

# 40<sup>th</sup> Annual Report 2018 - 19



**KAKATIYA CEMENT  
SUGAR & INDUSTRIES LTD.**



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

**BOARD OF DIRECTORS:**

- |                      |                              |
|----------------------|------------------------------|
| 1) Shri P Veeraiah   | Chairman & Managing Director |
| 2) Shri J S Rao      | Director                     |
| 3) Shri T R C Bose   | Director                     |
| 4) Shri B V Subbaiah | Director                     |
| 5) Shri K Venkat Rao | Director                     |
| 6) 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 40<sup>th</sup> Annual General Meeting of the Company is scheduled to be held on Thursday the 11<sup>th</sup> July, 2019 at 11.00 AM at Thyagaraya Gana Sabha, Chikkadapally, Hyderabad – 500020 to transact the following business.

#### **Ordinary business:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2019 including the Audited Balance Sheet as at 31<sup>st</sup> March, 2019, the statement of Profit and Loss, 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 2019.
3. To appoint a Director in place of Smt. M Varalakshmi (Din 07585164) who retires by rotation and being eligible offers herself 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, Smt. M Varalakshmi (Din 07585164) who retires by rotation and who being eligible has offered herself for re-appointment be and is hereby reappointed as a Director of the company, liable to retire by rotation”.

#### **Special Business:**

4. **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, 2020 amounting to ₹ 1.45 lacs together with the applicable taxes and re-imbursement of out of pocket expenses incurred in connection with the aforesaid audit be and is hereby ratified and confirmed”.

5. **To consider and if thought fit, to pass with or without modification the following Resolutions as Special Resolutions.**

To re-appoint Shri K Venkat Rao, Non Executive Independent Director for a period of five years with effect from 14<sup>th</sup> July, 2019 and ending with 13<sup>th</sup> July, 2024.

“RESOLVED that pursuant to the provisions of Sections 149, 152, and 160 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder read with Schedule IV of the Companies Act, 2013 and Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended from time to time, the consent of the members of the Company be and is hereby accorded for reappointment of Shri K Venkat Rao (DIN:06566627), as Non-Executive Independent Director of the company for a period of five years effective from 14<sup>th</sup> July, 2019 till 13<sup>th</sup> July, 2024, who shall not be liable to retirement by rotation and who has submitted the declaration that he meets the criteria of Independence as provided for in Section 149 of the Companies Act, 2013.”

“FURTHER RESOLVED that the Board of Directors be and are hereby authorised to do all such acts, deeds and things and give such directions as may be necessary in the best interest of the company for giving effect to aforesaid Resolutions but not limited to signing and execution of necessary forms and documents as may be deemed necessary and expedient in its discretion”.

6. **To consider and if thought fit, to pass with or without modification the following Resolutions as Special Resolutions.**

To re-appoint Shri B V Subbaiah, Non Executive Independent Director for a period of five years with effect from 1<sup>st</sup> April, 2019 and ending with 31<sup>st</sup> March, 2024.



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“RESOLVED that pursuant to the provisions of Sections 149, 152, and 160 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder read with Schedule IV of the Companies Act, 2013 and subject to the provisions of Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended from time to time and Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended from time to time, the consent of the members of the Company be and is hereby accorded for reappointment of Shri Boddu Venkata Subbaiah (DIN:01147062), as Non-Executive Independent Director of the company for a period of five years effective from 1<sup>st</sup> April, 2019 till 31<sup>st</sup> March, 2024, who shall not be liable to retirement by rotation and who have submitted the declaration that he meets the criteria of independence as provided for in section 149 of the Companies Act, 2013 (though a part of the term has already been covered in the earlier Resolution passed by the members at the Annual General Meeting held on 14<sup>th</sup> July, 2014).

“FURTHER RESOLVED that the Board of Directors be and are hereby authorised to do all such acts, deeds and things and give such directions as may be necessary in the best interest of the company for giving effect to aforesaid Resolutions but not limited to signing and execution of necessary forms and documents as may be deemed necessary and expedient in its discretion”.

**7. To consider and if thought fit, to pass with or without modification the following Resolutions as Special Resolutions.**

To re-appoint Shri T R C Bose, Non Executive Independent Director for a period of five years with effect from 1<sup>st</sup> April, 2019 and ending with 31<sup>st</sup> March, 2024.

“RESOLVED that pursuant to the provisions of Sections 149, 152, and 160 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder read with Schedule IV of the Companies Act, 2013 and subject to the provisions of Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended from time to time and Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended from time to time, the consent of the members of the Company be and is hereby accorded for reappointment of Shri Tummala Ramesh Chandra Bose (DIN:00160630), as Non-Executive Independent Director of the company for a period of five years effective from 1<sup>st</sup> April, 2019 till 31<sup>st</sup> March, 2024, who shall not be liable to retirement by rotation and who have submitted the declaration that he meets the criteria of independence as provided for in section 149 of the Companies Act, 2013 (though a part of the term has already been covered in the earlier Resolution passed by the members at the Annual General Meeting held on 14<sup>th</sup> July, 2014).

“FURTHER RESOLVED that the Board of Directors be and are hereby authorised to do all such acts, deeds and things and give such directions as may be necessary in the best interest of the company for giving effect to aforesaid Resolutions but not limited to signing and execution of necessary forms and documents as may be deemed necessary and expedient in its discretion ”.

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

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

Place : Hyderabad  
Date : 11<sup>th</sup> May, 2019



## **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.
6. The Register of Members and Share Transfer Books will remain closed from 5<sup>th</sup> July, 2019 to 11<sup>th</sup> July, 2019 (both days inclusive) in connection with Annual general Meeting and Dividend payment.
7. The relevant details, as required under the listing Regulations, in respect of a person seeking appointment / re-appointment are furnished elsewhere in this notice.
8. 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.
9. The Dividend, after declaration, will be paid to those shareholders whose names stand on the Register of Members as on 4<sup>th</sup> July, 2019. 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 4<sup>th</sup> July, 2019. The Dividend will be paid on or before 9<sup>th</sup> August, 2019.
10. 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.
11. 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 2011. The amount of unclaimed dividend for the financial year ended 31<sup>st</sup> March 2012 will be transferred to the Investors Education and Protection Fund with in the prescribed time during the current year.
12. 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, 2012 onwards are requested to lodge their claim with the Company.
13. 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 2019-2020 has been paid to these two Stock Exchanges.





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14. 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.
15. **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.**
16. 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.
17. Electronic copy of the Notice of the 40<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 Participant(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 40<sup>th</sup> Annual General Meeting and the Annual Report 2018-2019 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).
18. 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.26.
19. The Board 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.
20. 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 witnesses not in the employment of the company and make not later than 48 hours 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.
21. 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.
22. 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 of India Limited, where the shares of the company are listed.
23. 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. 4<sup>th</sup> July, 2019 shall only be entitled to avail the facility of remote e-voting and voting at the meeting through ballot.



24. The e-voting period commences on 8<sup>th</sup> July, 2019 (9:00 AM) and ends on 10<sup>th</sup> July, 2019 (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 4<sup>th</sup> July, 2019, 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.

25. The voting rights of shareholders shall be in proportion to their shares in the paidup equity share capital of the Company.

**26. INSTRUCTIONS FOR E-VOTING**

The instructions for shareholders voting electronically are as under:

The voting period begins on 8<sup>th</sup> July, 2019 (9.00 AM) and ends on 10<sup>th</sup> July, 2019 (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 4<sup>th</sup> July, 2019, 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>



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- (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 to 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)





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**ANNEXURE TO NOTICE**

**Item No.3**

Sl.No.	Name of the appointee	Smt. M Vara Lakshni
1.	Date of Birth	01/07/1959
2.	Qualification	BSC
3.	Date of Appointment	12/08/2016
4.	Expertise in the specific functional areas	36 years of experience in Accounts and Banking functions.
5.	Occupation	Business
6.	Shareholding of Kakatiya Cement Sugar and Industries Limited	Nil
7.	Name of Listed entities in which committee membership / chairmanship held	Nil
8.	Name of Listed entities in which Directorship held	Nil
9.	Inter-se relationship with any other director on the Board.	Not applicable

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

**Item No. 4**

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 31st March, 2020.

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 their immediate relatives is interested or concerned in this Resolution.

The Board commends this Resolution for approval of Members.

**Item No.5**

The members at the Annual General Meeting of the company held on 14<sup>th</sup> July, 2014 approved the appointment of Shri K Venkat Rao (DIN 06566627) as an Independent Director of the company for a period of five years with effect from 14<sup>th</sup> July, 2014 (first term). Shri K Venkat Rao will complete his present term on 13<sup>th</sup> July, 2019.

He has varied experience in civil construction, software development and corporate affairs. The company had drawn immense benefit of his wide and multifarious exposure. His active and committed participation in the Board and Committee meetings have enriched the Board processes and functioning.

The Nomination and Remuneration committee and the Board of Directors of the company are of the strong view that the counsel and advice shared by Shri K Venkat Rao in respect of various legal and corporate matters is of a significant value to the company and that it would therefore, be prudent and appropriate to re-appointment him for a further period of five years effective from 14<sup>th</sup> July, 2019 till 13<sup>th</sup> July, 2024. **(second term)**



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

A Notice under Section 160 of the Companies Act, 2013 has been received from a member of the company proposing candidature of Shri K Venkat Rao. The Company has received i) consent in writing to act as a Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; ii) Intimation in Form DIR-8 pursuant to the Companies (Appointment & Qualification of Directors) Rules, 2014, from Shri K Venkat Rao to the effect that he is not disqualified as per Section 164(2) of the Companies Act, 2013; and iii) a declaration to the effect that he meets the criteria of independence as provided for under Section 149 of the Companies Act, 2013.

The Nomination and Remuneration Committee at their meeting held on May 10, 2019 and Board of Directors at their meeting held on May 11, 2019 have recommended the re-appointment of Shri K Venkat Rao as Non-Executive Independent Director for a further period of five years effective from 14<sup>th</sup> July, 2019 till 13<sup>th</sup> July, 2024 (**second term**).

