Company will make best endeavors to achieve enhanced level of power generation. However, since it is largely related to government policy and to various legal and administrative issues, a great deal 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. **(Annexure - 1)**

**II) BOARD MEETINGS:**

During the year under review, 4 (Four) Board Meetings were held. The details of the Board Meetings and the attendance of the Directors are furnished elsewhere in the Corporate Governance Report.





### **III) CHANGES IN SHARE CAPITAL**

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

### **IV) AUDIT COMMITTEE:**

The terms of 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. Examination of 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, results of operations and 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 if required;
- 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 elsewhere in the Corporate Governance Report.

### **NOMINATION AND REMUNERATION COMMITTEE:**

#### **Scope**

The main scope of the Nomination and Remuneration 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 Nomination and Remuneration Committee are furnished elsewhere 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. **(Annexure - 2)**

**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. **(Annexure - 3)**

**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 also 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 Directors' 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 judgements 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 31<sup>st</sup> March, 2018 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 31<sup>st</sup> March, 2018 on a going concern basis.
- e. That the Directors have 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 have 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 elsewhere in the Corporate Governance Report.

**AUDITORS:**

M/s. Ramanatham & Rao, Chartered Accountants, (Regn. No.S-2934) Secunderabad have been appointed as Statutory Auditors of the company at the 38<sup>th</sup> Annual General Meeting held on September 25, 2017 in accordance with the provisions of Section 139 and Section 142(1) 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).

The appointment as Statutory Auditors was for a period of five years from the conclusion of the 38<sup>th</sup> Annual General Meeting till the conclusion of the 43<sup>rd</sup> Annual General Meeting to be held in the year 2022 subject to ratification of the appointment by the members at every Annual General Meeting held after the appointment made at 38<sup>th</sup> Annual General Meeting in September, 2017.

However, the Ministry of Corporate Affairs (MCA) vide its notification dated May 7, 2018 has omitted the requirement under first proviso to Section 139 of the Companies Act, 2013 and Rule 3 (7) of the companies (Audit and Auditors) Rules 2014 regarding ratification of appointment of Statutory Auditors by the shareholders at every subsequent Annual General Meeting.

Consequently M/s. Ramanatham & Rao, Chartered Accountants (Regn. No.S-2934) continues to be the Statutory Auditors of the company till the conclusion of 43<sup>rd</sup> Annual General Meeting as approved by the shareholders at the 38<sup>th</sup> Annual General Meeting held on September 25, 2017.

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 2017-2018.

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. **(Annexure - 4)**

**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 at: [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**

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

The company has a well developed net work of dealers for its cement plant located in the states of Telengana and Andhra Pradesh and the company therefore is in a reasonably comfortable position in securing orders from its clients. It is heartening to note that some of the dealers have been patronizing the company since inception and the strong bondage that is developed between the company and dealers is one of the prominent features of this mutually beneficial relationship.

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

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

The company is desirous of reaping the benefits of its well positioned dealer net work across the states of Telengana and Andhra Pradesh in respect of its cement plant and will make every effort to overcome the bottlenecks in achieving the targeted operations in its cement plant .

The company will make its best endeavors in resolving the complicated issues in the sugar and power divisions through negotiations with governmental authorities and will also liaison with the legal advisers in respect of pending litigations concerning the power division.

#### **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 and, therefore, your Directors do not foresee any major risks and concerns in the near future except as discussed elsewhere in this Report.

However the company shall make its best efforts to position the machinery in all the divisions in robust condition so as to keep the bottlenecks at bay.

#### **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 787 employees directly and indirectly as on 31<sup>st</sup> March 2018.



**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. **(Annexure - 5)**

**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 and 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, 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 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 volumes and kept up the rapport and friendly association with the company despite the fact that the company was under great stress on account of shut-down of its operations in the cement plant for a significant period in 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 Shareholders who have been reposing confidence in the Company and its Management.

By Order of the Board  
for Kakatiya Cement Sugar & Industries Limited

Place : Hyderabad  
Date : 25<sup>th</sup> May, 2018

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



## ANNEXURE TO DIRECTORS' REPORT:

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

### 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

### TECHNOLOGY ABSORPTION

Efforts made in Technology Absorption : FORM "B" Enclosed

### 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 2017-18			PREVIOUS YEAR 2016-17		
	CEMENT	SUGAR	POWER	CEMENT	SUGAR	POWER
<b>A. POWER &amp; FUEL CONSUMPTION</b>						
<b>1 ELECTRICITY</b>						
(a) Purchased (KWH)	16213891	5446252	--	29835351	7658242	--
Total Amount (Rs.)	147996122	49833205	--	301779524	102142703	--
Rate per Unit (Rs.)	9.13	9.15	--	10.11	13.34	--
(b) OWN GENERATION						
Through Diesel						
Generators (Units)	418270	--	--	44258	--	--
<b>Total Amount (Rs.)</b>	7727613	--	--	790540	--	--
Cost per Unit (Rs.)	18.48	--	--	17.86	--	--
<b>2 FUEL</b>						
(a) COAL						
Quantity (MT)	23995	--	--	52723	--	--
Total Cost (Rs.)	126438698	--	--	254631162	--	--
Average Rate (Rs.)	5269.38	--	--	4829.60	--	--
(b) Bagasse/Steam						
Quantity (MT)	--	62891	42114	--	142853	70277
Total Cost (Rs.)	--	28175168	59162168	--	56284082	94024301
Average Rate (Rs.)	--	448.00	1404.81	--	394.00	1337.91





**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

	CURRENT YEAR 2017-18			PREVIOUS YEAR 2016-17		
	CEMENT	SUGAR	POWER	CEMENT	SUGAR	POWER
B. CONSUMPTION PER UNIT OF PRODUCTION						
1. Electricity (KWH)						
Cement (MT)	101.29	--	--	106.01	--	--
Sugar (KGS)	---	35.81	--	---	31.35	--
Power (KWH)	---	---	---	---	---	---
2. Coal (MT)	0.15			0.19		
(Per tonne of clinker)						

**FORM - B**

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

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

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION - NOT APPLICABLE

For and behalf of the Board

Place : Hyderabad  
Date : 25<sup>th</sup> May, 2018

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



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**Annexure - 1**

**FORM NO. MGT - 9**

**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31.03.2018

[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.	:	XL SOFTECH SYSTEMS LIMITED, 3, SAGAR SOCIETY, ROAD NO.2, BANJARA HILLS, HYDERABAD - 500034 Phone No.040-23545914/915

**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	39%
2	SUGAR	2060	53%
3	POWER	4390	---

**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**

<b>IV. SHARE HOLDING PATTERN as on 31st March, 2018 (Equity Share Capital Breakup as percentage of Total Equity)</b>										
i) Category-wise Share Holding										
Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares		
A. Promoters										
(1) Indian										
(a) Individuals/ HUF	4129535	2000	4131535	53.15	4131535	0	4131535	53.15	0.00	
(b) Central Government	-	-	-	-	-	-	-	-	-	-
(c) State Government(s)	-	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	-	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	4129535	2000	4131535	53.15	4131535	0	4131535	53.15	0.00	
2. Foreign										
(a) NRIs-Individuals	-	-	-	-	-	-	-	-	-	-
Other Individuals	-	-	-	-	-	-	-	-	-	-
(b) Bodies Corporate	-	-	-	-	-	-	-	-	-	-
(c) Banks / FI	-	-	-	-	-	-	-	-	-	-
(d) Any Other	-	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)	0	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter	4129535	2000	4131535	53.15	4131535	0	4131535	53.15	0.00	
(A)= (A)(1)+(A)(2)										
B. Public shareholding										
1. Institutions										
a) Mutual Funds	105881	4060	109941	1.41	200	0	200	0.00	-1.41	
b) Banks / FI	17231	3172	20403	0.26	14011	172	14183	0.18	-0.08	
c) Central Government	-	-	-	-	-	-	-	-	-	-
d) State Government	-	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-	-
g) FIIs	30555	0	30555	0.39	0	0	0	0.00	-0.39	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	153667	7232	160899	2.07	14211	172	14383	0.19	-1.88	
2. Non-institutions										
(a) Bodies Corporate	377353	12715	390068	5.02	382341	12715	395056	5.08		
(b) Individuals -	2675775	408677	3084452	39.68	2812102	403957	3216059	41.37		
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	2946164	408677	3354841	43.16	3060290	403957	3464247	44.56		
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	138288	0	138288	1.78	155769	0	155769	2.00		
(c) Other (specify) N R I	6304	600	6904	0.09	16325	500	16825	0.22		
Sub-Total (B)(2)	3059432	421992	3481424	44.78	3210768	417172	3627940	46.67		
Total Public Shareholding										
Shareholding (B) = (B)(1)+(B)(2)	3213099	429224	3642323	46.85	3224979	417344	3642323	46.85		
(C) Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0		
GRAND TOTAL										
(A)+(B)+(C)	7342634	431224	7773858	100	7356514	417344	7773858	100		



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

<b>(ii) Shareholding of Promoters</b>								
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	VEERAAIAH PALLEMPATI	3493638	44.94		3493638	44.94		0.00
2	TRIVENI JASTI	69500	0.89		69500	0.89		0.00
3	SHANTI JETTY	57880	0.74	0.74	57880	0.74	0.74	0.00
4	SAMRAJYAM PALLEMPATI	323277	4.16		323277	4.16		0.00
5	SHALINI JETTY	38000	0.49	0.49	38000	0.49	0.49	0.00
6	RAGINI JETTY	36400	0.47	0.47	36400	0.47	0.47	0.00
7	JUTLA CHANDRA SEKHAR GOUD	31450	0.40	0.40	31450	0.40	0.40	0.00
8	JASTI LAKSHMI NALINI	28520	0.37		28520	0.37		0.00
9	J SIVA RAMA PRASAD	19350	0.25	0.25	19350	0.25	0.25	0.00
10	SUKUMARI KONERU	12000	0.15		12000	0.15		0.00
11	SESHAGIRI RAO JASTI	10000	0.13		10000	0.13		0.00
12	SAARIKA KONERU	5720	0.07		5720	0.07		0.00
13	J VENKATA KRISHNA	3000	0.04		3000	0.04		0.00
14	MUSUNURI RAMAKRISHNA PRASAD	2000	0.03		2000	0.03		0.00
15	RAAJITHA KONERU	700	0.01		700	0.01		0.00
16	JASTI CHELAMESWAR (HUF)	100	0.00		100	0.00		0.00
	<b>TOTAL</b>	<b>4131535</b>	<b>53.15</b>	<b>2.36</b>	<b>4131535</b>	<b>53.15</b>	<b>2.36</b>	

<b>(iii) CHANGE IN PROMOTERS' SHAREHOLDING</b>					
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

There is no change in the shareholding of the promoters quantum-wise. Shri Musunuri Ramakrishna Prasad (Sl.No.14) acquired 2000 shares through succession from his father Late Shri Narasimha Rao Musunury during the year under review.



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

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

		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	MILI CONSULTANTS & INVESTMENT PVT. LTD.	0	0.00	39156	0.50
2	ANIL ZAWAR	29824	0.38	29824	0.38
3	RANGAPPA N	20300	0.26	29700	0.38
4	M HARATHI	0	0.00	25565	0.33
5	M SEETHAMMA	25000	0.32	25000	0.32
6	PRAKASH S	20000	0.26	24000	0.31
7	VANKA RAGHAVA RAJU	0	0.00	21680	0.28
8	EDELWEISS CUSTODIAL SERVICES LTD	0	0.00	17679	0.23
9	SMC GLOBAL SECURITIES LIMITED	0	0.00	16185	0.21
10	SUNIL PANNALAL ZAWAR	0	0.00	13724	0.18

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

SL. NO	DIRECTORS/ AND KMP	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	P. VEERAAIAH	3493638	44.94	3493638	44.94
2	SESHAGIRI RAO JASTI	10000	0.13	10000	0.13
	KMP				
1	B KAMESWARA PRASAD	800	0.01	800	0.01

## **V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the Financial year</b>				
i) Principal Amount	4251.03	0.00	0	4251.03
ii) Interest due but not paid	0	0	0	0.00
iii) Interest accrued but not due	0	0	0	0.00
<b>Total (i+ii+iii)</b>	<b>4251.03</b>	<b>0</b>	<b>0</b>	<b>4251.03</b>
Change in Indebtedness during the financial year				
* addition	2567.02	0.00	0	2567.02
* Reduction	265.00	0	0	265.00
Net Change	2302.02	0.00	0	2302.02
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	6553.05	0	0	6553.05
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>6553.05</b>	<b>0</b>	<b>0</b>	<b>6553.05</b>



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

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

**A. Remuneration of Managing Director**

(₹ In lakhs)

Sl. No.	Particulars of Remuneration	Managing Director
1	Gross Salary	83.20
	(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.	44.13
	© Profits in lieu of salary under section 17(3) Income-Tax Act, 1961	
2	Stock Option	0
3	Sweat Equity	0
4	Commission	
	- as % of Profit	2.61
	- others, specify	
5	Others, please specify	0
	Total (A)	129.94

The Remuneration has been in accordance with Schudle V of the Companies Act, 2013.





**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

<b>B. REMUNERATION TO OTHER DIRECTORS:</b>									
(₹ in lakhs)									
Sl. No.	Particulars of Remuneration	Name of Directors							
		C Madhusudana Rao	T R C Bose	B V Subbaiah	K Venkat Rao	J S Rao	M Varalakshmi	Total Amount	
<b>1</b>	<b>Independent Directors</b>								
	* Fee for attending Board committee meetings	1000	3500	2750	2000			9250	
	* Commission	0	0	0	0			0	
	* Others, please specify	0	0	0	0			0	
	<b>Total (1)</b>	<b>1000</b>	<b>3500</b>	<b>2750</b>	<b>2000</b>			<b>9250</b>	
<b>2</b>	<b>Other Non-Executive Directors</b>								
	* Fee for attending Board committee meetings					2500	750	3250	
	* Commission					0	0	0	
	* Others, please specify					0	0	0	
	<b>Total (2)</b>					<b>2500</b>	<b>750</b>	<b>3250</b>	
	<b>Total (B) = (1+2)</b>	<b>1000</b>	<b>3500</b>	<b>2750</b>	<b>2000</b>	<b>2500</b>	<b>750</b>	<b>12500</b>	
	Total Managerial Remuneration								
	Overall ceiling as per the Act	-							

Note : No Remuneration is paid to non-executive directors except sitting fee.



**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

**C REMUNERATION TO KEY MANAGERIAL PERSONNEL**

(₹ in lakhs)

Sl. No	Particulars of Remuneration	Particulars of Remuneration			
		Managing Director	Company Secretary	Chief Financial Officer	Total Amount
1	Gross Salary	83.20	10.93	9.95	104.08
	(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.	44.13	0	0	44.13
	(c) Profits in lieu of salary under section 17(3) Income-Tax Act, 1961	0	0	0	0.00
2	Stock Option	0	0	0	0.00
3	Sweat Equity		0	0	0.00
4	Commission				
	- as % of Profit	2.61	0	0	2.61
	- others, specify				
5	Others, please specify		0	0	0
	<b>Total</b>	<b>129.94</b>	<b>10.93</b>	<b>9.95</b>	<b>150.82</b>

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

There were no penalties punishment or compounding of offences during the year ended 31st March, 2018.



**Annexure - 2**

**Form No. AOC – 2**

(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 31<sup>st</sup> March 2018 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 31<sup>st</sup> March 2018 are as follows:-

Name of Related Party	Nature of relationship	Duration of contract	Salient terms	Amount (₹in lakhs)
Shri P Veeraiah	Key Managerial Personnel	As per approval of members	As per approval of members	129.94 (238.30)
Shri B K Prasad	Key Managerial Personnel	As per terms of appointment	As per company's policy	10.93 (10.97)
Shri M Bhavani Dattu	Key Managerial Personnel	As per terms of appointment	As per company's policy	9.95 (9.88)
Total Remuneration				150.82 (259.15)
Shri P Veeraiah	Key Managerial Personnel/ Promoter	Ongoing	Based on transfer pricing guidelines	24.00 (24.00)
Smt. P Samrajyam	Promoter	Ongoing	Based on transfer pricing guidelines	2.40 (2.40)
Total Rent				26.40
Standard Construction Partnership Firm	P Veeraiah (controlling interest)	Ongoing	Based on transfer pricing guidelines	2.16 (2.16)

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

Place : Hyderabad  
Date : 25<sup>th</sup> May 2018

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



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**ANNEXURE – 3**

Statement of particulars under section 197 of the companies Act, 2013 read with Rule 5 of the 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 2017-2018.

S. No.	Name of the Director	Ratio of the remuneration to the median remuneration of the employees.
1.	Shri P. Veeraiah (Chairman and Managing Director)	52.82:1

- (ii) The percentage increase in remuneration of Managing Director, Chief Financial Officer and Company Secretary in the financial year under review.

S. No.	Name of the Director	Percentage increase in remuneration
1.	Shri P. Veeraiah (Chairman and Managing Director)	(45.47%)
2.	Shri B K Prasad (General Manager and Company Secretary)	Nil
3.	Shri M Bhavani Dattu(Chief Financial Officer)	Nil

Non-Executive Directors are paid sitting fee in respect of the Board or Committee Meetings attended by them. No other Remuneration is paid to them.

- (iii) The percentage increase in the median remuneration of employees in the financial year 2017-2018 (6.11)
- (iv) The number of permanent employees on the rolls of company  
517
- (v) 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 average increase in the remuneration for the employees is 3.67% excluding that of Key Managerial Personnel.

The Managing Director is the only whole-time director of the company. There is no increase in the remuneration of the Managing Director and in fact there is a decrease of (45.47%) over the previous year. This is due to shut - down of operations for a period of around 6 months in the cement division and also because of lower production in sugar division.

- (vi) Affirmation that the remuneration is as per the remuneration policy of the company

Yes.



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

Statement of particulars of employees pursuant to the provisions 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.

Name of the employee	Age employee	Designation of the employee	Gross remuneration received (₹ In lakhs)	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 Veeraiah	48 years	Chairman and Managing Director	129.94	Regular	B.Com	20 years	12-05-1998	--
Shri B K Prasad	68 years	General Manager and Company Secretary	10.93	Regular	M.Com, LLB, FCS	37 years	27-07-2015	Pitti Laminations Limited
Shri M Bhavani Dattu	65 years	Chief Financial Officer	9.95	Regular	M.Com, ACA, LLB, A C S, ICWA,	38 years	18-04-2012	HMT Machine Tools Ltd.



# KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

**(A) List of top ten employees in terms of remuneration drawn in accordance of Rule 5 (2) and 5 (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**  
(₹ In lakhs)

Sl. No.	Name	Designation	Remuneration received	Nature of employment	Qualification and Experience in years	Date of commencement of employment	Age in years	Last employment held	Percentage shares held	Relation ship with directors
1.	Shri D Gopala Krishnam Raju	President	27.20	Regular	B.E (Mech) 30 years	14.10.2013	53	Ncl Industries Limited	---	--
2.	Shri R Etikkan	Vice President	20.08	Regular	B.Sc (chemistry) 34 years	01.10.2014	59	Sakthi sugars Ltd.	----	--
3.	Shri B Kameswara Prasad	General Manager and Company Secretary	10.93	Regular	M.Com, LLB, FCS 37 years	27.07.2015	67	Pitti Engineering Limited	0.01	--
4.	Shri M Bhavani Dattu	Chief Financial Officer	9.95	Regular	M.Com ACA, LLB, ACS, ICWA 38 years	18.04.2012	64	HMT Machine Tools Ltd	---	---
5.	Shri M Vijay Kumar Raju	Manager	10.47	Regular	BSC 18 years	21.06.2014	36	Bheema Cements	---	---
6.	Shri K Raghunath Babu	Manager (Civil)	9.84	Regular	DCE 28 years	07.09.1990	52	---	---	---
7.	Shri R Ananda Raj	Technical Advisor	9.60	Regular	BE 42 years	10.07.2017	69	Walchandnagar Inds. Ltd.	--	--
8.	Shri K Venkateswara Rao	Manager (Instn)	9.58	Regular	DEE 26 years	29.09.1999	52	KIC Ltd	--	--
9.	Shri J S Chakravarthi	Chief Chemist	9.12	Regular	AVSI 21 years	26.09.2007	45	Saritha Sugars Ltd.	--	--
10	Shri K Murali Krishna	Manager (Production)	8.87	Regular	B.Sc 34 years	22.12.1983	55	---	---	---

**(B) Employee who worked for full financial year (2017-2018) and received aggregate remuneration of not less than one hundred and two lakh rupees.**

Sl. No.	Name	Designation	Remuneration received	Nature of employment	Qualification and Experience in years	Date of commencement of employment	Age in years	Last employment held	Percentage shares held	Relation ship with directors
1.	Shri P. Veeraiah	Chairman and Managing Director	129.94	Approved by Members	B.Com., 20 Years	05-12-1998	48	---	44.94	--

**(C) There was no employee who worked for a part of the financial year (2017-2018) and received aggregate remuneration of not less than Rs 8,50,000/- per month.**

By Order of the Board  
**for KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED**  
**P. Veeraiah**  
Chairman and Managing Director  
DIN: 00276769

Place : Hyderabad  
Date : 25<sup>th</sup> May 2018





**Form No. MR-3**

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

[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]

The Members of  
Kakatiya Cement Sugar and Industries Limited  
1-10-140/1, 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 me a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our 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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended 31<sup>st</sup> March, 2018, 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, returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2018 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 (Prohibition of Insider Trading) Regulations, 2015;
  - b. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;

Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) were not applicable to the Company under the financial year under report:



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- b. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- c. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ;

I report that the applicable financial laws, such as the Direct and Indirect Tax Laws, have not been reviewed under my audit as the same falls under the review of statutory audit and by other designated professionals.

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

- i) Secretarial Standards issued by the Institute of Company Secretaries of India (Standards)
- ii) Listing Regulations and uniform Listing Agreement entered into by the company with the BSE Ltd and National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

I 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.

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 and other business which are not included in the Agenda.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

I further report that, as per the explanations given to us and the representation made by the Management and relied upon by me, 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.

I 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.

Place : Hyderabad  
Date : 21<sup>st</sup> May, 2018

**CS Manjula Aleti**  
Practicing Company Secretary  
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.



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**ANNEXURE – A**

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

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

**Management Responsibility:**

1. It is the responsibility of the management of the company to maintain Secretarial records, devise proper system to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

**Auditor's Responsibility:**

2. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the company with respect to secretarial compliances.
3. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for me to provide a basis for my opinion.
4. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
5. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

**Disclaimer:**

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 : 21<sup>st</sup> May, 2018

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



## Annexure - 5

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

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 - ₹3080.34 lakhs.
4. Prescribed CSR Expenditure (2% of Item No.3) - ₹ 61.61 lakhs.
5. Details of CSR activities / projects under taken during the year 2017-2018
  - (a) Total amount to be spent for the financial year - ₹ 61.61 lakhs.
  - (b) Amount carried forward from the previous year - ₹ 48.64 lakhs.
  - (c) Amount spent during the year - ₹ 38.18 lakhs.
  - (d) Amount unspent (a+b-c) - ₹ 72.07 lakhs.
  - (e) Manner in which the amount spent during the financial year is detailed below :-

(₹ In lakhs)

Sl. no.	Projects/ Activities	Sector	Projects or Programmes (District and State)	Amount Out lay (Budget) Project or Program wise	Amount Spent on the project or program	Cumulative Expenditure upto report- ing period	Amount spent: Direct/ through implementing agency
1.	Laying of metal Road.	Rural Development	Karralapadu Village, Kalluru Mandal, Khammam District (Telangana)	7.50	7.02	7.02	Direct
2.	Construction of cause way.	Rural Development	Karralapadu Village, Kalluru Mandal, Khammam District (Telangana)	1.50	1.47	1.47	Direct
3.	Laying of metal Road	Rural Development	Brahmalakunta Village, Kalluru Mandal, Khammam District (Telangana)	28.45	25.75	25.75	Direct
4.	Donation for acquiring CC cameras and for modification purposes also. Donation given to the police station at Kalluru.	Rural Development	Kalluru Village, Khammam District (Telangana)	1.00	1.00	1.00	Direct
5.	Donation for purchase of furniture to the Govt. School	Rural Development	Moparru Village, Guntur District.	1.50	1.50	1.50	Direct
6.	Donation of cement	Rural Development	Sri Guru Deva Charitable Trust Sri Guru Deva Vikalang Sahayatha Kendram Mangalapalem Village, Kothavalasa Mandal, Vizianagaram District.	1.44	1.44	1.44	Direct

Note: 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 2015-2016, 2016-2017 and 2017-2018 aggregating to ₹72.07 lakhs.

The company could not spend the required sums during the year under review partly because of delay in identifying the programmes/ projects and partly due to administrative issues.



## **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 at: [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:**

#### **CORPORATE GOVERNANCE REPORT**

##### **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 31<sup>st</sup> March, 2018, the Board of Directors (Board) comprised of 6 (Six) Directors of which 5 are Non-Executive Directors. The Company has 3 (three) Independent Directors and this constitutes half of half the total strength of the Board.

Sl. No.	Name of the Director	DIN No.	Designation and Category	No. of Board Meetings held	No. of Board Meetings Attended	Whether attended the last Annual General Meeting	Directorship in other Boards	Membership in other Committees
01.	P. Veeraiah	00276769	CMD	4	4	YES	0	2
02.	T.R.C. Bose	00160630	IND	4	4	YES	7	3
03.	J. S. Rao	00029090	NED	4	4	YES	8	2
04.	C. Madhusudana Rao*	00410173	IND	4	1	NO	Nil	3
05.	B.V.Subbaiah	01147062	IND	4	3	YES	1	3
06.	K Venkata Rao	06566627	IND	4	4	YES	Nil	2
07.	M Vara Lakshmi	07585164	NED	4	2	NO	Nil	Nil

\*Shri C. Madhusudana Rao, Director has resigned on 18<sup>th</sup> July, 2017 and it was made effective from 24<sup>th</sup> July, 2017. The same was taken note of by the Board at its meeting held on 6<sup>th</sup> September, 2017.

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 Meetings held during the year under review are: 26.05.2017, 06.09.2017, 29.11.2017 and 05.02.2018. The Maximum gap between any of two consecutive meetings did not exceed 120 days.

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

Not applicable.