In the opinion of the Board, Shri K Venkat Rao fulfils the conditions specified in the Companies Act, 2013 and the Rules framed thereunder and Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for re-appointment as Non-Executive Independent Director and that he is independent of the management.

As per the provisions of Companies Act, 2013, an Independent Director shall hold office for a term upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing of a Special Resolution by the Company. The Resolution set out at Item No.5 of the notice is put forth for consideration of the members as a Special Resolution pursuant to Section 149 read with Schedule IV of the Companies Act, 2013 for re-appointment of Shri K Venkat Rao as Non-Executive Independent Director. (**second term**).

The terms and conditions of re-appointment of Shri K Venkat Rao shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day.

The Board commends this Special Resolution as set out in Item No.5 of this notice for approval of members.

### **Profile**

Shri K Venkat Rao has lot of experience in civil construction, software development and business management . He has been the director of the company since 2013. The company had drawn immense benefit of his wide and varied exposure. His active and committed participation in the Board and Committee meetings have enriched the Board processes and functioning. He is the Chairman of Corporate Social Responsibility Committee (CSR Committee) of the company. He is also a member of Nomination and Remuneration Committee and Risk Management Committee. Further details of the profile have been stated in the Annexure.

The Board commends the Special Resolution for approval of members.

### **Item No.6**

The members at the Annual General Meeting of the company held on 14<sup>th</sup> July, 2014 approved the appointment of Shri B V Subbaiah (DIN 01147062) as an Independent Director of the company for a period of five years with effect from 14<sup>th</sup> July, 2014 (**first term**). Shri B V Subbaiah will complete his present term on 13<sup>th</sup> July, 2019.

In terms of SEBI (LODR) Amendment Regulations dated 9<sup>th</sup> May, 2018, effective from 1<sup>st</sup> April, 2019, consent of the members by way of special Resolution is required to be obtained for continuation of a non-executive director beyond the age of 75 years.



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The Company, therefore, proposes to re-appoint Shri B V Subbaiah as Non-Executive Independent Director for a second term for a period of five years effective from 1<sup>st</sup> April, 2019 till 31<sup>st</sup> March, 2024 to provide continuity in office and also in compliance with Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

He has varied experience in civil, corporate and constitutional matters. The company had drawn immense benefit of his wide and multifarious exposure. His active and committed participation in the Board and Committee meetings have enriched the Board processes and functioning.

The Nomination and Remuneration committee and the Board of Directors of the company are of the strong view that the counsel and advice shared by Shri B V Subbaiah in respect of various legal and corporate matters is of a significant value to the company and that it would therefore, be prudent and appropriate to re-appointment him for a further period of five years effective from 1<sup>st</sup> April, 2019 till 31<sup>st</sup> March, 2024.

A Notice under Section 160 of the Companies Act, 2013 has been received from a member of the company proposing candidature of Shri B V Subbaiah. The Company has received i) consent in writing to act as a Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; ii) Intimation in Form DIR-8 pursuant to the Companies (Appointment & Qualification of Directors) Rules, 2014, from Shri B V Subbaiah to the effect that he is not disqualified as per Section 164(2) of the Companies Act, 2013; and iii) a declaration to the effect that he meets the criteria of independence as provided for under Section 149 of the Companies Act, 2013.

The Nomination and Remuneration Committee at their meeting held on May 10, 2019 and Board of Directors at their meeting held on May 11, 2019 have recommended the re-appointment of Shri B V Subbaiah as Non-Executive Independent Director for a further period of five years effective from 1<sup>st</sup> April, 2019 till 31<sup>st</sup> March, 2024 (**second term**).

In the opinion of the Board, Shri B V Subbaiah fulfils the conditions specified in the Companies Act, 2013 and the Rules framed thereunder and Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for re-appointment as Non-Executive Independent Director and that he is independent of the management.

As per the provisions of Companies Act, 2013, an Independent Director shall hold office for a term upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing of a Special Resolution by the Company. The Resolution set out at Item No.5 of the notice is put forth for consideration of the members as a Special Resolution pursuant to Section 149 read with Schedule IV of the Companies Act, 2013 for re-appointment of Shri B V Subbaiah as Non-Executive Independent Director.

The terms and conditions of re-appointment of Shri B V Subbaiah shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day.

The Board commends this Special Resolution as set out in Item No.6 of this notice for approval of members.

### **Profile :**

Shri B V Subbaiah is one of the most senior advocates practicing in High court of Judicature at Telangana. He has varied experience in civil, corporate and constitutional matters. He has been the Independent Director in the company since 2009. The company had drawn immense benefit of his wide and varied



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

exposure. His active and committed participation in the Board and Committee meetings have enriched the Board processes and functioning. He is the Chairman of Audit Committee and Nomination and Remuneration Committee. He is also a member of Stakeholder Relationship Committee. Further details of the profile have been stated in the Annexure.

The Board commends the Special Resolution for approval of members.

### **Item No.7**

The members at the Annual General Meeting of the company held on 14<sup>th</sup> July, 2014 approved the appointment of Shri T R C Bose (DIN 00160630) as an Independent Director of the company for a period of five years with effect from 14<sup>th</sup> July, 2014 (**first term**). Shri T R C Bose will complete his present term on 13<sup>th</sup> July, 2019.

In terms of SEBI (LODR) Amendment Regulations dated 9<sup>th</sup> May, 2018, effective from 1<sup>st</sup> April, 2019, consent of the members by way of special Resolution is required to be obtained for continuation of a non-executive director beyond the age of 75 years.

He has varied experience in corporate and administrative matters besides having wide contacts with governmental bodies and agencies. The company had drawn immense benefit of his wide and multifarious exposure. His active and committed participation in the Board and Committee meetings have enriched the Board processes and functioning.

The Nomination and Remuneration Committee and the Board of Directors of the company are of the strong view that the counsel and advice shared by Shri T R C Bose in respect of various corporate and administrative matters is of a significant value to the company and that it would therefore, be prudent and appropriate to re-appointment him for a further period of five years effective from 1<sup>st</sup> April, 2019 till 31<sup>st</sup> March, 2024.

A Notice under Section 160 of the Companies Act, 2013 has been received from a member of the company proposing candidature of Shri T R C Bose. The Company has received i) consent in writing to act as a Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; ii) Intimation in Form DIR-8 pursuant to the Companies (Appointment & Qualification of Directors) Rules, 2014, from Shri T R C Bose to the effect that he is not disqualified as per Section 164(2) of the Companies Act, 2013; and iii) a declaration to the effect that he meets the criteria of independence as provided for under Section 149 of the Companies Act, 2013.

The Nomination and Remuneration Committee at their meeting held on May 10, 2019 and Board of Directors at their meeting held on May 11, 2019 have recommended the re-appointment of Shri T R C Bose as Non-Executive Independent Director for a further period of five years effective from 1<sup>st</sup> April, 2019 till 31<sup>st</sup> March, 2024 (**second term**).

In the opinion of the Board, Shri T R C Bose fulfils the conditions specified in the Companies Act, 2013 and the Rules framed thereunder and Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for re-appointment as Non-Executive Independent Director and that he is independent of the management.

As per the provisions of Companies Act, 2013, an Independent Director shall hold office for a term upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing of a Special Resolution by the Company. The Resolution set out at Item No.7 of the notice is put forth for consideration of the members as a Special Resolution pursuant to Section 149 read with Schedule IV of the Companies Act, 2013 for re-appointment of Shri T R C Bose as Non-Executive Independent Director.

The terms and conditions of re-appointment of Shri T R C Bose shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day.



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The Board commends this Special Resolution as set out in Item No.7 of this notice for approval of members.

## **Profile :**

Shri T R C Bose has rich technical and managerial experience. He was Director (Projects) of APTRANSCO. He is also a Director in several companies.

He has varied experience in corporate and administrative matters besides having wide contacts with governmental bodies and agencies. He has been on the Board since 2001. The company had drawn immense benefit of his wide and varied exposure. His active and committed participation in the Board and Committee meetings have enriched the Board processes and functioning. He is the Chairman of Stakeholder Relationship Committee. He is also a member of Audit Committee and Nomination and Remuneration Committee. Further details of the profile have been stated in the Annexure.

The Board commends the Special Resolution for approval of members.

## **Annexure to the Notice**

### **Disclosure required under Section 196(4) of the Companies Act, 2013 and Regulation 36(3) of SEBI (LODR) Regulations 2015**

1	Name	B V Subbaiah	T R C Bose	K Venkat Rao
2.	Category	Independent Director	Independent Director	Independent Director
3.	DIN	01147062	00160630	06566627
4.	Date of Birth	10/04/1930	15/01/1941	12/08/1959
5.	Date of Appointment	Original date of Appointment is on 22/08/2009.  Re-appointed as an Independent Director with effect from 14 <sup>th</sup> July, 2014 till 13 <sup>th</sup> July, 2019.	Original date of Appointment is on 31/01/2001.  Re-appointed as an Independent Director with effect from 14 <sup>th</sup> July, 2014 till 13 <sup>th</sup> July, 2019.	Re-appointed as an Independent Director with effect from 14 <sup>th</sup> July, 2019 till 13 <sup>th</sup> July, 2024.
6.	Qualifications	BL	BE	BE
7.	Occupation	Practicing Advocate	Retired Government servant	Worked in a Government undertaking.
8.	Expertise	As stated in the main body of the Explanatory Statement	As stated in the main body of the Explanatory Statement	As stated in the main body of the Explanatory Statement
9.	Directorship in other Companies	Keerthi Industries Limited	1. IVRCL Limited 2. Divya shakti Granites Limited 3. IVRCL Assets & Holdings Limited 4. Sew Infrastructure Limited	Nil

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

Place : Hyderabad  
Date : 11<sup>th</sup> May, 2019

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



## **DIRECTORS' REPORT**

To

The Members

Your Directors have pleasure in presenting the 40<sup>th</sup> Annual Report together with the Audited Financial statements for the year ended 31<sup>st</sup> March 2019.

### **FINANCIAL RESULTS**

The Financial Results for the year ended 31<sup>st</sup> March 2019 are summarized below:

(₹ in lakhs)

Particulars	2018-19	2017-18
Income (Sales and other Income)	<b>12344.71</b>	17280.10
Profit before Depreciation, Interest & Taxes	<b>1438.11</b>	1950.60
Depreciation	<b>242.26</b>	218.11
Interest	<b>565.08</b>	250.44
doubtful debts	<b>260.57</b>	0.00
Taxation	<b>97.33</b>	534.68
Deferred Taxation	<b>(242.87)</b>	(100.61)
TOTAL	<b>922.37</b>	902.62
Profit after Tax	<b>515.74</b>	1047.98
Other Comprehensive Income	<b>(92.38)</b>	44.94
Total Comprehensive Income	<b>423.36</b>	1092.92
Share Capital (No. of shares)	<b>7773858</b>	7773858
EPS (₹)	<b>6.63</b>	13.48

### **DIVIDEND**

Your Directors are pleased to recommend for your consideration a Dividend of ₹ 3.00 per equity share for the year ended 31.03.2019 which aggregates to ₹ 233.22 lacs excluding dividend distribution Tax. Your directors feel that it shall be appropriate to recommend dividend at ₹ 3.00 per equity share at par with the dividend declared in the past two years despite the fact that the financial performance of the company suffered a setback due to sub-optimal overall performance in the year under review on account of multifarious factors.

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

The company has decided not to transfer any sum to reserves from out of the current year's profits. In the preceding year as well, no sum was transferred to reserves from out of the profits of the preceding year.

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

Pursuant to the provisions of section 124 and 125 of the Companies Act, 2013 and in terms of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares on which dividend has not been claimed for seven consecutive years or more shall be transferred to the Investor Education and Protection Fund (IEPF) Authority.

Accordingly, the company has transferred 28,411 equity shares to the Investor Education and Protection Fund (IEPF) Authority during the year ended 31<sup>st</sup> March, 2019. To claim the equity shares and dividend which were transferred to the IEPF, the shareholders are requested to visit the website of the company [www.kakatiyacements.com](http://www.kakatiyacements.com) to know the procedure to claim the shares and dividend transferred to 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 ₹ 81,054 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 2010-2011.

#### **MATERIAL CHANGES AND COMMITMENTS**

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

#### **PUBLIC DEPOSITS**

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

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

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

#### **RE-APPOINTMENT OF INDEPENDENT DIRECTORS**

The members at the Annual General Meeting of the company held on 14<sup>th</sup> July, 2014 approved the appointment of Shri K Venkat Rao (DIN 06566627), Shri B V Subbaiah (DIN 01147062) and Shri T R C Bose (DIN 00160630) as Independent Directors of the company for a period of five years with effect from 14<sup>th</sup> July, 2014 (first term). The directors will complete their present term on 13<sup>th</sup> July, 2019.

In terms of SEBI (LODR) Amendment Regulations dated 9<sup>th</sup> May, 2018, effective from 1<sup>st</sup> April, 2019, consent of the members by way of special Resolution is required to be obtained for continuation of a non-executive director beyond the age of 75 years.

The Company, therefore, proposes to re-appoint Shri B V Subbaiah and Shri T R C Bose as Non-Executive Independent Directors for a second term for a period of five years effective from 1<sup>st</sup> April, 2019 till 31<sup>st</sup> March, 2024 to provide continuity in office and also in compliance with Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. Shri B V Subbaiah and Shri T R C Bose have crossed the age of 75 years.

The company also proposes to re-appoint Shri K Venkat Rao (DIN 06566627) as Non-Executive Independent Director for a second term for a period of five years effective from 14<sup>th</sup> July, 2019 till 13<sup>th</sup> July, 2024.

The company opines that all the three independent directors have contributed significantly to the growth and development of the company and therefore the company thought it appropriate and prudent to re-appoint the independent directors for a further period of five years to continue to have the advice and counsel. The details regarding the proposal has been set out in the notice in Item No. 5, 6 and 7. The Members are requested to accord their approval and pass the special Resolutions in this regard.

#### **DIRECTORS RETIRING BY ROTATION**

In accordance with the provisions of the Companies Act, 2013, Smt. M Varalakshmi, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

The brief profile of Smt. M Varalakshmi, 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, 2019, 74,14,768 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 200779 MT as against 1,64,207 MT in the year ago period thereby registering an increase of 22.27%.

Members are aware that the cement plant was shutdown during 2017-2018 and that the company thereafter complied with the conditions stipulated by Central pollution Board (CPCB) and secured revocation order from CPCB in April, 2018. The power connection was restored and thereupon, the operations were restarted.

The Cement Division has clocked a turnover of ₹ 65.28 crores as against the turnover of ₹ 62.54 crores recorded in the previous year and this works out to a rise of 4.38%.

The Cement Division has earned Profit Before Tax (PBT) of ₹ 7.07 crores in the year under review as against ₹ 4.81 crores earned in the previous year. This works out to an increase of 46.98% over the previous year.

### **Sugar Division:**

The Sugar cane crushed in the sugar division in the year under review is 1,66,932 MT as against 1,49,121 MT in the previous year there by recording an increase of 11.94%. The company could not procure the mandals and villages of its choice even in the year under review and the cane development has, therefore, not witnessed significant improvement. 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 recent Government Regulation restricting the sale of the sugar has also impacted the quantum of sales during the year under review.

Due to the cumulative factors cited above, the sugar division has clocked a turnover of ₹ 39.40 crores in 2018-2019 in comparison with ₹ 89.33 crores in the preceding year and thereby registering a decline of 55.89% over the year ago period. The sugar division recorded profit before tax (PBT) of ₹ (12.54) crores in the year under review as against profit before tax (PBT) of ₹ 5.32 crores in the preceding year.

### **Power Division:**

The Power Division has generated 2,61,17,257 KWH in 2018-2019 as against 2,44,04,891 KWH of power in the preceding year thereby recording an increase of 7.02%. Members are aware that the company has not been able to generate power during off-season period in the power 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 to the bagasse.

The power division has clocked a turnover of ₹ 20.59 crores in the year under review as against the turnover ₹ 13.81 crores made in the year-ago period and this works out to an increase of 49.13% over the previous year.

The power Division could earn a Profit before tax (PBT) of ₹ 9.17 crores as against ₹ 4.69 crores in the previous year thus recording an increase of 95.52% in the year under review.

## **CURRENT YEAR OUTLOOK:**

### **Cement Division:**

Taking into account the market conditions and other factors, the company has set a target of its cement production at 2,75,000 MT for the current year.

### **Sugar Division:**

The sugar division is impacted by various issues during the year under review. The scarcity of water sources, loss of productive areas in the zonal allocation made by the government in 2017 and poor cane development are some of the critical factors, and in view of these factors, your company has set a target of 80,000 MT of cane crushing in the current year.



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

### **Power Division:**

The performance of power division is directly linked to the operational level of the sugar division. A favorable government policy with regard to utilization of coal as an alternative fuel to bagasse during off- season of the power division is yet to crystallize since the government has not been permitting the power generating companies to utilize the coal as an alternative fuel to bagasse for the past three years. In view of this, the performance of the power division will continue to be low and added to this factor, any serious impediments to the sugar division will further impact the performance of the power division.

### **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 posted on the website at [www.kakatiyacements.com](http://www.kakatiyacements.com).

#### **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 conditions, 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 components and may include 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-1)

**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-2)

**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 Director's Responsibility statement, the Board of Directors of the Company hereby confirm:

- a. That in the preparation of annual accounts, the applicable accounting standards have been followed and that there were no material departures therefrom.
- b. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2019 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, 2019 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. 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 2018-2019.



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

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 -3)**

The certificate issued by Smt. Manjula Aleti practicing Company Secretary under schedule V (C)(10)(i) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 stating that none of the directors of the company have been debarred or disqualified from being appointed or continuing as directors of the company pursuant to the directives of SEBI/ Ministry of Corporate Affairs or such statutory authority as on 31<sup>st</sup> March, 2019 is annexed to this Report. **(Annexure -4)**

SEBI has made it mandatory on the part of the Listed Companies to secure an Annual Secretarial Compliance Report from a practicing Company Secretary on compliance of all applicable SEBI Regulations and Circulars / guidelines issued there under.

The Company has obtained the Annual Secretarial Compliance Report from Smt. Manjula Aleti practicing Company Secretary for the year ending 31st March, 2019 and the same is annexed to this Report. **(Annexure-5)**

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

The Company has modified its Vigil Mechanism and Whistle Blower Policy in 2019 where in the duties and obligations of the directors and designated persons have also been prescribed in respect of insider trading of the securities of the company as any acts in violation of the law and the codes prescribed by the company are viewed as offences for which the company is empowered to levy penalties on the offenders. The rest of the code is not disturbed. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and also envisages direct access to the Chairperson of the Audit Committee in exceptional cases. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

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

### **RISK MANAGEMENT COMMITTEE:**

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

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

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

### **ENVIRONMENTAL PROTECTION:**

The Company has been making endeavors to protect the environment from the evil effects of pollution from time to time.

Planting of saplings and seedlings in and around the factories and colonies is being done on a continuous basis so as to develop green belt around the plant to improve the environment.

### **MANAGEMENT DISCUSSION AND ANALYSIS 2017**

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

The company has a well developed net work of dealers for its cement plant located in the states of Telangana 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.

The sugar industry is essentially seasonal in its nature. The availability of cane, good rainfall and proper irrigation facilities are primary issues that determine the fortunes of the industry. The allocation of zonal area to the sugar units by the department is also an important factor as allotment





of villages having growth potential for cultivation of cane will facilitate higher cane production leading to production of higher volumes in the sugar 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 Government of Telangana has not been permitting power generators to use coal as an alternative fuel during the off season of the sugar industry as a matter of policy which was not the situation few years ago.

Unless the Government revisits the entire issue keeping in view the interest of entrepreneurs as well as all other stakeholders, it would be difficult for the power generators to survive in the long run as sub-optimal generation of power will seriously impact the viability of the industry.