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

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

The number of equity shares of the Company held by Non-Executive Directors as on 31<sup>st</sup> March, 2018 are as detailed herein below:

Name of the Director	No. of Equity Shares held in the Company
1. Shri J S Rao	10000
2. Shri T R C Bose	Nil
3. Shri B V Subbaiah	Nil
4. Shri K Venkata Rao	Nil
5. Smt. M Varalakshmi	Nil

**Pursuant to Regulation 36(3) of SEBI (Listing obligations and Disclosures 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 Veeraih
1.	Date of Birth	30/03/1970
2.	Qualification	B.com
3.	Date of Appointment	03/02/2016 as Chairman and Managing Director. Earlier he was made Joint Managing Director on December 5, 1998.
4.	Expertise in the specific functional areas	More than 20 years of Industrial experience in the manufacturing Sector and holding top Managerial positions.
5.	Occupation	Industrialist
6.	Shareholding of Kakatiya Cement Sugar and Industries Limited	Promoter –3493638 shares
7.	Name of Listed entities in which committee membership / chairmanship held	Committee member / Committee Chairman in the committees constituted by the company.
8.	Name of Listed entities in which Directorship held	---
9.	Inter-se relationship with any other director on the Board.	---

Sl.No.	Name of the appointee	Shri J S Rao
1.	Date of Birth	18/07/1953
2.	Qualification	B.E
3.	Date of Appointment	09/07/1979
4.	Expertise in the specific functional areas	38 years of Industrial experience in the manufacturing Sector.
5.	Occupation	Industrialist
6.	Shareholding of Kakatiya Cement Sugar and Industries Limited	10000 shars
7.	Name of Listed entities in which committee membership / chairmanship held	2
8.	Name of Listed entities in which Directorship held	1
9.	Inter-se relationship with any other director on the Board.	---



### 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, Chikka-dapally, Hyderabad – 500020.	25.09.2017 11.00 A.M	NO	NO
02	Shri Thyagaraya Gana Sabha, Vivek Nagar, Chikka-dapally, Hyderabad – 500020.	26.09.2016 11.00 A.M	YES	NO
03.	Shri Thyagaraya Gana Sabha, Vivek Nagar, Chikka-dapally, Hyderabad – 500020.	10.08.2015 11.00 A.M	NO	NO

### INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on 26<sup>th</sup> March, 2018, 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

As part of the Corporate Governance, the company conducts Familiarisation Programmes for Independent Directors who are inducted into the Board to enable the incumbent Directors to understand the business, culture and processes 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 Familiarisation Programme is not a one-time affair that is conducted at the time of induction of new Independent Directors. Such Familiarisation Programmes are also conducted during the year for the benefit of Independent Directors. 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.

Once the new director becomes familiar with the basic business model and special features of the company, it is expected that the incumbent director would identify himself with the company and focus on his / her domain skills there by contributing to the growth and development of the company. Complete access to any information related to the Company is provided to the Independent Directors, if any, specific request is made.

The Familiarisation Programmes were imparted to the following Independent Directors during 2017-2018.

Sl. No.	Name of the Director	No. programmes	No. of hours spent
1.	C Madhusudana Rao	1	1 (Resigned on 24.07.17)
2.	T R C Bose	2	3
3.	B V Subbaiah	2	3
4.	K Venkat Rao	2	3

Web link of details regarding Familiarisation Programme for Independent Directors can be viewed at:

[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. The observations of the evaluation made in the previous year, if any, will be considered. At the end of the current year, a comprehensive review will also be done.

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 an appropriate time and its effectiveness, implementation of robust policies, procedures, size and 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, positive reception to the 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 Madhusudana Rao *	Chairman
Shri T R C Bose	Chairman
Shri B V Subbaiah	Member
Smt. M Varalakshmi	Member

\*Shri C. Madhusudana Rao, Director has resigned on 18<sup>th</sup> July, 2017 and it was made effective from 24<sup>th</sup> July, 2017.

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

No. of shareholder complaints received : 3



# KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

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

No. of Pending complaints: NIL

Email ID of Investor grievances: 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.

## Audit Committee Meetings and Attendance during the Financial Year ended 31<sup>st</sup> March, 2018:

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	1
Shri T R C Bose	Member	4
Shri J S Rao	Member	4
Shri B V Subbaiah	Member	3

\*Shri C. Madhusudana Rao, Director has resigned on 18<sup>th</sup> July, 2017 and it was made effective from 24<sup>th</sup> July, 2017.

The Audit Committee meetings were held on 25-05-2017, 05-09-2017, 28-11-2017 and 03-02-2018.

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 18.05.2017.

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

\*Shri C. Madhusudana Rao, Director has resigned on 18<sup>th</sup> July, 2017 and it was made effective from 24<sup>th</sup> July, 2017.

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. The CSR Committee has met on 03.02.2018 and 26.03.2018.



# KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

Name of the Director	Designation	Attendance
Shri K Venkat Rao	Chairman	2
Shri P Veeraiah	Member	2
Shri J S Rao	Member	2

## 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:

Name of the Director	Designation
Shri P Veeraiah	Chairman
Shri K Venkata Rao	Member
Shri J S Rao	Member

The Risk Management committee met once on 31.03.2018 in 2017-2018.

## 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 31<sup>st</sup> March, 2018.

## 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. Dealings, if any, by the directors and designated employees in respect of the company's scrip and matters related to insider trading code are reported to the Audit Committee on quarterly basis.

## Other Disclosures:

During the year ended 31<sup>st</sup> March, 2018, 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.



## KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

### Details of Non-compliances.

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

No penalty of a material nature has been imposed by any Stock Exchange, SEBI or any other regulatory authority during the year under review. 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	Obligations 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is separately annexed.

### 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.

### TRANSFER OF SHARES TO INVESTOR EDUCATION AND PROTECTION FUND

As per the notification dated 5<sup>th</sup> September, 2016 and 13<sup>th</sup> October, 2017 issued by Ministry of Corporate Affairs (MCA), shares of the shareholders, who have not claimed dividends for a continuous period of 7 years shall be transferred to an Investor Education and Protection Fund Authority account.

There were no instances of not claiming dividend for a continuous period of 7 years and therefore no shares were transferred to Investor Education and Protection Fund Authority account.

### 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



# KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

website at: [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	:	39 <sup>th</sup> Annual General Meeting
	Date	:	20 <sup>th</sup> September, 2018
	Time	:	3.00 P.M
	Venue	:	Shri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad – 500 020.
b)	Financial Calendar	:	1 <sup>st</sup> April to 31 <sup>st</sup> March
c)	Date of Book closure	:	14 <sup>th</sup> September, 2018 to 20 <sup>th</sup> September, 2018 (both days inclusive)
d)	Dividend payment date	:	On or before 19 <sup>th</sup> October, 2018.
e)	Registered Office	:	KAKATIYA CEMENT SUGAR & INDUSTRIES LTD., 1-10-140/1, "GURUKRUPA", Ashok Nagar, HYDERABAD – 500 020. Phone:040-27637717/27633627 Fax No.27630172 CIN:L26942TG1979PLC002485 E-mail : <a href="mailto:shares@kakatiyacements.com">shares@kakatiyacements.com</a>
f)	Listing on Stock Exchanges	:	The National Stock Exchange of India Ltd., Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1, G Block, Bandra – Kurla Complex, Bandra (E), <b>MUMBAI – 400 051.</b> BSE Limited, Floor 25, P.J. Towers, Dalal Street, <b>MUMBAI – 400 001.</b>
g)	Code/Symbol	:	NSE – KAKATCEM BSE – 500234 ISIN for NSDL & CDSL: INE437B01014

h) Market Price Data: (Source: National Stock Exchange of India Limited Quotations)

Month and Year	High ₹.	Low ₹	No. of Shares Traded
April 2017	441.00	315.00	3942097
May 2017	448.00	382.25	2469120
June 2017	412.00	355.55	695301
July 2017	409.90	371.30	733131
August 2017	432.60	299.00	1482151
September 2017	441.50	331.00	1952016
October 2017	404.00	350.00	1135178
November 2017	423.80	359.00	1422706
December 2017	432.00	376.80	1385608
January 2018	424.25	360.20	941191
February 2018	378.00	277.00	582910
March 2018	299.00	219.00	666953



# KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

(Source: BSE Limited Quotations)

Month and Year	High ₹	Low ₹	No. of Shares Traded
April 2017	441.55	314.00	905028
May 2017	448.90	380.00	613564
June 2017	411.90	359.70	203308
July 2017	410.00	368.00	176902
August 2017	434.20	314.00	329904
September 2017	440.85	335.00	523896
October 2017	404.00	347.25	195386
November 2017	422.40	360.00	263769
December 2017	432.50	379.00	414946
January 2018	425.35	357.00	289242
February 2018	377.95	377.50	225715
March 2018	296.95	317.35	132527

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](mailto: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.

k) Distribution of Shareholding and Shareholding Pattern as on 31.03.2018

Share Holding	Number of Shareholders	% to total	Number of Shares	% to total
Up to 500	46971	97.83	1664078	21.41
501-1000	573	1.19	454068	5.84
1001-2000	254	0.53	381494	4.91
2001 -3000	85	0.18	214303	2.76
3001- 4000	42	0.09	151316	1.95
4001- 5000	19	0.04	85237	1.09
5001-10000	33	0.07	245786	3.16
10001 and above	36	0.07	4577576	58.88
Total	48013	100.00	7773858	100.00

Shareholding Pattern as on 31.03.2018:

Category	No. of Equity Shares	% of Paid-up Capital
Promoters	4131535	53.15
Other Corporate Bodies	395056	5.08
General Public	3216059	41.37
Non Resident Individuals	16825	0.22
Foreign Institutional Investors & OCBs	0	0.00
Indian Financial Institutions	0	0.00
Mutual Funds & Banks	14383	0.18
<b>TOTAL</b>	<b>7773858</b>	<b>100.00</b>



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

l) There are no outstanding GDRs / ADRs / Warrants or any Convertible instruments as on 31<sup>st</sup> March, 2018.

m) Dematerialisation of Shares:

As on 31<sup>st</sup> March 2018, 73,56,514 shares were dematerialised with the following depositories:

i)	National Securities Depositories Limited	-	23,14,754
ii)	Central Depository Services Limited	-	50,41,760

n) Plant locations

**CEMENT:**

Dondapadu Village  
Chintalapalem Mandal  
Suryapet District  
Telangana State.

**SUGAR & POWER:**

Peruvancha Village  
Kallur Mandal  
Khammam District.  
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.

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**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 31.03.2018 as envisaged under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place : Hyderabad  
Date : 25<sup>th</sup> May, 2018

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





**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**AUDITORS' CERTIFICATE 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 31<sup>st</sup> March, 2018 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 Regulations.

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 Regulations.

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 **RAMANATHAM & RAO**  
Chartered Accountants  
(Firm Regn. No. S-2934)

Place: Secunderabad  
Date: 25<sup>th</sup> May, 2018

**(V.NARASIMHA PANI)**  
Partner  
Membership No.204332



## **INDEPENDENT AUDITORS' REPORT**

To

The Members of Kakatiya Cement Sugar and Industries limited

### **Report on the Indian Accounting Standards (Ind AS) 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 March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity 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 Ind AS 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 Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. 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 Ind AS 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 there under.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 Ind AS 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 Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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, 2018, and its total comprehensive income (comprising of profit and other comprehensive income) its cash flows and the changes in equity for the year ended on that date.



### **Other Matter**

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the years (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor who expressed an unmodified opinion vide reports dated 26<sup>th</sup> May 2017 and 25<sup>th</sup> May 2016 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of these matters.

### **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, 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 (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

- (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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 knowledge and belief and according to the information and explanations given to us:
  - i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 32 to the Ind AS 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.
  - iv) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

**For Ramanatham & Rao**  
Chartered Accountants  
(Firm's Registration No S-2934)

**V. Narasimha Phani**  
Partner  
M. No. 204332

Place: Secunderabad  
Date: 25th May, 2018



## **Annexure - A to the Auditors' Report**

The Annexure referred to in our report to the members of the Company for the year ended on 31<sup>st</sup> March, 2018. 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 said Order is not applicable to the Company.
(iv)	In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to loans, investments, guarantees and securities made.
(v)	The company has not accepted deposits within the meaning of Sections 73 to 76 of the Act and the rules framed there under paragraph 3 (v) of the said Order is not applicable to the Company.
(vi)	We have broadly reviewed the cost records maintained by the Company as prescribed under sub-section (1) of section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
(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 goods and service tax with effect from July 1, 2017 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 31 <sup>st</sup> March, 2018 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 Lakhs)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
Income - Tax Act, 1961	Income Tax	12.42	Assessment Years 1999-2000 2000-2001 2001-2002	High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh
VAT Act, 2005	Sales Tax	29.53	Financial Year 2012-13	Appellate Tribunal, Hyderabad
VAT Act, 2005	Sales Tax	27.52	Financial Year 2013-14	Appellate Tribunal, Hyderabad
Customs Act, 1962	Customs Duty	65.77	Financial year 2012-2013	Additional Commissioner Customs



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

(viii)	The Company has not defaulted in repayment of loans or borrowing to a financial institution, banks, Governments and dues to debenture holders.
(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. Accordingly, paragraph 3 (xiv) of the Order is not applicable.
(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 to the Company.
(xvi)	The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.