In the sugar industry, fetching remunerative price for its product, adequate availability of sugar cane with close proximity to the sugar plant and industry-friendly governmental regulations are the key areas of concern.

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) Medium term and long term strategy**

The range of market operations in respect of cement product is restricted to the Telangana and Andhra Pradesh. The existing production capacity can cater to the two telugu states. In the circumstances no medium term and long term strategy is being envisaged by the company in absence of any immediate plans for expansion.

**e) Outlook:**

Division-wise outlook has been furnished elsewhere in this Report.

**f) 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.

The company endeavors its best to effect necessary changes, modifications to the machinery and equipment and also to carry out necessary maintenance works to position the machinery in all the divisions in robust conditions so as to keep the bottlenecks at bay.

**g) 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.

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

This has been discussed elsewhere in this Report.

**i) 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.



## KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

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 639 employees directly and indirectly as on 31<sup>st</sup> March 2019.

**j) The details of significant changes (change of 25% or more) as compared to the preceeding year in key financial ratios are provided herein below :-**

Sl. No.	Particulars	Variation %	Reasons
1	Debtors Turnover Ratio	28.15%	Low Turnover
2	Inventory Turnover Ratio	90.39%	Low Turnover
3	Interest Covarage Ratio	76.01%	Increase in temporary borrowings
4	Net Profit Margin ( % )	28.63%	Low PAT(Profit after tax) because of multiple causes
5	Retun on Networth	51.05%	Low PAT(Profit after tax) because of multiple causes

**k) 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 -6)

**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.

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 and Industries Limited**

**P. Veeraiah**

Chairman and Managing Director

DIN : 00276769

Place : Hyderabad

Date : 11<sup>th</sup> May, 2019



## 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 2018-19			PREVIOUS YEAR 2017-18		
	CEMENT	SUGAR	POWER	CEMENT	SUGAR	POWER
<b>A. POWER &amp; FUEL CONSUMPTION</b>						
<b>1 ELECTRICITY</b>						
(a) Purchased (KWH)	20316223	5804201	--	16213891	5446252	--
Total Amount (₹)	155067286	70164271	--	147996122	49833205	--
Rate per Unit (₹)	7.63	12.08	--	9.13	9.15	--
(b) OWNGENERATION						
Through Diesel Generators (Units)	12750	--	--	418270	--	--
Total Amount (₹)	396079	--	--	7727613	--	--
Cost per Unit (₹)	31.07	--	--	18.48	--	--
<b>2 FUEL</b>						
(a) COAL						
Quantity (MT)	21344	--	--	23995	--	--
Total Cost (₹)	11489064	--	--	126438698	--	--
Average Rate (₹)	5410.84	--	--	5269.38	--	--



# KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

	CURRENT YEAR 2018-19			PREVIOUS YEAR 2017-18		
	CEMENT	SUGAR	POWER	CEMENT	SUGAR	POWER
(b) Bagasse/Steam						
Quantity (MT)	--	69786	48304	--	62891	42114
Total Cost (₹)	--	32729634	71250769	--	28175168	5916268
Average Rate (₹)	--	469	1475.05	--	448.00	1404.81
CONSUMPTION PER UNIT OF PRODUCTION						
1. Electricity (KWH)						
Cement (MT)	97.74	--	--	101.29	--	--
Sugar (KGS)	---	34.75	--	---	35.81	--
Power (KWH)	---	--	--	---	--	--
2. Coal (MT)	0.74			0.15		
(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	

For and behalf of the Board

Place : Hyderabad  
Date : 11<sup>th</sup> May, 2019

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



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**Annexure - 1**

**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 2019 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 2019 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	130.52 (129.94)
Dr. P Anuradha	Key Managerial Personnel	As per terms of appointment	As per compa-ny's policy	24.51 (----)
Shri B K Prasad	Key Managerial Personnel	As per terms of appointment	As per compa-ny's policy	11.01 (10.93)
Shri M Bhavani Dattu	Key Managerial Personnel	As per terms of appointment	As per compa-ny's policy	10.16 (9.95)
Total Remuneration				176.20 (150.82)
Shri P Veeraiah	Key Managerial Personnel/ Promoter	Ongoing	Based on transfer pricing guidelines	24.00 (24.00)
Total Rent				24.00

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

Place : Hyderabad  
Date : 11<sup>th</sup> May 2019

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



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**ANNEXURE – 2**

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 2018-2019.

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)	50:1

- (ii) The percentage increase in remuneration of Managing Director, Chief Executive Officer, 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)	0.45%
2.	Dr. P Anuradha( Chief Executive Officer)	Nil
3.	Shri B K Prasad (General Manager and Company Secretary)	Nil
4.	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 2018-2019  
6%
- (iv) The number of permanent employees on the rolls of company  
572
- (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 2.95% excluding that of Key Managerial Personnel.

The Managing Director is the only whole-time director of the company. There is increase in the remuneration of the Managing Director to an extent of 0.45%.

- (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 provision of Sec 197(12) of the Companies Act, 2013 read with rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended.

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	49 years	Chairman and Managing Director	130.52	Regular	B.Com	21 years	12-05-1998	--
Dr. P Anuradha	41 years	Chief Executive Officer	24.51	Regular	B.D.S, M.B.A, L.L.M	12 years	25-05-2018	--
Shri B K Prasad	69 years	General Manager and Company Secretary	11.01	Regular	M.Com, LLB, FCS	38 years	27-07-2015	Pitti Laminations Limited
Shri M Bhavani Dattu	66 years	Chief Financial Officer	10.16	Regular	M.Com, LLB, ACA, ACS, ACMA.	39 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)

S.I. No.	Name	Designation	Remuneration received	Nature of employment	Qualification and Experience in years	Date of commencement of employment	Age in year	Last employment held	Percentage shares held	Relation ship with directors
1.	Shri D Gopala Krishnam Raju	President	20.33	Regular	B.E (Mech) 31 years	14.10.2013	54	NCL Industries Limited	---	--
2.	Shri R Etikkan	Vice President	15.62	Regular	B.Sc (chemistry) 35 years	01.10.2014	60	Sakthi sugars Ltd.	----	--
3.	Shri B Kameswara Prasad	General Manager and Company secretary	11.01	Regular	M.Com, LLB, FCS 38 years	27.07.2015	68	Pitti Engineering Limited	0.01	--
4.	Shri M Bhavani Dattu	Chief Financial Officer	10.16	Regular	M.Com ACA, LLB, ACS, ICWA 39 years	18.04.2012	65	HMT Machine Tools Ltd	---	---
5.	Shri K Raghunath Babu	Manager (Civil)	8.59	Regular	DCE 29 years	07.09.1990	53	---	---	---
6.	Shri k Venkateswara Rao	Manager (Instrn)	8.36	Regular	DEE 27 years	29.09.1999	53	K/C Ltd	--	--
7.	K Murali Krishna	Manager (Production)	7.87	Regular	B.Sc 35 years	22.12.1983	56	---	---	---
8.	Shri R Ananda Raj	Technical Advisor	7.87	Regular	BE 43 years	10.07.2017	70	Walchandnagar Inds. Ltd.	--	--
9.	Shri J S Chakravarthi	Chief Chemist	6.89	Regular	AVSI 22 years	26.09.2007	46	Saritha Sugars Ltd.	--	--
10.	Shri M Vijay Kumar Raju	Manager	3.49	Regular	BSC 19 years	21.06.2014	37	Bheema Cements	---	---

(B) Employee who worked for full financial year (2018-2019) 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 year	Last employment held	Percentage shares held	Relation ship with directors
1.	Shri p Veeraiah	Chairman and Managing Director	130.52	Approved by Members	B.Com 21 years	05.12.1998	49	---	44.94	--

(C) There was no employee who worked for a part of the financial year (2018-2019) and received aggregate remuneration of not less than ₹8,50,000/- per month.

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

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

Place : Hyderabad  
Date : 11<sup>th</sup> May 2019



**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

[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 conducts/ 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, 2019, 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, 2019 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 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 Disclosures 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 Meeting 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 : 7<sup>th</sup> May, 2019

**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, 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 : 7<sup>th</sup> May, 2019

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



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**Annexure - 4**

**The Members,**

Kakatiya Cement Sugar and Industries Limited,  
Hyderabad.

**SUB : Certificate under Schedule V (C)(10)(i) of SEBI (Listing Obligations and Disclosure Requirements), 2015**

We, Care Corporate India LLP, Practicing Company Secretaries, have examined the records, books and papers of Kakatiya Cement Sugar and Industries Limited (CIN:L26942TG1979PLC002485) having its registered office at 1-10-140/1, "GURUKRUPA", Ashok Nagar, Hyderabad-500 020, Telangana State, India (the Company) as required to be maintained under the Companies Act, 2013, SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and other applicable rules and regulations made there under for Financial year ending 31.03.2019.

In our opinion and to the best of our information and according to the examinations carried out by us and explanations and representation furnished to us by the company, its officers and agents, we certify that none of the following Directors of the Company have been debarred or disqualified from being appointed or continuing as Director of Companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority as on 31.03.2019.

Sl. No.	Name of the Director	Designation	DIN No
1	Shri P Veeraiah	Chairman and Managing Director	00276769
2	Shri T R C Bose	Independent Director	00160630
3	Shri J S Rao	Non- Executive Director	00029090
4	Shri B V Subbaiah	Independent Director	01147062
5	Shri K Venkat Rao	Independent Director	06566627
6	Smt. M Varalakshmi	Non- Executive Director	07585164

**CS Manjula Aleti**

Place : Hyderabad  
Date : 7<sup>th</sup> May, 2019

Practicing Company Secretary  
ACS No.31661, Cop No.13279





**SECRETARIAL COMPLIANCE REPORT  
OF KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED  
[CIN :- L26942TG1979PLC002485]  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

I, have examined:

- (a) all the documents and records made available to me and explanation provided by **M/s. KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED [CIN: L26942TG1979PLC002485]** ("the listed entity"),
- (b) the filings/ submissions made by the listed entity to the stock exchanges,
- (c) website of the listed entity,
- (d) all other documents/ filings that are found to be relevant to rely upon to make this certification, for the year ended 31<sup>st</sup> March, 2019 ("**01.04.2018 to 31.03.2019**") in respect of compliance with the provisions of :
  - a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
  - b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- b) Securities and Exchange Board of India (Issue of capital and Disclosure Requirements) Regulations, 2018;
- c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- d) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and circulars / guidelines issued thereunder;

The following provisions and the circulars/ guidelines issued thereunder were not applicable to the company under the Review Period:

- i. Securities and Exchange Board of India (buyback of Securities) Regulations, 2018;
- ii. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- iii. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2018;
- iv. Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares ) Regulations, 2013;

I hereby report that, during the Review Period:

- a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder.
- b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from my examination of those records.
- c) There are no actions taken against the listed entity/ its promoters/directors either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.
- d) There are no instances found me in the listed entity to qualify the report with any observations.

Place: Hyderabad  
Date: 22<sup>nd</sup> May, 2019

**CS Manjula Aleti**  
Practicing Company Secretary  
M.No: 31661, COP: 13279



## Annexure -6

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

- 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.
- 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
- Average net profit of the company for the last three financial years - ₹ 2995.95 lakhs
- Prescribed CSR Expenditure (2% of Item No.3) - ₹ 59.92 lakhs
- Details of CSR activities / projects under taken during the year 2018-2019
  - Total amount to be spent for the financial year - ₹ 59.92 lakhs
  - Amount carried forward from the previous year - ₹ 72.07 lakhs
  - Amount spent during the year - ₹ 29.39 lakhs
  - Amount unspent (a+b-c) - ₹ 102.60 lacs
  - Manner in which the amount spent during the financial year is detailed below :-

(₹ In lacs)

Sl. no.	Projects/ Activities	Sector	Projects or Pro-grammes (District and State)	Amount Out-lay (Budget) Project or Program wise	Amount Spent on the project or program	Cumulative Expendi-ture upto reporting period	Amount spent: Direct/ through implementing agency
1.	Laying of metal Road. (Total 0.850 Kms)	Rural Development	Batulapally Village, Kalluru Mandal, Khammam District (Telangana)	8.80	8.51	8.51	Direct
2.	Laying of gravel Road. (Total 1.50 Kms)	Rural Development	Batulapally Village, Kalluru Mandal, Khammam District (Telangana)	6.13	5.62	5.62	Direct
3.	Diversion of vagu and soil filling for formation of gravel Road (Total 250 Rft)	Rural Development	Batulapally Village, Kalluru Mandal, Khammam District (Telangana)	5.09	5.39	5.39	Direct
4.	Construction cause way (Total 30.00 Mts)	Rural Development	Batulapally Village, Kalluru Mandal, Khammam District (Telangana)	3.33	3.17	3.17	Direct
5.	RCC Road at Ramapuram Village (Total 270 Mts)	Rural Development	Ramapuram Village, Near cement Plant	5.84	5.70	5.70	Direct
6.	Donation	Charitable Activity	Hyderabad Founda-tion of deaf women	1.00	1.00	1.00	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, 2017-2018 and 2018-2019 aggregating to ₹102.60 lacs.

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 the aspirations of the shareholders 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, 2019, 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 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	Member ship 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	9	2
04.	B.V.Subbaiah	01147062	IND	4	3	YES	1	3
05.	K Venkat Rao	06566627	IND	4	4	YES	Nil	2
06.	M Varalakshmi	07585164	NED	4	1	NO	Nil	2

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The dates of Board Meetings held during the year under review are: 25.05.2018, 06.08.2018, 09.11.2018 and 09.02.2019. The Maximum gap between any of two consecutive meetings did not exceed 120 days.



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

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

Not applicable

## **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, 2019 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 Venkat Rao	Nil
5. Smt. M Varalakshmi	Nil

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

Sl.No.	Name of the appointee	Smt. M Varalakshmi
1.	Date of Birth	01/07/1959
2.	Qualification	B.Sc
3.	Date of Appointment	12/08/2016
4.	Expertise in the specific functional areas	34 years of experience in Accounts and Banking functions.
5.	Occupation	Business
6.	Shareholding of Kakatiya Cement Sugar and Industries Limited	Nil
7.	Name of Listed entities in which committee membership / chairmanship held	Nil
8.	Name of Listed entities in which Directorship held	Nil
9.	Inter-se relationship with any other director on the Board.	Not applicable

## **Disclosure required under Section 196(4) of the Companies Act, 2013 and Regulation 36(3) of SEBI (LODR) Regulations 2015**

1	Name	B V Subbaiah	T R C Bose	K Venkat Rao
2.	Category	Independent Director	Independent Director	Independent Director
3.	DIN	01147062	00160630	06566627
4.	Date of Birth	10/04/1930	15/01/1941	12/08/1959
5.	Date of Appointment	Original date of Appointment is on 22/08/2009.  Re-appointed as an Independent Director with effect from 14 <sup>th</sup> July, 2014 till 13 <sup>th</sup> July, 2019.	Original date of Appointment is on 31/01/2001.  Re-appointed as an Independent Director with effect from 14 <sup>th</sup> July, 2014 till 13 <sup>th</sup> July, 2019.	Re-appointed as an Independent Director with effect from 14 <sup>th</sup> July, 2019 till 13 <sup>th</sup> July, 2024.
6.	Qualifications	BL	BE	BE



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

7.	Occupation	Practicing Advocate	Retired Government servant	Worked in a Government undertaking.
8.	Expertise	As stated in the main body of the Explanatory Statement	As stated in the main body of the Explanatory Statement	As stated in the main body of the Explanatory Statement
9.	Directorship in other Companies	Keerthi Industries Limited	1. IVRCL Limited 2. Divya shakti Granites Limited 3. IVRCL Assets & Holdings Limited 4. Sew Infrastructure Limited	Nil

Chart setting out the skills/ expertise/ competence of the Board of Directors in terms of clause 2(h) part C of schedule V: Annual Report under Regulation 34(3) 53(f) of SEBI (Listing Obligations and Disclosure Requirements), 2015.

Sl. No.	Name of the Director	Category	Specialisation / core skills.
1.	Shri P Veeraiah	Chairman and Managing Director (Chief Promoter)	He had been the Joint Managing Director since 1998. He was elevated as Chairman and Managing Director consequent to the demise of the founder chairman Shri P Venkateswarlu in January, 2016. He looks after the entire gamut of operations in Cement, Sugar and Power divisions. He is in the overall charge of the company.
2.	Shri J S Rao	Non Executive Director	He has been the Director for around four decades. He himself is an industrialist. His active and committed participation in the Board and Committee meetings have enriched the Board processes and functioning.
3.	Shri B V Subbaiah	Independent Director	He has varied experience in civil, corporate and constitutional matters. His active and committed participation in the Board and Committee meetings have enriched the Board processes and functioning. He is the Chairman of Audit Committee and Nomination and Remuneration Committee.
4.	Shri T R C Bose	Independent Director	He has varied experience in corporate and administrative matters besides having wide contacts with governmental bodies and agencies. His active and committed participation in the Board and Committee meetings have enriched the Board processes and functioning. He is the Chairman of Stakeholder Relationship Committee.



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5.	Shri K Venkat Rao	Independent Director	He has lot of experience in civil construction, software development and business management His active and committed participation in the Board and Committee meetings have enriched the Board processes and functioning. He is the Chairman of Corporate Social Responsibility Committee (CSR Committee) of the company.
6.	Smt. M Varalakshmi	Non Executive Director	She had more than three decades of experience in accounts and banking functions. Her active and committed participation in the Board and Committee meetings have enriched the Board processes and functioning.

## 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, Chikkadapally, Hyderabad – 500020. Vivek Nagar,	20.09.2018 3.00 P.M	NO	NO
02	Shri Thyagaraya Gana Sabha, Chikkadapally, Hyderabad – 500020. Vivek Nagar,	26.09.2017 11.00 A.M	NO	NO
03.	Shri Thyagaraya Gana Sabha, Chikkadapally, Hyderabad – 500020. Vivek Nagar,	26.09.2016 11.00 A.M	YES	NO

## INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on 11<sup>th</sup> March, 2019, 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 a new Independent Director. 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.

During the year under review, the independent Directors were briefed and updated in respect of the following matters:-

- (i) Important changes made in the Companies Act, 2013 as amended by the Companies (Amendment) Act, 2017 more particularly with regard to the role and responsibilities of the Independent Directors;
- (ii) Important changes brought about in SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2018 on various aspects connected with the listed entity;
- (iii) Operational and marketing issues in relation to the Cement, Sugar and Power plants and the Company's action plan in meeting the challenges;
- (iv) The Company's overall performance during the current year and steps being taken for shoring up volumes and values;
- (v) Adherence to the compliances and statutory obligations under the Companies Act, 2013 as amended by the Companies (Amendment) Act, 2017 and under SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2018.

The Familiarisation Programmes were imparted to the following Independent Directors during 2018-2019.

S I . No.	Name of the Director	No. of programmes	No. of hours spent
1.	T R C Bose	3	4
2.	B V Subbaiah	3	4
3.	K Venkat Rao	3	4

Web link where 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.





## KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

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.

The Board is of the opinion that the performance of the directors is satisfactory and that they are recommended for confirmation as directors.

No adverse observations were noticed in the evaluation of the Board done in the previous year. While the Boards' current evaluation is devoid of any adverse observation it is felt that the Board as a whole shall improve the core skills and diversify its knowledge base for attaining superior parameters.

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 T R C Bose	Chairman
Shri B V Subbaiah	Member
Smt. M Varalakshmi	Member

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

No. of shareholder complaints received : NIL

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, 2019:

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

The Audit Committee meetings were held on 24-05-2018, 06-08-2018, 08-11-2018 and 08-02-2019.

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.



# KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

Name of the Director	Designation	Category	Attendance
Shri B V Subbaiah	Chairman	Non- Executive / Independent	0
Shri T R C Bose	Member	Non -Executive / Independent	1
Smt. M Varalakshmi	Member	Non-Executive	1
Shri K Venkat Rao	Member	Non- Executive / Independent	1

The Nomination and Remuneration committee met on 25.05.2018.