**For Ramanatham & Rao**  
Chartered Accountants  
(Firm's Registration No S-2934)

**V. Narasimha Phani**  
Partner  
M. No.204332

Place : Secunderabad  
Date: 25th May, 2018



## **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<sup>st</sup> March 2018 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<sup>st</sup> March 2018, 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 Ramanatham & Rao**  
Chartered Accountants  
(Firm's Registration No S-2934)

**V. Narasimha Phani**  
Partner  
M. No.204332

Place : Secunderabad  
Date: 25th May, 2018





**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

**BALANCE SHEET AS AT 31 MARCH 2018**

( ₹ in Lakhs )

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>I. ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, plant and equipment	2	5,462.71	5,603.85	5,792.00
(b) Capital work in progress		29.26	2.45	-
(c) Financial assets				
i. Investments	3	2.34	3.26	2.95
(d) Other non-current assets	4	193.76	161.68	144.17
<b>Current assets</b>				
(a) Inventories	5	6,246.11	9,146.48	11,311.33
(b) Financial assets				
i. Trade receivables	6	1,178.45	1,119.69	1,118.64
ii. Cash and cash equivalents	7	195.72	302.63	594.33
iii. Other Bank Balances	8	16,081.95	11,359.39	6,376.41
iv. Other Financial Assets	9	508.61	471.09	329.04
(c) Current Tax Assets (Net)	10	452.85	437.77	834.55
(d) Other current assets	11	1,168.87	1,105.91	1,318.91
<b>TOTAL ASSETS</b>		<b>31,520.62</b>	<b>29,714.20</b>	<b>27,822.33</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity share capital	12	777.39	777.39	777.39
(b) Other equity	13	21,246.61	20,805.98	18164.66
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
(a) Financial liabilities				
i. Borrowings	14	6.38	218.04	428.18
(b) Provisions	15	80.18	121.38	192.51
(c) Deferred tax Liabilities (net)	16	1,237.91	1,120.12	1163.15
(d) Other Non- current Liabilities	17	26.46	80.06	157.13
<b>Current liabilities</b>				
(a) Financial liabilities				
i. Borrowings	18	6,281.67	3,647.65	1,991.14
ii. Trade payables	19	270.64	569.02	2270.49
iii. Other financial liabilities	20	332.35	334.18	255.33
(b) Other Current liabilities	21	1,261.06	2,040.39	2,422.35
<b>Total Equity and liabilities</b>		<b>31,520.62</b>	<b>29,714.20</b>	<b>27,822.33</b>

Summary of significant accounting policies 1

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

As per our report of even date  
for **RAMANATHAM & RAO**  
Chartered Accountants  
FR NO. S - 2934

For and on behalf of the Board of Directors

**V. Narasimha Phani**  
Partner  
M. No. 204332

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

Place : Hyderabad  
Date: 25th May, 2018

**M. Bhavani Dattu**  
Chief Financial Officer

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





**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018**

(₹ in Lakhs)

Particulars	Notes	Year Ended March 31, 2018	Year Ended March 31, 2017
I. Revenue from operations	22	15462.85	24272.01
II. Other income	23	1817.25	806.90
III. Total Revenue (I+II)		17280.10	25078.91
IV. <b>Expenses</b>			
Cost of material consumed	24	5396.16	7368.80
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	3404.11	2030.12
Excise duty		374.74	2259.97
Employee benefit expense	26	1768.88	1829.59
Finance costs	27	250.44	171.15
Depreciation	28	218.11	236.12
Other expenses	29	4385.64	6657.70
Total expenses		15798.06	20553.45
V. Profit before tax		1482.04	4525.46
VI. Tax expense			
(i) Current tax		534.68	1526.95
(iii) Earlier tax			601.74
(iv) Deferred tax		(100.61)	(486.43)
VII. Profit for the year		1,047.97	2,883.20
VIII. Other comprehensive income			
Items that will not be reclassified to profit or loss			
(a) Remeasurement of post employment benefit obligations		63.80	10.73
(b) Income tax relating to the item (a) above		(18.86)	(3.55)
Other comprehensive income for the year(net of tax)		44.94	7.18
IX. Total comprehensive income for the year		1,092.91	2,890.38
X. Earnings per equity share for profits from operations attributable to the owners of the Company:			
(i) Basic	30	13.48	37.09
(ii) Diluted		13.48	37.09
Summary of significant accounting policies	1		

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

As per our report of even date  
for **RAMANATHAM & RAO**  
Chartered Accountants  
FR NO. S - 2934

For and on behalf of the Board of Directors

**V. Narasimha Phani**  
Partner  
M. No. 204332

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

Place : Hyderabad  
Date: 25th May, 2018

**M. Bhavani Dattu**  
Chief Financial Officer

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



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 March 2018

( ₹ In Lakhs )

Particulars	Year Ended 31 March 2018	Year Ended 31 March 2017
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	1482.04	4525.46
<b>Adjustments for:</b>		
Depreciation and amortisation expense	218.11	236.12
Loss on disposal of property, plant and equipment	0.00	0.00
Property, plant and equipment written off	0.00	0.00
Interest income on financial assets carried at amortized cost	(53.60)	(77.08)
Gain on disposal of property, plant and equipment	(0.00)	0.00
Provision for doubtful debts	0.00	89.09
Bad Debts written off	0.00	0.00
Amortisation of government grants	0.00	0.00
Finance costs	250.44	171.15
(Gain)/Loss in the Value of Investment	0.92	(0.32)
Interest income	(1055.20)	(689.75)
Remeasurement of defined employee benefit plans	63.80	(10.73)
<b>Operating Profit before working capital changes</b>	906.51	4243.94
<b>Change in operating assets and liabilities</b>		
(Increase) in Trade Receivables	(58.76)	(384.44)
(Increase) in financial assets other than trade receivables	(69.60)	(160.05)
(Increase) / Decrease in Current Tax assets	(256.08)	(245.48)
(Increase) / Decrease in Other Current assets	(124.86)	213.00
Decrease in Inventories	2852.61	2164.85
Increase/(Decrease) in Trade payables	(298.38)	(1701.47)
Increase / (Decrease) in other financial liabilities	(51.89)	66.39
(Decrease) in Other Current liabilities	(731.57)	(339.23)
<b>Cash Generated from Operations</b>	2167.98	3857.51
Income taxes paid	(675.00)	(1000.00)
<b>Net cash inflow (outflow) from operating activities</b>	1492.98	2857.51



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**B CASH FLOWS FROM INVESTING ACTIVITIES**

Payments for property plant and equipment	(77.98)	(48.00)
Interest received	1055.20	689.75
Proceeds from sale of property, plant and equipment	0.53	0.72
Payments for Capital work-in-progress	(26.81)	(2.45)
Movement in other bank balances		0.00
<b>Net cash inflow (outflow) from investing activities</b>	<b>950.94</b>	<b>640.02</b>

**C CASH FLOW FROM FINANCING ACTIVITIES**

Repayment of non current borrowings	(211.66)	(210.14)
Proceeds from current borrowings	2634.02	1656.51
Dividend paid to company's shareholders (Including corporate dividend tax)	(250.62)	(252.62)
Government grant received		
<b>Net cash inflow (outflow) from financing activities</b>	<b>2171.74</b>	<b>1193.75</b>
<b>Net increase (Decrease) in cash and cash equivalents</b>	<b>4615.65</b>	<b>4691.28</b>
Cash and Cash equivalents at the beginning of the financial Year	11662.02	6970.74
Cash and Cash equivalents at the end of the Year	16277.67	11662.02

Summary of significant accounting policies

1

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

As per our report of even date  
for **RAMANATHAM & RAO**  
Chartered Accountants  
FR NO. S - 2934

For and on behalf of the Board of Directors

**V. Narasimha Phani**  
Partner  
M. No. 204332

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

Place : Hyderabad  
Date: 25th May, 2018

**M. Bhavani Dattu**  
Chief Financial Officer

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



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

**1. Background**

Kakatiya Cement, Sugar and Industries Limited was incorporated in 1979 having its registered office in Hyderabad. The Company's activities are organized into three operating divisions namely Cement, Sugar and Power. The major activity of the company is to produce, manufacture, refine, prepare, sell and generally to deal in all kinds of Portland Cement, sugar, generation and distribution of power.

**2. Significant Accounting Policies**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**a) Basis of preparation**

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. The financial statements up to year ended 31 March 2017 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act. These financial statements are the first financial statements of the Company under Ind AS, refer note 37 for an explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities that are measured at fair value;
- Defined benefit plans – plan assets measured at fair value;

**b) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, value added taxes.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below.

**Sale of products**

Revenue from sale of products is recognised when significant risks and rewards in respect of ownership of products are transferred to customers based on the terms of sale.

**c) Income tax**

**Current income tax:**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised in outside profit or loss (either in other comprehensive income or in equity). Current tax items



are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax :**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**d) Impairment of assets**

Property, plant and equipment are tested for impairment annually whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**e) Inventories**

Raw materials and stores, work-in-progress, traded and finished goods are stated at the lower of cost and net realizable value. Cost of raw materials comprise of cost of purchase. Cost of inventories also include all other cost incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**f) Investments and other financial assets**

- i) **Classification** The Company classifies its financial assets in the following measurement category: - those to be measured subsequently at fair value (through profit or loss), and For assets measured at fair value, gains and losses will be recorded in Statement of profit or loss a/c.



**ii) Impairment of financial assets**

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**g) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**h) Property, plant and equipment**

Freehold land is carried at historical cost. Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

**Transition to Ind AS** On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognized as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

**Depreciation methods, estimated useful lives and residual value** Depreciation is calculated using the straight-line basis at the rates arrived at based on the useful lives prescribed in Schedule II of the Companies Act, 2013. The company follows the policy of charging depreciation on pro-rata basis on the assets acquired or disposed off during the year. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**i) Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

**j) 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.

**k) Employee benefits**

**(i) Short-term obligations** Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the



period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**(ii) Other long-term employee benefit obligations**

The liabilities for earned leave is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligations. Remeasurements as a result of the experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

**(iii) Post-employment obligations**

The Company operates the following post-employment schemes:

- (a) Defined benefit plans such as gratuity; and
- (b) Defined contribution plans such as provident fund and superannuation fund.

**Gratuity obligations**

The liability or assets recognized in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss.

**Defined contribution plans**

The company pays provident fund is administered through Regional provident fund commissioner and Gratuity liability is a defined benefit obligation. The Company has created an approved gratuity fund, which has taken a group gratuity cum insurance policy with the 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 the Actuary. The Company accounts for Leave encashment liability of its employees on the basis of Independent Actuarial valuation carried out by an Actuary. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due.

**I) Earning per share**

- (i) Basic earnings per share Basic earnings per share is calculated by dividing:





- The profit attributable to owners of the company
- By the weighted average number of equity shares outstanding during the financial year.
- (ii) Diluted earnings per share Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
  - The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
  - The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**m) Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

**aa) Standards issued but not yet effective**

The standards issued, but not yet effective up to the date of issuance of the Company's financial statements are disclosed below.

**Ind AS 115, Revenue from Contract with Customers:**

On March 28, 2018, Ministry of Corporate Affairs has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that revenue should be recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Company will adopt the standard on April 1, 2018 and the effect on adoption of Ind AS 115 is expected to be insignificant.



**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

2 (a) Property, Plant and Equipment							( ₹ in Lakhs )	
Particulars	Gross carrying amount			Accumulated depreciation			Net carrying amount	
	As at 01.04.2017	Additions	Deletions	31.03.2018	As at 01.04.2017	For the Year	On Disposals	As at 31.03.2018
<b>Owned Assets</b>								
<b>Cement Division</b>								
Freehold Land	101.23	-	-	101.23	0.00		-	0.00
Buildings	326.21	-	-	326.21	10.28	10.28	-	20.56
Plant & Equipment	1439.17	53.55	-	1492.72	59.55	39.94	-	99.49
Other Equipment	6.72	-	0.85	5.87	1.53	3.01	0.80	3.74
Furniture and Fixtures	1.33	-	-	1.33	0.07	0.05	-	0.12
Office Equipment	5.49	5.85	0.22	11.12	1.02	2.26	0.12	3.16
Vehicles	18.24			18.24	5.66	3.05	-	8.71
<b>Total</b>	<b>1898.39</b>	<b>59.40</b>	<b>1.07</b>	<b>1956.72</b>	<b>78.10</b>	<b>58.59</b>	<b>0.92</b>	<b>135.77</b>
<b>Sugar Division</b>								
Freehold Land	156.82	-	-	156.82	-	-	-	0.00
Buildings	1066.65	-	-	1066.65	57.07	57.07	-	114.14
Plant & Equipment	853.59	12.07	-	865.66	33.10	34.32	-	67.42
Other Equipment	0.99	-	-	0.99	0.00		-	0.00
Furniture and Fixtures	0.84	-	-	0.84	0.00	0.02	-	0.02
Office Equipment	2.71	1.21	-	3.92	0.00	0.23	-	0.23
Vehicles	1.83	-	-	1.83	(11.04)	1.86	-	-9.19
<b>Total</b>	<b>2083.44</b>	<b>13.28</b>	<b>-</b>	<b>2096.72</b>	<b>79.13</b>	<b>93.50</b>	<b>-</b>	<b>172.62</b>
<b>Power Division</b>								
Factory Buildings	247.50	-	-	247.50	13.58	13.57	-	27.15
Plant & Equipment	1597.60	4.45	-	1602.05	52.29	52.45	-	104.74
<b>Total</b>	<b>1845.10</b>	<b>4.45</b>	<b>-</b>	<b>1849.55</b>	<b>65.87</b>	<b>66.02</b>	<b>-</b>	<b>131.89</b>
<b>Grand Total</b>	5826.93	77.13	1.07	5902.99	223.10	218.11	0.92	440.28
								5462.71



**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

**2 (b) Property, plant and equipment**

(₹ in Lakhs)