The details of the remuneration paid to whole-time Directors are mentioned in the notes to accounts.

## 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 08.02.2019 and 30.03.2019.

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 Venkat Rao	Member
Shri J S Rao	Member

The Risk Management committee met once on 31.03.2019 in 2018-2019.

**Given below are the details of fee paid to M/s. Ramanatham & Rao, Chartered Accountants, Statutory Auditors of the Company during the Financial Year ended 31<sup>st</sup> March, 2019:**

Sl. No.	Payments to the Statutory Auditors (excluding taxes)	Fee paid in ₹ In lakhs
1.	Statutory Audit fee paid for Audit of the Company	3.90
2.	Fee paid for Limited review of the Company	1.20
3.	Fee paid for other services	-
4.	Reimbursement of expenses	-
	<b>Total</b>	<b>5.10</b>

## 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, 2019.

**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, designated employees and their immediate relatives. 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, 2019, there were no materially significant related party transactions which had potential conflict with the interest of the Company at large. The transactions with related parties are disclosed in the notes to the Annual Accounts.

**Details of Non-compliances.**

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 Disclosures Requirements) Regulations, 2015.



# KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

## Disclosure of Material Events:

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

## Adoption of Policy on Preservation of documents:

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

## Adoption of Discretionary Requirements

The company has complied with mandatory requirements of Corporate Governance as per SEBI Listing Regulations.

We have yet to adopt the Discretionary Requirements.

## MEANS OF COMMUNICATION:

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

## GENERAL SHAREHOLDER INFORMATION:

a)	Annual General Meeting	:	40 <sup>th</sup> Annual General Meeting
	Date	:	11 <sup>th</sup> July, 2019
	Time	:	11.00 A.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	:	5 <sup>th</sup> July, 2019 to 11 <sup>th</sup> July, 2019 (both days inclusive)
d)	Dividend payment date	:	on or before 9 <sup>th</sup> August, 2019.
e)	Registered Office	:	KAKATIYA CEMENT SUGAR AND 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



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

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

Month and Year	High ₹.	Low ₹.	No. of Shares Traded
April 2018	346.30	254.20	1927710
May 2018	313.90	243.50	452141
June 2018	283.20	223.00	405619
July 2018	270.90	220.65	727470
August 2018	269.80	225.00	514504
September 2018	270.00	202.80	864625
October 2018	223.85	179.00	521948
November 2018	222.00	191.50	340273
December 2018	210.00	181.00	274181
January 2019	205.85	177.00	160781
February 2019	182.75	134.05	314857
March 2019	188.00	158.00	296396

(Source: BSE Limited Quotations)

Month and Year	High ₹.	Low ₹.	No. of Shares Traded
April 2018	345.55	255.10	359215
May 2018	313.35	245.70	124608
June 2018	285.00	221.05	99333
July 2018	271.00	220.00	164150
August 2018	269.00	221.95	191923
September 2018	269.70	203.00	200773
October 2018	223.00	179.40	204172
November 2018	216.00	190.00	119183
December 2018	209.65	183.60	117476
January 2019	210.00	177.00	105980
February 2019	181.00	133.00	45615
March 2019	190.00	159.20	46014

## 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.



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

## k) Distribution of Shareholding and Shareholding Pattern: Distribution of Shareholding as on 31.03.2019

Share Holding	Number of Shareholders	% to total	Number of Shares	% to total
Up to 500	39139	97.35	1596812	20.54
501 - 1000	597	1.48	471419	6.06
1001 - 2000	249	0.62	370947	4.77
2001 - 3000	76	0.19	192157	2.47
3001 - 4000	45	0.11	162341	2.09
4001 - 5000	32	0.08	147694	1.90
5001 - 10000	36	0.09	260721	3.35
10001 and above	36	0.09	4571767	58.82
Total	40210	100.00	7773858	100.00

## Shareholding Pattern as on 31.03.2019:

Category	No. of Equity Shares	% of Paid-up Capital
Promoters	4131535	53.15
Other Corporate Bodies	311327	4.00
General Public	3297051	42.41
Non Resident Individuals	20215	0.26
Foreign Institutional Investors & OCBs	0	0.00
Indian Financial Institutions	0	0.00
Mutual Funds & Banks	13730	0.18
<b>TOTAL</b>	<b>7773858</b>	<b>100.00</b>

l) There are no outstanding GDRs / ADRs / Warrants or any Convertible instruments as on 31<sup>st</sup> March, 2019.

m) Dematerialisation of Shares:

As on 31st March 2019, 74,14,768 shares were dematerialised with the following depositories:

i)	National Securities Depositories Limited	-	22,91,530
ii)	Central Depository Services Limited	-	51,23,238

n) Plant locations

### **CEMENT:**

Srinivasa Nagar  
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.

## **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 31.03.2019 as envisaged under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place : Hyderabad  
Date : 11<sup>th</sup> May, 2019

**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, 2019 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('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 and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations during the year ended 31st March 2019.

We 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's Registration No S-2934)

**V. NARASIMHA PHANI**

Partner

Membership No.204332

Place:Secunderabad

Date:11th May, 2019





## INDEPENDENT AUDITOR'S REPORT

To

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

**Report on the Audit of the Financial Statements**

### Opinion

We have audited the financial statements of **Kakatiya Cement Sugar and Industries Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the [Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the financial statement in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b><i>Evaluation of uncertain tax positions</i></b></p> <p>The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Notes.32 to the Financial Statements</p>	<p><b><u>Principal Audit Procedures</u></b></p> <ul style="list-style-type: none"> <li>Obtained details of completed tax assessments and demands for the year ended March 31, 2019 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes.</li> <li>Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2018 to evaluate whether any change was required to management's position on these uncertainties.</li> </ul>



<p><b>2. Net Realizable Value of Finished Goods</b></p> <p>Finished goods inventory are valued at lower of cost and net realizable value (estimated selling price less estimated cost to sell). Considering that there is always volatility in the selling price of sugar ("commodity") which is dependent upon various market conditions, determination of the net realizable value involves significant management judgement and therefore has been considered as a key audit matter.</p> <p>The total value of finished goods of sugar ("commodity") as at 31<sup>st</sup> March, 2019 is ₹ 5831.85 lakhs.</p> <p>Also refer to Note 2.8 for the accounting policy on valuation of finished goods.</p>	<p><b><u>Principal Audit Procedures</u></b></p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the determination of the net realizable values of the commodities and assessed and tested the reasonableness of the significant judgements applied by the management.</li> <li>• Evaluated the design of internal controls relating to the valuation of finished goods (including commodities) and also tested the operating effectiveness of the aforesaid controls.</li> <li>• Compared the actual realization after the year end / latest realization to assess the reasonableness of the net realisable value that was estimated and considered by the management.</li> <li>• Compared the actual costs incurred to sell after the year end / based on the latest sale transaction to assess the reasonableness of the cost to sell that was estimated and considered by the management.</li> <li>• Compared the cost of the finished goods with the estimated net realisable value and checked if the finished goods were recorded at net realisable value where the cost was higher than the net realisable value.</li> <li>• Assessed the appropriateness of the disclosure in the financial statements in accordance with the applicable financial reporting framework.</li> </ul>
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### **Other Information**

The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Directors Report, Corporate Governance Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **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 of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards specified 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 of the assets of the



Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery,

intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and



## KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. 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, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with Rule 7 of Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors,

none of the directors is disqualified as on 31st March, 2019 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 A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements (Refer note.32);
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016, ('the Order') issued by the Central Government in terms of Section 143 (11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

Place: Secunderabad  
Date: 11<sup>th</sup> May, 2019



## **Annexure “A” to the Independent Auditor’s Report**

(Referred to in paragraph 1(f) under ‘Report on Other Legal Regulatory Requirements’ section of our report to the Members of the Company of even date)

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

We have audited the internal financial controls over financial reporting of **Kakatiya Cement Sugar and Industries Limited** (“the Company”) as of 31 March 2019 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.

#### **Auditor’s 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 Ind AS 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





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

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 Ind AS 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 Ind AS 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, 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 Registration No.S-2934)

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

Place: Secunderabad  
Date: 11<sup>th</sup> May, 2019



## **Annexure “B” to the Independent Auditor’s Report**

With reference to Paragraph 2 under ‘Report on Other Legal Regulatory Requirements’ section of our report to the Members of the Company, 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 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, 2019 which have not been deposited on account of any dispute pending, are as under:





# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

Name of the Statute	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income-Tax Act, 1961	Income Tax	12.42	Assessment Years 1999-2000 2000-2001	High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh
Income-Tax Act, 1961	Income Tax	969.26	Assessment Year 2016-17	CIT(A), Hyderabad
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
VAT Act, 2005	Sales Tax	173.33	Financial Year 2014-15	Additional Joint Commissioner Hyderabad
Customs Act, 1962	Customs Duty	65.77	Financial year 2012-2013	Additional Commissioner Customs

- (viii) The Company has not defaulted in repayment of loans or borrowing to financial institutions, banks, Governments and dues to debenture holders.
- (ix) The Company did not raised 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 give 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 Registration No.S-2934)

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

Place: Secunderabad  
Date: 11<sup>th</sup> May, 2019



**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

**Balance Sheet as at 31<sup>st</sup> March, 2019**

( ₹ in Lakhs)

Particulars	Note	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>I ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment	2	5,298.62	5,462.71
(b) Capital work-in-progress		-	29.26
(c) Financial Assets			
i) Investments	3	1.50	2.34
(e) Other Non-current Assets	4	193.85	193.76
<b>(2) Current assets</b>			
(a) Inventories	5	8,193.84	6,246.11
(b) Financial Assets			
(i) Trade Receivables	6	1,067.79	1,209.05
(ii) Cash and Cash Equivalents	7	159.72	195.72
(iii) Bank Balances other than (ii) above	8	15,763.15	16,081.95
(iv) Other Financial Assets	9	376.87	508.61
(c) Current tax assets (net)	10	1,067.18	599.83
(d) Other Current Assets	11	1,156.20	1,021.89
<b>TOTAL ASSETS</b>		<b>33,278.73</b>	<b>31,551.23</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	12	777.39	777.39
(b) Other Equity	13	21,388.99	21,246.61
<b>LIABILITIES</b>			
<b>(1) Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	14	-	6.38
(b) Provisions	15	97.67	80.17
(c) Deferred Tax Liability (Net)	16	1,018.37	1,237.91
(d) Other Non-current liabilities	17	1.38	26.46
<b>(2) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	18	7,901.59	6,281.67
(ii) Trade Payables	19		
a) Total outstanding dues of micro enterprises and small enterprises		-	-
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		279.94	270.64
(iii) Other Financial Liabilities	20	317.70	528.09
(b) Other Current Liabilities	21	1,495.71	1,095.92
<b>Total Equity and Liabilities</b>		<b>33,278.73</b>	<b>31,551.23</b>

Significant Accounting Policies 1

The accompanying Notes form an integral part of the Financial Statements.