Particulars	Gross carrying amount				Accumulated depreciation			Net carrying amount
	Deemed cost as at 01.04.2016	Additions	Deletions	31.03.2017	As at 01.04.2016	For the Period	Deletions	Up to 31.03.2017
<b>Owned Assets</b>								<b>As at 31.03.2017</b>
<b>Cement Division</b>								
Freehold Land	101.23	0.00	0.00	101.23	-	-	0.00	101.23
Buildings	326.21	0.00	0.00	326.21	-	10.28	-	315.93
Plant & Equipment	1434.88	4.29	0.00	1439.17	-	59.55	-	1379.62
Other Equipment	6.72	0.00	0.00	6.72	-	1.53	-	5.19
Furniture and Fixtures	1.33	0.00	0.00	1.33	-	0.07	-	1.26
Office Equipment	3.63	2.01	0.15	5.49	-	1.13	0.11	4.47
Vehicles	18.24	-	-	18.24	-	5.66	-	12.58
<b>TOTAL</b>	<b>1892.24</b>	<b>6.30</b>	<b>0.15</b>	<b>1898.39</b>	<b>-</b>	<b>78.21</b>	<b>0.11</b>	<b>1820.30</b>
<b>Sugar Division</b>								
Freehold Land	156.82	0.00	0.00	156.82	-	0.00	0.00	156.82
Buildings	1066.65	0.00	0.00	1066.65	-	57.07	0.00	1009.58
Plant & Equipment	816.43	37.16	0.00	853.59	-	33.10	0.00	820.49
Other Equipment	0.99	0.00	0.00	0.99	-	0.00	0.00	0.99
Furniture and Fixtures	0.60	0.24	0.00	0.84	-	0.00	0.00	0.84
Office Equipment	2.27	0.45	0.00	2.71	-	0.00	0.00	2.71
Vehicles	15.41	0.00	13.58	1.83	-	1.86	12.90	12.87
<b>TOTAL</b>	<b>2059.17</b>	<b>37.85</b>	<b>13.58</b>	<b>2083.44</b>	<b>-</b>	<b>92.03</b>	<b>12.90</b>	<b>2004.31</b>
<b>Power Division</b>								
Factory Buildings	247.50	0.00	0.00	247.50	-	13.58	0.00	233.92
Plant & Equipment	1593.07	4.53	0.00	1597.60	-	52.29	0.00	1545.31
<b>TOTAL</b>	<b>1840.57</b>	<b>4.53</b>	<b>0.00</b>	<b>1845.10</b>	<b>-</b>	<b>65.87</b>	<b>0.00</b>	<b>1779.23</b>
<b>GRAND TOTAL</b>	<b>5791.98</b>	<b>48.68</b>	<b>13.73</b>	<b>5826.93</b>	<b>-</b>	<b>236.11</b>	<b>13.01</b>	<b>5603.84</b>



**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

**3 Investments**

( ₹ in Lakhs )

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>Investments in Equity Instruments</b>			
Fair value through Profit and Loss (FVTPL)			
Andhra Bank	2.34	3.26	2.95
5631 (31.03.2017-5631 ,31.03.2016- 5631)			
shares of INR 10 each face value			
<b>Total</b>	<b>2.34</b>	<b>3.26</b>	<b>2.95</b>
Aggregate amount of quoted investments and market value thereof	2.34	3.26	2.95

**4 Other Non Current assets**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(i). Advances other than Capital Advances			
- Deposits with Government	189.79	158.13	133.24
- Deposits with others	3.97	3.55	10.93
<b>Total</b>	<b>193.76</b>	<b>161.68</b>	<b>144.17</b>

**5 Inventories**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(Valued at lower of cost or net realizable value)			
(i) Raw materials	53.37	23.03	36.25
(ii) Work-in-progress	209.86	262.06	296.03
(iii) Finished goods	4,436.83	7,929.48	9,841.59
(iv) Banked Energy	317.09	176.36	260.39
(v) Gross Stores & spares	1,276.72	803.32	877.07
Less: Provision for obsolete Items of Stores and Spares	47.76	47.76	-
Net Stores and Spares	1,228.96	755.56	877.07
<b>Total</b>	<b>6,246.11</b>	<b>9,146.48</b>	<b>11,311.33</b>

**6 Trade receivables**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good	1178.45	1119.69	1118.64
Unsecured, considered doubtful	481.35	481.35	383.39
Less: Allowance for doubtful debts	(481.35)	(481.35)	(383.39)
<b>Total</b>	<b>1,178.45</b>	<b>1,119.69</b>	<b>1,118.64</b>

**7 Cash and cash equivalents**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Balances with banks			
- in current accounts	193.08	295.74	576.62
b) Cash on hand	2.64	6.89	17.71
<b>Total</b>	<b>195.72</b>	<b>302.63</b>	<b>594.33</b>



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**8 Other Bank Balances**

( ₹ in Lakhs )

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Earmarked balances with banks			
Unpaid dividend account	38.83	49.26	43.60
b) Balances with banks			
In deposit Accounts	7,745.91	5,418.01	1,807.49
Margin money deposit	8,297.21	5,892.12	4,525.32
<b>Total</b>	<b>16,081.95</b>	<b>11,359.39</b>	<b>6,376.41</b>

**Note 8.1: The Company has transferred unclaimed dividend of INR 0.93 lakhs pertaining to year 2009-10 to the Investor Education Protection Fund on expiry of seven years**

**9 Other Financial Asset (Current)**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(i) Employees Advances	0.93	1.38	1.95
(ii) Interest Accrued on Deposits.	507.68	469.71	327.09
<b>Total</b>	<b>508.61</b>	<b>471.09</b>	<b>329.04</b>

**10 Current Tax Assets (Net)**

PARTICULARS	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Opening balance	437.77	834.55	923.38
Add: Taxes paid	549.76	1,130.17	260.70
Less: Current tax expense for the year	(534.68)	(1,526.95)	(349.53)
<b>TOTAL</b>	<b>452.85</b>	<b>437.77</b>	<b>834.55</b>

**11 Other Current Assets**

PARTICULARS	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Prepaid Expenses	19.79	28.93	8.62
Supplier Advances	341.68	519.65	304.18
Other Advances	807.40	557.32	1006.11
<b>TOTAL</b>	<b>1,168.87</b>	<b>1,105.91</b>	<b>1,318.91</b>

**Note 11.1: Other Advances include Income tax under protest amounting to INR 125.6 lakhs (Previous year INR 125.6 lakhs) and sales tax paid under protest amounting to INR 233.44 lakhs(Previous year INR 233.44 lakhs)**



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

## **12 Equity share capital**

(₹ in Lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>AUTHORIZED:</b>			
90,00,000 (2017- 90,00,000, 2016 - 90,00,000) Equity Shares of ₹10/- each	900.00	900.00	900.00
<b>TOTAL</b>	<b>900.00</b>	<b>900.00</b>	<b>900.00</b>
<b>ISSUED, SUBSCRIBED &amp; PAID-UP CAPITAL</b>			
77,73,858(2017- 77,73,858, 2016 - 77,73,858) Equity Shares of ₹10/- each	777.39	777.39	777.39
<b>TOTAL</b>	<b>777.39</b>	<b>777.39</b>	<b>777.39</b>

## **(A) Movements in equity share capital**

Particulars	Number of shares (in lakhs)	Equity share capital (par value)
As at 1 April 2016	77.74	777.39
Movement during the year	-	-
<b>As at 31 March 2017</b>	<b>77.74</b>	<b>777.39</b>
Movement during the year	-	-
<b>As at 31 March 2018</b>	<b>77.74</b>	<b>777.39</b>

## **(B) Details of shareholders holding more than 5% shares in the Company**

Name of the shareholder	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	No. of Shares	% holding	No. of Shares	% holding	No. of Shares	% holding
b) P Veeraiiah.	3,493,638.00	44.94	3,493,638	44.94	1,152,802	14.83
c) Smt. P. Samrajyam	-	-	-	-	2,664,113	34.27

## **(C) Terms/Rights attached to equity shares**

The Company has only one class of equity shares having a face value of Rs 10/- each. Each holder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the distribution will be in proportion to the number of equity shares held by the shareholders.

(D) The Company has not issued any share as fully paid up without payment being received in cash or as bonus shares nor any shares has been bought back by the Company since 5 years.



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**13. Other equity** (₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at 1-Apr-16
Reserves and surplus			
Share Premium	1391.62	1391.62	1391.62
General reserve	2092.73	2092.73	1870.89
Amalgamation Reserve	1075.89	1075.89	1075.89
Retained earnings	16686.37	16245.74	13826.26
<b>TOTAL</b>	<b>21246.61</b>	<b>20805.98</b>	<b>18164.66</b>

**(i) Share Premium Reserve**

Particulars	As at 31 March 2018	As at 31 March 20a7
Opening balance	1391.62	1391.62
Movement during the year	0.00	0.00
<b>Closing balance</b>	<b>1391.62</b>	<b>1391.62</b>

**(ii) General Reserve**

Particulars	As at 31 March 2018	As at 31 March 2017
Opening balance	2092.73	1870.89
Movement during the year	0.00	221.84
<b>Closing balance</b>	<b>2092.73</b>	<b>2092.73</b>

**(iii) Amalgamation Reserve**

Particulars	As at 31 March 2018	As at 31 March 2017
Opening balance	1075.89	1075.89
Movement during the year	0.00	0.00
<b>Closing balance</b>	<b>1075.89</b>	<b>1075.89</b>

**(iv) Retained earnings**

Particulars	As at 31 March 2018	As at 31 March 2017
Opening balance	16245.74	13826.26
Profit for the year		2650.07
Dividends & Corporate dividend tax	(280.69)	(252.62)
Deferred tax Adjustments	663.94	(0.51)
Other comprehensive income	57.38	22.54
<b>Closing balance</b>	<b>16686.37</b>	<b>16245.74</b>

**14 Borrowings**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non-Current			
a) Secured loans			
i) Term loans from banks	6.38	218.04	428.18
<b>TOTAL</b>	<b>6.38</b>	<b>218.04</b>	<b>428.18</b>

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 Rs.795 lakhs of the company. Repayment Schedule as under:

Year	Quarterly Installments	Amount (₹)
2018-19	4	265.00
2019-20	1	66.25





**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

**15 Provisions**

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for employee benefits			
- Leave Encashment	44.94	39.80	10.93
- Gratuity	35.23	81.58	181.58
<b>Total</b>	<b>80.18</b>	<b>121.38</b>	<b>192.51</b>

**16 Deferred tax liabilities (net)**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Deferred tax assets			
Expenses allowable on payment basis	60.60	193.29	167.63
b) Deferred tax liabilities			
Depreciation	1298.51	1,313.41	1330.78
Deferred tax liabilities (net)	1237.91	1120.12	1163.15
Movement in deferred tax liabilities (net)			

Particulars	WDV of depre- ciable PPE	Expenses allowable on payment basis	Total
As at 01 April, 2016	1,330.78	167.63	1498.41
(Charged) / Credited to statement of profit and loss	(17.37)	25.66	8.29
As at 31st March, 2017	1,313.41	193.29	1506.70
(Charged) / Credited to statement of profit and loss	(14.90)	(132.69)	(147.59)
As at 31st March, 2018	1,298.51	60.60	1359.10

**17 Other non-current liabilities**

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Others			
-Deferred Revenue Grant	26.46	80.06	157.13
<b>TOTAL</b>	<b>26.46</b>	<b>80.06</b>	<b>157.13</b>

**18 Borrowings**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Secured loans			
Working capital loans from banks	6,281.67	3,647.65	1,991.14
<b>Total</b>	<b>6,281.67</b>	<b>3,647.65</b>	<b>1,991.14</b>

**Note 18.1: The Company has taken overdraft facilities from Andhra bank and state bank of India against pledge of fixed deposits valuing INR 10781.21 lakhs (Previous year INR 4948.39 lakhs) of the company at an average rate of 8.25%**



**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

**18.2 Net Debt Reconciliation**

( ₹ in Lakhs )

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance of borrowings	4217.88	2775.20
Add:- Proceeds from non-current borrowings	0.00	0.00
Less:- Repayment of non-current borrowings	(211.66)	(210.14)
Proceeds/ (repayment) from current borrowings	2626.89	1729.89
Fair Value Adjustment	(53.60)	(77.07)
Closing balance of borrowings	6579.51	4217.88

**19 Trade payables**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Dues to micro enterprises and small enterprises	-	-	-
Dues to creditors other than micro enterprises and small enterprises	270.64	569.02	2,270.49
<b>Total</b>	<b>270.64</b>	<b>569.02</b>	<b>2,270.49</b>

**19.1 There are no transactions with Micro, small and Medium Enterprises, Hence no disclosures are made under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

**20 Other financial liabilities (Current)**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current maturities of long term debt	265.00	272.13	198.75
Unpaid dividends*	54.57	49.26	43.60
Deposits from stockists	12.78	12.78	12.98
<b>Total</b>	<b>332.35</b>	<b>334.18</b>	<b>255.33</b>

\* There are no amounts due to be remitted to Investor Education and Protection Fund out of these amounts.

**21 Other Current Liabilities**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Employee benefits payable	195.74	123.49	100.15
Statutory Liabilities and others	1,065.32	1,916.90	2,322.20
<b>Total</b>	<b>1,261.06</b>	<b>2,040.39</b>	<b>2,422.35</b>

**Note 21.1: The Company filed an appeal before the Hon,ble High Court of Andhra Pradesh vide W.P.no. 20536 of 2009 for levy of Duty @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 on 19.05.2016 and accordingly a provision of ₹ 867.22(Previous year ₹ 834.05 lakhs) is included in the Statutory liabilities.**



**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

**22 Revenue from operations**

( ₹ in Lakhs )

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Sale of products (including excise duty)	15,462.85	24,272.01
Other operating revenue		
<b>Total revenue</b>	<b>15,462.85</b>	<b>24,272.01</b>

**23 Other income**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest income on deposits with banks	1,055.20	689.75
Deferred Revenue Grant (SEFASU Loan)	53.60	77.08
Others	708.45	40.07
<b>Total other income</b>	<b>1,817.25</b>	<b>806.90</b>

**Note 23.1: Interest Income represents Interest on Fixed Deposits and Interest on Electricity Deposits**

**24 Cost of material consumed**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Cost of Raw materials consumed:		
i) Limestone	418.18	592.17
ii) Gypsum	118.21	173.02
iii) Others	615.24	257.81
iv) Sugar cane	4,244.52	6,345.80
v) Granulated Slag		-
vi) Laterite		-
<b>Total</b>	<b>5,396.16</b>	<b>7,368.80</b>

**25 Changes in inventories of finished goods, Stock-in -Trade and work-in-progress**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening balance		
Finished goods	8,105.83	10,101.98
Work-in-progress	262.06	296.03
(A)	<b>8,367.89</b>	<b>10,398.01</b>
Closing balance		
Finished goods	4,753.93	8,310.82
Work-in-progress	209.86	57.07
(B)	<b>4,963.79</b>	<b>8,367.89</b>
<b>Total (A-B)</b>	<b>3,404.11</b>	<b>2,030.12</b>

**26 Employee benefit expense**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages and bonus	1,622.55	1,667.93
Contribution to provident and other funds	58.80	56.75
Staff welfare expenses	87.53	104.91
<b>Total</b>	<b>1,768.88</b>	<b>1,829.59</b>



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

<b>27 Finance costs</b>		(₹ in Lakhs)
<b>Particulars</b>	<b>Year ended March 31, 2018</b>	<b>Year ended March 31, 2017</b>
Interest and finance charges on financial liabilities calculated using effective interest rate	<b>250.44</b>	171.15
<b>Total</b>	<b>250.44</b>	171.15

<b>28 Depreciation</b>		
<b>Particulars</b>	<b>Year ended March 31, 2018</b>	<b>Year ended March 31, 2017</b>
Depreciation of property, plant and equipment	<b>218.11</b>	236.12
<b>Total</b>	<b>218.11</b>	236.12

<b>29 Other expenses</b>		
<b>Particulars</b>	<b>Year ended March 31, 2018</b>	<b>Year ended March 31, 2017</b>
Consumption of stores and spares	<b>1,049.16</b>	1,335.86
Power & Fuel	<b>2,927.88</b>	4,112.43
Repairs & Maintenance		
Building	<b>3.74</b>	1.49
Plant & Machinery	<b>78.33</b>	32.62
Others	<b>40.20</b>	43.08
Other Manufacturing exp	<b>170.18</b>	207.29
Donations	<b>100.53</b>	45.08
Travel & conveyance	<b>64.11</b>	60.74
CSR Expenses	<b>38.21</b>	23.01
Professional charges	<b>18.15</b>	20.64
Payment to Auditors (Refer note. 28(a))	<b>7.74</b>	7.72
Insurance	<b>15.90</b>	11.39
Bad Debts written off		
Provision for doubtful debts	<b>-</b>	89.09
Communication and Printing exp	<b>23.62</b>	14.93
Effect of exchange differences on translation of forward contracts		
Advertisement and sales promotion	<b>14.42</b>	18.59
Selling and marketing expenses	<b>26.63</b>	33.86
Rents and Rates & Taxes	<b>75.80</b>	76.59
Excise duty on Closing Stock	<b>(583.96)</b>	175.22
Miscellaneous expenses	<b>315.00</b>	348.07
<b>Total</b>	<b>4,385.64</b>	6,657.70

**29 a. Payment to auditor**

<b>Particulars</b>	<b>Year ended March 31, 2018</b>	<b>Year ended March 31, 2017</b>
(a) To statutory auditors		
-Statutory audit fee	<b>3.90</b>	3.90
-For other services (including fees for quarterly audits)	<b>1.20</b>	1.20
-Reimbursement of expenses	<b>0.24</b>	0.22
(b) To others		
-Cost audit fee	<b>1.45</b>	1.45
-Tax audit fee	<b>0.95</b>	0.95
-Certification and taxation matters		
<b>TOTAL</b>	<b>7.74</b>	7.72



**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

**29 b. Corporate Social Responsibility expenditure**

( ₹ in Lakhs )

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Amount required to be spent as per Section 135 of the Act	61.61	37.64
Amount spent during the year on :		
1. Construction/ acquisition of any assets	34.24	19.26
2. On purposes other than (1) above**	3.94	3.75

**29 c. Reconciliation of tax expenses and the accounting profit multiplied by tax rate**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Profit before income tax expense	1482.04	4525.46
Tax at the Indian tax rate of 34.608% (2016-17: 34.608%)	271.93	1526.95
Effect of non-deductible expense	77.08	623.33
Effect of allowances for tax purpose	(32.71)	(284.81)
Effect of deferred tax	(100.61)	(486.43)
Income tax expense	215.68	1379.04

**30 Earnings Per share**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Profit after tax ((INR in lakhs))	1047.97	2883.20
Number of equity shares in calculating Basic and Diluted EPS (Nos in lakhs)	77.73	77.73
Face value per share in INR	10.00	10.00
Basic and Diluted Earnings per Share (EPS)INR	13.48	37.09

**Note.31 Provisions, Contingent Liabilities and Contingent Assets:**

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

- The Company has filed an appeal to Appellate Tribunal (CT) against order of ADC on restriction of ITC for the Year 2012-13 of ₹ 29,52,639 and for the year 2013-14 of ₹ 27,52,164 pending with Appellate Tribunal.
- 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 filed in the High court of Andhra Pradesh and stay 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 Andhra Pradesh.
- For the Asst. Year 2012-13 there was a demand of ₹ 120.68 lakhs towards denial of exemption u/s. 80-IA to Company's Power Division and the same was adjusted against refund due. The matter is pending before CIT (Appeals).



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

- v) For the Asst.Year 2009-10 penalty has been imposed and the same was adjusted against the refund due and pending with Appeal CIT(A). And asst.year there was appeal with CIT(A) against the order of DCIT against disallowance of deduction U/s 80IA for the Asst.Year 2014-15 and the same was pending with CIT(A)
- vi) 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.
- vii) 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.
- viii) Company had appealed to Addl.Commissioner of Customs vide appeal no.72/2014 dated 05/06/2014 and 28/2014 dated 25/06/2014 against the demand of the department amounting to ₹ 65.77 Lakhs excluding interest and Penalty for the year 2012-13.

**Note :32 Capital and other commitments ₹ Nil (P.Y ₹ Nil)**



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

## **33. Related party transactions**

Names of related parties and nature of relationships:	
Names of the related parties	Nature of relationship
i) Key Managerial Personnel (KMP):	
Sri P.Veeraiah	Managing director
Sri B K Prasad	General Manager & Company Secretary
Sri M Bhavani Dattu	Chief Financial Officer
ii) Non-whole-time Directors	
Sri J S Rao	Director
Sri Madhusudana Rao ( up to 24.07.2017 )	Director
Sri TRC Bose	Director
Sri BV Subbaiah	Director
Sri k Venkata Rao	Director
Smt M Varalaxmi (from 12.08.2016)	Director
iii) Relatives of key managerial personnel:	
P.Samrajyam	Mother of Sri P.Veeraiah
P.Radha	Wife of Sri P.Veeraiah
iv) Enterprises in which key managerial personnel and/or their relatives have control:	
Standard Construction Co. (Partnership Firm)	
Kakatiya Finance and Leasing Company Pvt Limited (KFL (P) Ltd.)	

Details of transactions during the year where related party relationship existed: (₹ in lakhs)

Names of the related parties	Nature of Transactions	Year ended 31 March 2018	Year ended 31 March 2017
Sri P.Veeraiah	Remuneration	129.94	238.30
Sri B K Prasad	Remuneration	10.93	10.97
Sri M Bhavani Dattu	Remuneration	9.95	9.88
Sri P.Veeraiah	Rent paid	24.00	24.00
B) Relatives of Key Managerial Personnel			
Smt P.Samrajyam	Rent paid	2.40	2.40
CM Rao	Sitting fees	0.01	0.04
T R C Bose	Sitting fees	0.04	0.04
A Chengappa	Sitting fees	0.00	0.03
B V Subbaiah	Sitting fees	0.03	0.04
J S Rao	Sitting fees	0.03	0.02
K Venkat Rao	Sitting fees	0.02	0.02
M Varalakshmi	Sitting fees	0.08	0.03
CM Rao	Reimbursement of expenses	0.24	0.54
T R C Bose	Reimbursement of expenses	0.87	0.54
A Chengappa	Reimbursement of expenses	0.00	0.02
B V Subbaiah	Reimbursement of expenses	0.68	0.61
J S Rao	Reimbursement of expenses	0.78	0.38
K Venkat Rao	Reimbursement of expenses	0.58	0.43
M Varalakshmi	Reimbursement of expenses	0.25	0.10
P.Veeraiah	Dividend paid	104.81	94.33
P.Samrajyam	Dividend paid	9.70	8.73
C) Enterprise in which key management personnel and their relatives have control:			
Standard Construction Co. (Partnership Firm)	Civil works	2.16	2.16





### 34. Financial instruments and risk management

#### Fair values

1. The carrying amounts of trade payables, other financial liabilities(current), borrowings (current), trade receivables, cash and cash equivalents, other bank balances and loans are considered to be the same as fair value due to their short term nature.
2. Borrowings(non-current) consists of loans from banks and government authorities, other financial liabilities(non-current) consists of interest accrued but not due on deposits other financial assets consists of employee advances where the fair value is considered based on the discounted cash flow.

The fair value of financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximation of fair values:

#### (i) Categories of financial instruments

(₹ in lakhs)

Particulars	Level	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
		Carrying amount	Fair value*	Carrying amount	Fair value*	Carrying amount	Fair value*
Financial assets							
Current							
Trade receivables	3	1178.45	1178.45	1119.69	1119.69	1118.64	1118.64
Cash and Cash Equivalents	3	195.72	195.72	302.63	302.63	594.33	594.33
Other bank balances	3	16081.95	16081.95	11359.39	11359.39	6376.41	6376.41
Other financial assets	3	508.61	508.61	471.09	471.09	329.04	329.04
Measured at fair value through profit and loss							
Non-current							
Investments	1	2.34	2.34	3.26	3.26	2.95	2.95
<b>Total</b>		<b>17967.07</b>	<b>17967.07</b>	<b>13256.06</b>	<b>13256.06</b>	<b>8421.37</b>	<b>8421.37</b>
Financial liabilities							
Measured at amortised cost							
Non-current							
Borrowings	3	6.38	6.38	218.04	218.04	428.18	428.18
Other financial liabilities	3	0.00	0.00	0.00	0.00	0.00	0.00
Current							
Borrowings	3	6281.67	6281.67	3647.65	3647.65	1991.14	1991.14
Trade Payables	3	270.64	270.64	569.02	569.02	2270.49	2270.49
Other Financial Liabilities	3	332.35	332.35	334.18	334.18	255.33	255.33
<b>Total</b>		<b>6891.04</b>	<b>6891.04</b>	<b>4768.89</b>	<b>4768.89</b>	<b>4945.14</b>	<b>4945.14</b>

\*Fair value of instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques, which maximise the use of observable market data and rely as little as possible on entity specific estimates. If significant inputs required to fair value an instruments are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs are not based on observable market data, the instruments is included in level 3.

Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial



instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realized or paid in sale transactions as of respective dates. As such, the fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date. In respect of investments as at the transaction date, the Company has assessed the fair value to be the carrying value of the investments as these companies are in their initial years of operations obtaining necessary regulatory approvals to commence their business.

### **35. Financial risk management**

The Company is exposed to market risk (fluctuation in foreign currency exchange rates, price and interest rate), liquidity risk and credit risk, which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

#### **(A) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk and price risk. Financial instruments affected by market risk include loans and borrowings, trade receivables and trade payables involving foreign currency exposure. The sensitivity analyses in the following sections relate to the position as at March 31, 2018 and March 31, 2017.

The analysis exclude the impact of movements in market variables on the carrying values of financial assets and liabilities .

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2018 and 31 March 2017.

#### **(B) Credit Risk**

Credit risk is the risk arising from credit exposure to customers, cash and cash equivalents held with banks and current and non-current held-to maturity financial assets.

With respect to credit exposure from customers, the Company has a procedure in place aiming to minimise collection losses. Credit Control team assesses the credit quality of the customers, their financial position, past experience in payments and other relevant factors. Cash and other collaterals are obtained from customers when considered necessary under the circumstances.

The carrying amount of trade receivables, loans, advances, deposits, cash and bank balances, bank deposits and interest receivable on deposits represents company's maximum exposure to the credit risk. No other financial asset carry a significant exposure with respect to the credit risk. Bank deposits and cash balances are placed with reputable banks and deposits are with reputable government, public bodies and others.

The credit quality of financial assets is satisfactory, taking into account the allowance for credit losses.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including default risk associate with the industry and country in which customers operate. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date on an individual basis for major receivables. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company also holds deposits as security from certain customers to mitigate credit risk.