As per our report of even date

For and on behalf of the Board of Directors

for **RAMANATHAM & RAO**

Chartered Accountants

FR NO. S - 2934

**V. Narasimha Phani**

Partner

M. No. 204332

**P.Veeraiah**

Chairman & Managing Director

DIN: 00276769

**M. Bhavani Dattu**  
Chief Financial Officer

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

Place : Hyderabad  
Date: 11<sup>th</sup> May, 2019



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**Statement of Profit and Loss for the Year ended 31<sup>st</sup> March, 2019**

( ₹ in Lakhs)

Particulars	Note	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
I Revenue from Operations	22	11,061.43	16,054.47
II Other Income	23	1,283.28	1,225.63
III Total Income (I+II)		12,344.71	17,280.10
<b>IV Expenses</b>			
Cost of Materials Consumed	24	6,038.23	5,807.44
Changes in Inventories of Finished Goods and Work-in-Progress	25	(1,872.31)	3,404.11
Excise duty		-	374.74
Employee Benefits Expenses	26	1,842.03	1,768.88
Finance Cost	27	565.08	250.44
Depreciation and Amortization Expense	28	242.26	218.11
Other Expenses	29	5,159.22	3,974.35
V Total Expenses (IV)		11,974.51	15,798.05
Profit Before Tax (III-IV)		370.20	1,482.05
VI Tax Expense:			
1) Current Tax		97.33	534.68
2) Deferred Tax		(242.87)	(100.61)
VII Profit / (Loss) for the Year (V-VI)		515.74	1,047.98
VIII Other Comprehensive Income (OCI)			
Items that will not be reclassified to profit or loss			
(a) Remeasurement of employment benefit obligations		130.33	63.80
(b) Income tax relating to the item (a) above		(37.95)	(18.86)
Other comprehensive income for the year (net of tax)		(92.37)	44.94
XI Total Comprehensive Income for the year (VII + VIII)		423.36	1,092.92
Earning per equity share (Face Value of ₹ 10/- each)			
(i) Basic	30	6.63	13.48
(ii) Diluted		6.63	13.48

Significant Accounting Policies

1

The accompanying Notes form 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

**M. Bhavani Dattu**  
Chief Financial Officer

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

Place : Hyderabad  
Date: 11<sup>th</sup> May, 2019



## Cash Flow Statement for the Year ended 31<sup>st</sup> March, 2019

(₹ In Lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
<b>A Cash Flow from Operating Activities</b>		
Profit before adjustments	370.20	1482.04
Adjustments for:		
Depreciation and amortisation expense	242.26	218.11
Finance costs	565.08	250.44
(Gain)/Loss in the Value of Investment	0.84	0.92
Interest income	(1283.28)	(1108.80)
Remeasurement of defined employee benefit plans	130.33	63.80
<b>Operating Profit before working capital changes</b>	<b>25.43</b>	<b>906.51</b>
<b>Change in operating assets and liabilities</b>		
(Increase)/ Decrease in Trade Receivables	141.26	(58.76)
(Increase)/ Decrease in financial assets other than trade receivables	131.74	(69.60)
(Increase)/ Decrease in Current Tax assets	(614.33)	(256.08)
(Increase)/ Decrease in Other Current assets	12.67	(124.86)
(Increase)/ Decrease in Inventories	(1947.73)	2852.61
Increase/ (Decrease) in Trade payables	9.30	(298.38)
Increase / (Decrease) in other financial liabilities	(198.24)	(51.89)
(Increase)/ (Decrease) in Other Current liabilities	293.16	(731.57)
<b>Cash Generated from Operations</b>	<b>(2146.75)</b>	<b>2167.98</b>
Income taxes paid	(500.00)	(675.00)
<b>Net cash inflow (outflow) from operating activities</b>	<b>(2646.75)</b>	<b>1492.98</b>
<b>B Cash flows from investing activities</b>		
Payments for property plant and equipment	(78.19)	(77.98)
(Increase)/ (Decrease) in Fixed deposits	318.80	(4,722.56)
Interest received	1283.28	1055.20
Proceeds from sale of property, plant and equipment	-	0.53
Capital work in progress	(29.26)	(26.81)



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

<b>Net cash inflow (outflow) from investing activities</b>	<b>1494.64</b>	<b>(3771.62)</b>
<b>C Cash flow from financing activities</b>		
Repayment of non current borrowings	<b>(205.65)</b>	(211.66)
Proceeds from current borrowings	<b>1602.92</b>	2634.02
Dividend paid to company's shareholders (Including corporate dividend tax)	<b>(281.15)</b>	(250.62)
<b>Net cash inflow (outflow) from financing activities</b>	<b>1116.12</b>	2171.74
<b>Net increase (Decrease) in cash and cash equivalents</b>	<b>(36.00)</b>	(106.91)
Cash and Cash equivalents at the beginning of the year	<b>195.72</b>	302.63
Cash and Cash equivalents at the end of the year	<b>159.72</b>	195.72
Notes to cash flow statement		
1 Components of cash and cash equivalents		
Balances with banks	<b>156.62</b>	193.08
Cash on hand	<b>3.10</b>	2.64
<b>Cash and cash equivalents considered in the cash flow statement</b>	<b>159.72</b>	195.72

Note : The above cash flow statement has been prepared under the 'Indirect method' as set out in Indian Accounting Standard - 7 Statement of Cash Flows.

**Significant Accounting Policies**

**Note 1**

The accompanying Notes form 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: 11<sup>th</sup> May, 2019

**M. Bhavani Dattu**  
Chief Financial Officer

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



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**Statement of Changes in Equity for the year ended 31<sup>st</sup> March, 2019**

**A Equity Share Capital**

(₹ In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Balance at the beginning of the year	777.39	777.39
Changes in equity share capital during the year	-	-
<b>Balance at the end of the reporting period</b>	<b>777.39</b>	<b>777.39</b>

**B Other Equity**

Particulars	Reserves and Surplus				Total
	Securities Premium	General Reserve	Amalgamation Reserve	Retained Earnings	
<b>Balance as at 1 April 2017</b>	<b>1391.62</b>	<b>2092.73</b>	<b>1075.89</b>	<b>15,875.04</b>	<b>20435.28</b>
Profit / (Loss) for the Year				1,047.98	1047.98
Dividends & Corporate dividend tax				(280.69)	(280.69)
Other Comprehensive Income - Acturial gain or (loss) on employee benefits				44.04	44.04
<b>Balance as at 31 March 2018</b>	<b>1391.62</b>	<b>2092.73</b>	<b>1075.89</b>	<b>16686.37</b>	<b>21246.61</b>
Profit / (Loss) for the Year				515.74	515.74
Dividends & Corporate dividend tax				(281.00)	(281.00)
Transfer to General Reserve		287.19		(287.19)	-
Other Comprehensive Income - Acturial gain or (loss) on employee benefits				(92.37)	(92.37)
<b>Balance as at 31 March 2019</b>	<b>1391.62</b>	<b>2379.92</b>	<b>1075.89</b>	<b>16541.55</b>	<b>21388.99</b>

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: 11<sup>th</sup> May, 2019

**M. Bhavani Dattu**  
Chief Financial Officer

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



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> March 2019**

**1. Significant Accounting Policies**

**1. Background**

Kakatiya Cement, Sugar and Industries Limited (the "Company") 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, 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.

**2.1 Statement of Compliance with Ind AS and Basis of Preparation**

The Financial Statements of the Company are prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under Section 133 of the Companies Act, 2013 (the "Act") and other relevant provisions of the Act.

These Financial Statements of the Company as at and for the year ended 31st March, 2019 (including comparatives) were approved and authorised for issue by the Board of Directors of the Company on 11<sup>th</sup> May, 2019.

**New and amended standards adopted by the Company**

The company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2018:

- Ind AS 115, Revenue from contracts with customers
- Amendment to Ind AS 12, Income Taxes

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**2.2 Functional and Presentation Currency**

The Financial Statements are presented in Indian Rupees (₹) which is also functional currency. All the values have been rounded off to the nearest rupee in lakhs, unless otherwise indicated.

**2.3 Basis of Measurement**

The Financial Statements have been prepared on a historical cost convention except where certain financial assets and liabilities have been measured at fair value as under

**Employee Defined Benefit Plans :**

Plan Assets measured at fair value less present value of defined benefit obligation

**Certain Financial Assets and Liabilities :** Fair Value

**2.4 Revenue from contracts with customers**

Revenue is measured at the fair value of the consideration received or receivable (excluding taxes), net of returns and reduced by any rebates and trade discount allowed.

**i) Sale of products**

Revenue is recognised when the performance obligations have been satisfied, which is once control of the goods and/or services has transferred from the Company to the buyer. Revenue is measured based on consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties.





Revenue related to the sale of goods is recognised when the product is delivered to the destination specified by the customer, and the buyer has gained control through their ability to direct the use of and obtain substantially all the benefits from the goods.

**ii) Interest, Dividends and Other Income**

Interest and dividend income is recognised when the right to receive payment has been established, it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the applicable effective interest rate.