- i. Credit risk on cash and cash equivalents and other bank balances is limited as the Company generally invest in deposits with banks with high credit ratings assigned by external agencies.
- ii. Credit risk on trade receivables and other financial assets is evaluated as follows:



# KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

(i) Expected credit loss for trade receivable under simplified approach: (₹ in lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Gross carrying amount	481.35	383.39	383.39
Expected credit losses (Loss allowance provision)	0.00	97.96	0.00
Carrying amount of trade receivables	481.35	481.35	383.39

(ii) Reconciliation of loss allowance provision

Particulars	Trade receivables
Loss allowance as at 1 April 2016	383.39
Changes in loss allowance during the period of 2016-17	97.96
Loss allowance as at 31 March 2017	481.35
Changes in loss allowance during the period of 2017-18	-
* The previous GAAP figures have been reclassified to conform to Ind AS	481.35

presentation requirements for the purposes of this note. ended 31 March 2017. Reconciliation of total comprehensive income for the year

(iii) Significant estimates and judgements Impairment of financial assets:

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

## (C) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding to meet obligations when due and to close out market positions. Company's treasury maintains flexibility in funding by maintaining availability under deposits in banks.

Management monitors cash and cash equivalents on the basis of expected cash flows.

(i) Financing arrangements:

The company had access to the following undrawn borrowing facilities at the end of the reporting period

Particulars	As at 31 March 2018	As at 31 March 2017
Expiring within one year (bank overdraft and other facilities)	265.00	265.00

(ii) Maturities of Financial liabilities

Contractual maturities of financial liabilities as at :

Particulars	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months
Borrowings	6,281.67	6.38	3,647.65	218.04	1,991.14	428.18
Trade Payables	270.64	-	569.02	-	2,270.49	-
Other Financial Liabilities	332.35	-	334.18	-	255.33	-
<b>Total</b>	<b>6,884.66</b>	<b>6.38</b>	<b>4,550.85</b>	<b>218.04</b>	<b>4,516.96</b>	<b>428.18</b>



### 36. Capital management

#### A. Capital management and Gearing Ratio

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is debt divided by total capital. The Company includes within debt, interest bearing loans and borrowings.

(₹ in lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
Borrowings			
Current	6,281.67	3,647.65	1,991.14
Non current	6.38	218.04	428.18
Current maturities of long term debt	265.00	272.13	198.75
Debt	6,553.05	4,137.82	2,618.07
Equity			
Equity share capital	777.39	777.39	777.39
Other equity	21,246.61	20,805.98	18,164.66
<b>Total capital</b>	<b>22,023.99</b>	<b>21,583.37</b>	<b>18,942.05</b>
Gearing ratio in % (Debt/ capital)	30%	19%	14%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018 and 31 March 2017.

(₹ in lakhs)

#### B. Dividends

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Dividends recognised		
Final dividend for the year ended 31 March 2017 of INR 3/- (31 March 2016 - INR 2.7/-) per fully paid share	280.69	252.61
For the year ended the directors have recommended the payment of a final dividend of INR 3/- per fully paid equity share (March 31, 2017 - INR 3/-). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting, hence the same is not recognised.	-	-

### 37. First-time adoption of Ind AS

#### Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet as at 01 April 2016 (date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the



accounting standards notified under Companies (Accounting standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation on how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

**Exemptions and Exceptions availed**

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

**A. Ind AS optional exemptions**

**(i) Deemed cost**

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its Property, Plant & Equipment as recognised in the Financial Statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition, after making necessary adjustments for decommissioning liabilities. This exemption can also be used for Intangible Assets covered by Ind AS 38.

Accordingly, the Company has elected to measure all of its Property, Plant & Equipment and Intangible Assets at their previous GAAP carrying value.

**(ii) Impairment of financial assets**

An entity shall apply requirements of Ind AS 109 relating to impairment of Financial Assets retrospectively. However, if at the date of transition, determining whether there is significant increase in credit risk from initial recognition requires undue cost and effort, an entity shall recognise lifetime expected credit losses at each reporting date.

The Company has recognised allowance for credit loss at the date of transition to Ind AS for trade receivables based on lifetime expected credit loss.

**B. Ind AS mandatory exceptions**

**(i) Estimates**

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with the estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following item in accordance with Ind AS at the date of transition as these were not required under previous GAAP: -Impairment of financial asset based on expected credit loss model.

**(ii) Classification and measurement of Financial Assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

The Company has calculated fair value of financial assets as the date of transition to Ind AS.

**C. Reconciliation between previous GAAP and Ind AS ( as at 31 March 2017 and 1 April 2016)**

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods.

The following tables represent the reconciliations from previous GAAP to Ind AS.



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

(₹ in lakhs)

Particulars	Notes	As at 31 March 2017			As at 1 April 2016		
		Previous GAAP*	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP*	Effect of transition to Ind AS	As per Ind AS balance sheet
<b>I.ASSETS</b>							
<b>Non-current Assets</b>							
(a) Property, Plant and Equipment		5603.85	(0.00)	5603.85	5792.00	0.00	5792.00
(b) Capital Work-In-Progress		2.45	(0.00)	2.45	0.00	0.00	0.00
(c) Financial Assets							
(i) Investments		5.07	(1.81)	3.26	5.07	(2.12)	2.95
(d) Other non-current Assets		605.33	(443.65)	161.68	992.60	(848.43)	144.17
<b>Current Assets</b>							
(a) Inventories		9146.48	0.00	9146.48	11311.33	0.00	11311.33
(b) Financial Assets							
(i) Trade Receivables		1503.08	(383.39)	1119.69	1502.03	(383.39)	1118.64
(ii) Cash and Cash Equivalents		351.89	(49.26)	302.63	637.93	0.00	637.93
(iii) Other bank balances		11459.78	(100.39)	11359.39	6462.06	(129.25)	6332.81
(iv) Other financial assets		0.00	471.09	471.09	0.00	329.04	329.04
(c) Current Tax Assets (Net)		0.00	437.77	437.77	0.00	834.55	834.55
(d) Other current Assets		1577.00	(471.09)	1105.91	1527.78	(208.87)	1318.91
<b>Total assets</b>		<b>30254.93</b>	<b>(540.72)</b>	<b>29714.20</b>	<b>28230.80</b>	<b>(408.47)</b>	<b>27822.33</b>
<b>II. EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
(a) Equity Share Capital		777.39	(0.00)	777.39	777.39	0.00	777.39
(b) Other Equity	5	22254.93	(1448.94)	20805.99	19383.02	(1218.36)	18164.66
<b>Liabilities</b>							
<b>Non-Current Liabilities</b>							
<b>(a) Financial Liabilities</b>							
(i) Borrowings		331.25	(113.21)	218.04	476.08	(47.90)	428.18
(b) Deferred Tax Liabilities (Net)	1	23.22	1096.90	1120.12	66.75	1096.40	1163.15
(c) Provisions		121.38	0.00	121.38	192.51	0.00	192.51
(d) Other non current liabilities		162.43	(82.37)	80.06	142.23	14.90	157.13
<b>Current Liabilities</b>							
<b>(a) Financial Liabilities</b>							
(i) Borrowings		3647.65	(0.00)	3647.65	1991.14	0.00	1991.14
(ii) Trade Payables		569.02	0.00	569.02	2270.48	0.01	2270.49
(iii) Other Financial Liabilities	3	0.00	334.18	334.18	0.00	255.33	255.33
(b) Other Current Liabilities		2361.78	(321.39)	2040.39	2664.70	(242.35)	2422.35
(c) Provisions		5.88	(5.88)	0.00	266.50	(266.50)	0.00
<b>TOTAL</b>		<b>30254.93</b>	<b>(540.72)</b>	<b>29714.20</b>	<b>28230.80</b>	<b>(408.47)</b>	<b>27822.33</b>



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

Reconciliation of total comprehensive income for the year (₹ in lakhs)

Particulars	Notes	Previous GAAP*	Adjustments	Ind AS
I. Revenue from operations	2	22012.04	2259.97	24272.01
II. Other Income		729.83	77.08	806.90
III. Total Revenue (I + II)		22741.86	2337.05	25078.91
<b>IV. Expenses:</b>				
Cost of materials consumed		7368.80	0.00	7368.80
Excise duty	2	0.00	2259.97	2259.97
Changes in inventories of finished goods and work in progress		2030.11	0.01	2030.12
Employee benefits expense	3	1818.86	10.73	1829.59
Finance costs		121.52	49.62	6657.70
Depreciation and amortization expense		236.12	(64.97)	171.15
Other expenses		6652.77	(6416.65)	236.12
Total Expenses		18228.18	(4161.29)	20553.45
<b>V. Profit before tax (III - IV)</b>		<b>4513.68</b>	<b>6498.34</b>	<b>4525.46</b>
<b>VI. Tax expense:</b>				
(1) Current tax		1526.95	0.00	1526.95
(2) MAT Credit		(443.40)	443.40	
(3) Earlier tax		601.74	0.00	601.74
(4) Deferred tax	1	(43.53)	(442.90)	(486.43)
<b>VII. Profit for the period (V-VI)</b>		<b>2871.92</b>	<b>6497.84</b>	<b>2883.20</b>
<b>VIII. Other Comprehensive Income</b>				
Items that will not be reclassified to statement of profit and loss				
a) Remeasurement of defined employee benefit plans	3,6	0.00	10.73	10.73
b) Income tax relating to item (a) above		0.00	(3.55)	(3.55)
Other Comprehensive Income (net of tax )		0.00	7.18	7.18
<b>IX. Total Comprehensive Income for the year</b>		<b>2,871.92</b>	<b>6,505.02</b>	<b>2,890.38</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Reconciliation of total equity as at 31 March 2017 and 1 April 2016 (₹ in lakhs)

Particulars	Notes	31 March 2017	1 April 2016
Total equity (shareholder's funds) as per previous GAAP		23032.32	20160.41
Adjustments			
Proposed dividend including corporate dividend tax	4	0.00	252.62
Impact on deferred tax on account of Ind AS adjustments	1	1096.90	1096.40
Other Adjustments		352.04	(130.66)
Total adjustments		1448.94	1218.36
<b>Total equity as per Ind AS</b>		<b>21583.38</b>	<b>18942.05</b>





# KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

Reconciliation of total comprehensive income for the year ended 31 March 2017 (₹ in lakhs)

Particulars	Notes	31 March 2017
Profit after tax as per previous GAAP		2871.92
Adjustments		
Fair valuation of Sefasu loan		27.46
Impact on account of Ind AS adjustments		(9.00)
Total comprehensive income as per Ind AS		2,890.38

Impact of Ind AS adoption on the statements of cash flows for the year ended 31 March 2017 (₹ in lakhs)

Particulars	Notes	Previous GAAP*	Adjustments	Ind AS
Net cash flow from operating activities		2383.25	6853.11	9236.36
Net cash flow from investing activities		1,026.62	(30.02)	640.02
Net cash flow from financing activities		1301.82	(65.34)	1236.48
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>4,711.69</b>	<b>6,401.17</b>	<b>11,112.86</b>
Cash and cash equivalents as at 1 April 2016		7,099.99	(129.25)	6,970.74
Cash and cash equivalents as at 31 March 2017		11,811.68	6,271.92	18,083.60

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

## D. Notes to first-time adoption:

### 1) Deferred tax

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS12 requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. It requires recognition of tax consequences of differences between the carrying amounts of assets and liabilities and their tax base. As a result Deferred tax liability has been increased by ₹ 1096.4 lakhs as at 1 April 2016 and ₹ 1096.9 lakhs as at 31st March 2017 with a corresponding decrease in retained earnings and net profit respectively.

### 2) Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended 31st March 2017 by ₹ 2259.97 lakhs. There is no impact on the total equity and profit.

### 3) Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. Actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. There is no impact on the total equity as at 31st March 2017.

### 4) Proposed Dividend

Under the previous GAAP, dividends proposed by the Board of Directors after the balance sheet date but before the approval of the financial statements were considered as an adjusting event. Accordingly, provision for proposed dividend and corporate dividend tax was recognised as liability.



Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend and corporate dividend tax of ₹ 252.62 lakhs included under provisions as at 1 April 2016 has been reversed with corresponding adjustments to retained earnings. Consequently the total equity increased by an equivalent amount.

**5) Other equity**

Retained earnings as at April 1, 2016 has been adjusted consequent to the above Ind AS transition adjustments on the date of transition.

**6) Other comprehensive income**

Under Ind AS, all items of income and expense recognized in a period should be included in the profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit or loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of 'other comprehensive income' did not exist under previous GAAP.

**7) Assets Pledged under security**

The carrying amounts of assets pledged as security for current and non-current borrowings are: (₹ in lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Non-current Assets			
(a) Property, plant and equipment	1924.10	2004.31	2059.17
<b>TOTAL</b>	<b>1924.10</b>	<b>2004.31</b>	<b>2059.17</b>

**38. Segment information**

The Company's activities are organised into three operating segments namely Cement, Sugar and Power. The Segments are the basis on which the company reports its segment information Cement division - produce, manufacture, refine and prepare the portland cement Sugar division - It deals mainly with the crushing of sugar-cane Power division - It generates and distributes the power

They primarily uses a measure of profit before tax to assess the performance of the operating segments.

**Segment revenue and expenses:**

The Company has an established basis of allocating Joint/Corporate expenses to the segments, which is reasonable, and followed consistently. All other segment revenue and expenses are attributable to the segments.

**Segment assets and liabilities:**

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions that are reported as direct offsets in the balance sheet. While most assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. In such cases, the entire revenue and expenses of these assets including depreciation are also allocated to the same segments. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include deferred income taxes.

**Inter segment transfers:**

The Company accounts for inter segment sales and transfer at average Market price



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**Summary of segment information**

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
<b>A. Revenue</b>		
<b>Segment revenue</b>		
Cement	6800.10	11653.20
Sugar	9135.85	12911.02
Power	1380.57	3971.68
	17316.52	28535.90
Less: Inter Segment sales	1478.93	4263.89
<b>Total revenue</b>	<b>15837.59</b>	<b>24272.01</b>
<b>B. Segment profit</b>		
Cement	492.99	2145.75
Sugar	770.72	347.53
Power	468.77	2203.37
Segment operating profit	1732.48	4696.65
Operating profit	1732.48	4696.65
Finance costs	250.44	171.15
Profit before tax	1482.04	4525.46
Income tax expense	434.07	1642.26
<b>Profit after tax</b>	<b>1047.97</b>	<b>2883.20</b>

Particulars	31 March 2018	31 March 2017	1 April 2016
<b>Segment Assets</b>			
Cement	9005.43	4910.71	5400.91
Sugar	13296.30	15840.20	13418.20
Power	9218.88	8963.29	9003.22
Total assets	31520.62	29714.20	27822.33
<b>Segment liabilities</b>			
Cement	1624.48	1717.33	3350.55
Sugar	7006.00	5654.92	5529.73
Power	866.16	758.58	0.00
<b>Total liabilities</b>	<b>9496.65</b>	<b>8130.83</b>	<b>8880.28</b>

Particulars	31 March 2018	31 March 2017
<b>Geographical segment revenue by location of customers</b>		
India	15,837.59	24,272.01
Outside India	0.00	0.00
<b>TOTAL</b>	<b>15837.59</b>	<b>24272.01</b>

Particulars	31 March 2018	31 March 2017	31 March 2016
<b>Geographical segment assets</b>			
India	31,520.62	29,714.20	27,822.33
Outside India	0.00	0.00	0.00
<b>TOTAL</b>	<b>31520.62</b>	<b>29714.20</b>	<b>27822.33</b>

**(i) Leave obligations**

The leave obligation covers the Company's liability for earned leave which is unfunded.

**(ii) Defined contribution plans**

The Company has defined contribution plans namely Provident fund. Contributions are made to provident fund at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the Government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

The expense recognised during the year towards defined contributions plan is as follows:



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
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Company's Contribution to Provident Fund

61.291

54.071

(ii) Post- employment obligations

a) Gratuity

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The Company operates post retirement gratuity plan with LIC of India. 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 obligation of leave encashment is recognised in the same manner as gratuity.

The following table sets out the amounts recognised in the financial statements in respect of gratuity plan

(₹ in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Change in defined benefit obligations:		
Obligation at the beginning of the year	174.74	182.16
Current service costs	14.48	9.14
Interest costs	13.05	14.57
Remeasurement (gains)/losses	60.23	(12.95)
Benefits paid	(23.25)	(18.19)
Obligation at the end of the year	239.25	174.74
Change in plan assets:		
Fair value of plan assets at the beginning of the year	166.43	79.72
Interest income	14.41	5.57
Remeasurement (gains)/losses	(3.58)	0.00
Employer's contributions	50.74	99.34
Benefits paid	(23.25)	(18.19)
Fair value of plan assets at the end of the year	204.76	166.43
Expenses recognised in the statement of profit and loss consists of:		
Employee benefits expense:		
Current service costs	14.48	9.14
Net interest expenses	(1.37)	9.01
	13.12	18.15
Other comprehensive income:		
(Gain)/Loss on Plan assets	(1.55)	0.00
Actuarial (gain)/loss arising from changes in financial assumptions	0.00	
Actuarial (gain)/loss arising from changes in experience adjustments	60.23	(12.95)
Expenses recognised in the statement of profit and loss	13.12	18.15

Amounts recognised in the balance sheet consists of

	As at March 31, 2018	As at March 31, 2017
Fair value of plan assets at the end of the year	204.76	166.43
Present value of obligation at the end of the year	239.25	174.74
Recognises as		
Retirement benefit liability - Non-current	34.49	8.30
Fair value of plan assets --- 100% with LIC of India		
Expected contributions to post- employment benefit plans of gratuity for the year ending 31st March 2019 are ₹17.24 Lakhs.		



**iv) Significant estimates and sensitivity Analysis**

The sensitivity of the defined benefit obligation to changes in key assumptions is: (₹ in lakhs)

Particulars	Defined benefit obligation							
	Key assumptions		Rate	Increase in assumption by		Rate	Decrease in assumption by	
	31 March 2018	31 March 2017		31 March 2018	31 March 2017		31 March 2018	31 March 2017
Discount rate	8.00%	8.00%	1%	229.17	167.38	1%	250.31	182.81
Salary growth rate	4.00%	4.00%	1%	251.63	183.77	1%	227.79	166.36
Attrition rate	5.00%	5.00%	1%	241.26	176.20	1%	237.05	173.13

The above sensitivity analysis is based on a change in each assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

**v) Risk exposure**

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

**Interest rate risk:**

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

**Salary inflation risk:**

Higher than expected increases in salary will increase the defined benefit obligation.

**Demographic risk:**

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

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

As per our report of even date  
for **RAMANATHAM & RAO**  
Chartered Accountants  
FR NO. S - 2934

**V. Narasimha Phani**  
Partner  
M. No. 204332

**Place : Hyderabad**  
**Date: 25th May, 2018**

For and on behalf of the Board of Directors

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

**M. Bhavani Dattu**  
Chief Financial Officer

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



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

1-10-140/1, GURUKRUPA, ASHOK NAGAR, HYDERBAD – 500020

CIN: L26942TG1979PLC002485 Website : [www.kakatiyacements.com](http://www.kakatiyacements.com)

**IMPORTANT & URGENT  
(FOR YOUR IMMEDIATE ACTION)**

Date: 16.08.2018

**SUBJECT : Updation of PAN & Bank Details**

Dear Shareholder,

We wish to inform you that SEBI vide its Circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, has streamlined and strengthened the procedures for transfer of securities and payment of dividend. In this regard, SEBI has instructed the Company/RTA to inform all the shareholders who are holding shares in Physical form and whose PAN and bank details have not been updated in Company/RTA records.

Further, SEBI has mandated to credit dividend, if any, directly to the Bank account of shareholders through NEFT/RTGS. Hence, we request you to update your bank details by sending following documents to the address mentioned herein below: -

1. Request letter (Format attached)
2. Self-attested copy of PAN
3. Self-attested copy latest address proof.
4. Original cancelled cheque leaf /attested bank passbook showing name of account holder

**Registrar and Share Transfer Agent (RTA)**  
**XL Softech Systems Limited**  
(Unit: Kakatiya Cement Sugar and Industries Limited)  
**3, Sagar Society,**  
**Road No.2, Banjara Hills,**  
**Hyderabad - 500 034.**  
**Phone: 040 23545913/14/15**  
**Email: [xlfield@gmail.com](mailto:xlfield@gmail.com)**

You are requested to send all the above mentioned documents to our RTA at the above mentioned address within 21 days from the date of this letter. **Please note that you need not send any communication to the Company related to this matter.**

***\*Members are once again requested to dematerialize their holdings in their own interest and you may please note that transfer of shares which are in the physical form will not be accepted from 5<sup>th</sup> December, 2018 as per SEBI's directive.***

**For Kakatiya Cement Sugar and Industries Limited**

**Sd/-**

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



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**To**  
**XL Softech Systems Limited**  
Unit: **Kakatiya Cement Sugar and Industries Limited**  
3, Sagar Society,  
Road No.2, Banjara Hills,  
Hyderabad - 500 034.  
Phone: 040 23545913/14/15  
Fax: 040 23553214  
Email: [xlfield@gmail.com](mailto:xlfield@gmail.com)

Date: \_\_\_\_\_

**UPDATION OF PAN AND BANK DETAILS**

Dear Sir,

In response to your letter ref no. Kakatiya/SHAREHOLDERS/UPDATE/PAN & BANK DETAILS-LETTER-1, I/We am/are sending you the following details and documents as requested by you-

Name : \_\_\_\_\_

Address of the shareholder : \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Phone No : \_\_\_\_\_

Email : \_\_\_\_\_

Pan No. : \_\_\_\_\_

Folio No / DP ID & Client ID : \_\_\_\_\_

Bank Details :-

Name of Holder : \_\_\_\_\_

Account No : \_\_\_\_\_

Bank Name : \_\_\_\_\_

Branch : \_\_\_\_\_

IFSC Code : \_\_\_\_\_

MICR Code : \_\_\_\_\_

**Signature of the Shareholder** : \_\_\_\_\_

Encl:

1. Self-attested copy of PAN
2. Self-attested copy of latest address proof.
3. Original cancelled cheque leaf /attested bank passbook showing name of account holder





**KAKATIYA CEMENT SUGAR &  
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 39<sup>th</sup> Annual General Meeting of the Company on Thursday September 20, 2018 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 &  
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 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 39<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, September 20, 2018 at 3.00 P.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 below:



**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 31 <sup>st</sup> March, 2018.		
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. Re-appointment of Shri P Veeraiah as Chairman and Managing Director of the Company for a period of five years with effect from 1 <sup>st</sup> December, 2018.		
5. Ratification of remuneration payable to M/s Narasimha Murthy and Co., Cost Accountants who are Cost Auditors of the Company for the Financial year ending 31 <sup>st</sup> March, 2018.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

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

Signature of proxy holder (s)

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 the 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.**

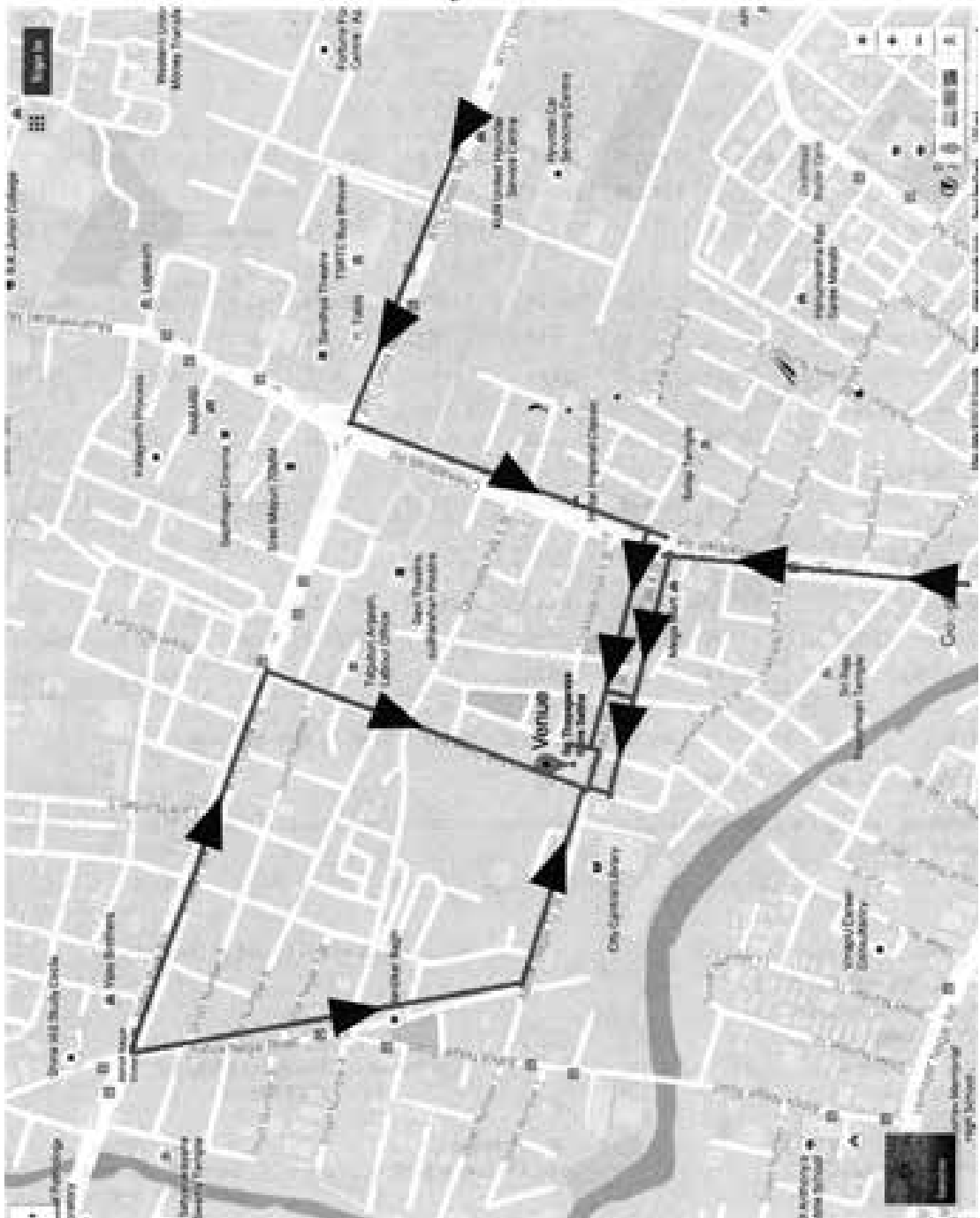
**NO GIFTS / COMPLIMENTS WILL BE DISTRIBUTED AT THE MEETING**

Affix One  
Rupee  
Revenue  
Stamp



# KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

## Route Map to AGM Venue



**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