**2.5 Property, Plant and Equipment**

**Tangible Assets**

**i) Recognition and Measurement**

Items of property, plant and equipment are measured at cost, which include capitalised borrowing costs, less accumulated depreciation, and accumulated impairment losses, if any, except freehold land which is carried at historical cost.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Useful lives have been determined in accordance with Schedule II to the Companies Act, 2013. The residual values are not more than 5% of the original cost of the asset.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit and loss.

**ii) Subsequent Expenditure**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

**iii) Derecognition**

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of assets.

**iv) Depreciation/ Amortization**

Depreciation is calculated on cost of items of property, plant and equipment (other than freehold land and properties under construction) less their estimated residual values over their estimated useful lives using the straight line method in respect of plant and machinery and electric plant and installation and using the written down value method in respect of other assets. Depreciation is generally recognised in the Statement of Profit and Loss. Amortization on leasehold land is provided over the period of lease.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate. Based on technical evaluation, the management believes that its estimates of useful lives best represent the period over which management expects to use these assets.

Depreciation on additions / disposals is provided on a pro rata basis that is from /upto the date on which asset is ready for use / disposed off.



### **Capital work-in-progress**

Projects under commissioning and other Capital work-in-progress are carried at cost comprising of direct and indirect costs, related incidental expenses and attributable interest. Depreciation on Capital work-in-progress commences when assets are ready for their intended use and transferred from Capital work-in-progress to Tangible Fixed Assets.

### **Intangible Assets**

#### **i) Initial Recognition and Classification**

Intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

#### **ii) Subsequent Expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in statement of profit and loss as incurred.

#### **iii) Amortization**

Amortization is calculated to write off the cost of intangible assets less their estimated residual values over the estimated useful lives and is included in depreciation and amortisation in Statement of Profit and Loss. The estimated useful lives of computer software are considered not exceeding three years. Amortization method, useful lives and residual values are reviewed at the end of each financial year and adjusted, if appropriate.

#### **iv) Derecognition**

An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset.

#### **Impairment of Non-Financial Assets.**

The Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **2.6 Borrowing Costs**

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition or construction of qualifying asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset until such time the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred and reported in finance costs.

### **2.7 Current versus Non Current Classification**

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification.

An asset/ liability is treated as current when it is :-

- Expected to be realised or intended to be sold or consumed or settled in normal operating cycle
- Held primarily for the purpose of trading.



- Expected to be realised/ settled within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of the assets for processing and their realisation in cash and cash equivalents. The company has identified 12 months as its operating cycle.

## **2.8 Inventories**

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, wherever considered necessary. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs including manufacturing overheads incurred in bringing the inventories to their present location and condition. Cost of raw materials, stores and spares, packing materials, trading and other products are determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Excess/ shortages, if any, arising on physical verification are absorbed in the respective consumption accounts.

## **2.9 Taxes on Income**

Income tax comprises Current and Deferred Tax. It is recognised in the Statement of Profit or Loss except to the extent that it relates to business combination or to an item recognised directly in equity or in other comprehensive income.

### **i) I) Current Tax**

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

### **II) Deferred Tax**

Deferred tax liabilities are 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 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 utilised. Deferred tax liabilities are generally recognised in full. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax



rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date. Tax relating to items recognised directly in equity/ other comprehensive income is recognised in respective head and not in the Statement of Profit & Loss. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Deferred tax assets and deferred tax liabilities are offset only 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.

#### **2.10 Cash and Cash Equivalents**

Cash and cash equivalents include cash and cheques in hand, bank balances, demand deposits with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value where original maturity is three months or less.

#### **2.11 Cash Flow Statement**

Cash flows are reported using the indirect method whereby the profit before tax is adjusted for the effect of the transactions of a non cash nature, any deferrals or accruals of past and future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

#### **2.12 Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liability is disclosed in the case of :

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
  - a present obligation arising from past events, when no reliable estimate is possible
- Contingent assets are neither recognised nor disclosed in the Financial Statements.

#### **2.13 Earnings Per Share**

Basic earnings per equity share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

#### **2.14 Employee Benefits**

Employee benefits include provident fund, gratuity and compensated absences.

##### **Defined Contribution Plans**

The Company's contribution to provident fund is considered as defined contribution plan and is charged as an expense as they fall due based on the amount of contribution required to



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

be made and when services are rendered by the employees. The Company has no legal or constructive obligation to pay contribution in addition to its fixed contribution.

### **Defined Benefit Plans**

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using 'the Projected Unit Credit method', with actuarial valuations being carried out at each Balance Sheet date. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the Statement of Profit and Loss in subsequent periods. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost

### **Short-term Employee Benefits**

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include salaries, wages, performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

### **Long-term Employee Benefits**

Compensated absences and other benefits like gratuity which are allowed to be carried forward over a period in excess of 12 months after the end of the period in which the employee renders the related service are recognised as a non-current liability at the present value of the defined benefit obligation as at the Balance Sheet date out of which the obligations are expected to be settled.

## **2.15 Equity, Reserves and Dividend Payments**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Retained earnings include current and prior period retained profits. All transactions with owners of the Company are recorded separately within equity.

Dividend distributions payable to equity shareholders is included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

## **2.16 Significant Judgments, Estimates and Assumptions**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgments, estimates and assumptions are required. Further information on each of these areas and how



they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively

### **Judgments**

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

a) **Contingencies**

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential quantum of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

b) **Estimates and Assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

c) **Impairment of Non-financial Assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Company estimates the assets recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

d) **Estimation of Defined Benefit Obligations**

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

e) **Fair Value Measurement of Financial Instruments**

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active market, their fair value is





measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**f) Estimation of Current Tax and Deferred Tax**

Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each Balance Sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to adjustment to the amounts reported in the financial statements.

**g) Impairment of Financial Assets**

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

**2.17 Fair Value Measurement**

The Company measures financial instruments such as investments in mutual funds, certain other investments etc. at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**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 issued but not yet effective:** On 30 March 2019, the Ministry of Corporate Affairs ("MCA") vide the Companies (Indian Accounting Standards) Amendment Rules, 2019 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after 1 April, 2019:

1. The Rules have notified the new lease standard Ind AS 116, Leases. Ind AS 17, Leases has been withdrawn. The Rules also bring in consequential amendments to other Ind AS as a result of notification of Ind AS 116. The Company is assessing the implication of the above change.





2. Appendix C to Ind AS 12, Income Taxes has been inserted. The appendix provides accounting for uncertainty over income tax treatments. The appendix corresponds to IFRIC 23, Uncertainty over Income Tax Treatments issued by the IFRS Interpretations Committee. The Company is assessing the implication of the above change.
3. New paragraph 57A has been added to Ind AS 12 to clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. This amendment is not applicable to the Company.
4. Amendment to Ind AS 19, Employee Benefits: This amendment requires an entity to: (i) use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and (ii) recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. This amendment will not impact the financial statements of the Company.
5. Amendment to Ind AS 23: Borrowing Costs to clarify that if a specific borrowing remains outstanding after a qualifying asset is ready for its intended use or sale, it becomes part of general borrowings. The Company is assessing the implication of the above change.
6. Amendment to Ind AS 28, Investments in Associates and Joint Ventures. Investors could have long-term interests (for example, preference shares or long-term loans) in an associate or joint venture that form part of the net investment in the associate or joint venture. The amendment clarifies that these long-term interests in an associate or joint venture to which the equity method is not applied should be accounted for using Ind AS 109, Financial Instruments. The requirements of Ind AS 109 are applied to long-term interests before applying the loss allocation and impairment requirements of Ind AS 28. An illustrative example is also provided in Appendix A of Ind AS 28. This amendment is not applicable to the Company.
7. Amendment to Ind AS 109 to enable an entity to measure at amortised cost some prepayable financial assets with negative compensation. This amendment will not impact the financial statements of the Company.
8. Amendment has been made to Ind AS 103, Business Combinations and Ind AS 111, Joint Arrangements to clarify measurement of previously held interest in obtaining control/joint control over a joint operation as follows: (i) On obtaining control of a business that is a joint operation, previously held interest in joint operation is remeasured at fair value at the acquisition date; (ii) A party obtaining joint control of a business that is joint operation should not remeasure its previously held interest in the joint operation. This amendment is not applicable to the Company.



**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

<b>2 Property, Plant and Equipment</b>									
<b>Changes in the carrying value of property, plant and equipment for the year ended 31.03.2019</b>									
<b>Particulars</b>	<b>Gross carrying amount</b>				<b>Accumulated depreciation</b>				<b>Net carrying amount</b>
	<b>As at 01.04.2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>31.03.2019</b>	<b>As at 01.04.2018</b>	<b>For the Year</b>	<b>On Disposals</b>	<b>As at 31.03.2019</b>	
<b>Owned Assets</b>									
<b>Cement Division</b>									
Freehold Land	101.23	-	-	101.23	0.00	-	-	0.00	101.23
Buildings	326.21	-	-	326.21	20.56	9.82	-	30.38	295.83
Plant & Equipment	1492.72	67.87	-	1560.59	99.49	64.51	-	164.00	1396.59
Other Equipment	5.87	-	-	5.87	3.74	2.13	-	5.87	0.00
Furniture and Fixtures	1.33	-	-	1.33	0.12	0.04	-	0.16	1.17
Office Equipment	11.12	3.48	-	14.60	3.16	2.10	-	5.26	9.34
Vehicles	18.24	-	-	18.24	8.71	3.05	-	11.76	6.48
<b>Total</b>	<b>1956.72</b>	<b>71.35</b>	<b>-</b>	<b>2028.07</b>	<b>135.78</b>	<b>81.65</b>	<b>0.00</b>	<b>217.43</b>	<b>1810.64</b>
<b>Sugar Division</b>									
Freehold Land	156.82	-	-	156.82	-	-	-	0.00	156.82
Buildings	1066.65	-	-	1066.65	114.14	57.07	-	171.21	895.44
Plant & Equipment	865.66	3.87	-	869.53	67.42	34.72	-	102.14	767.39
Other Equipment	0.99	-	-	0.99	0.00	0.00	-	0.00	0.99
Furniture and Fixtures	0.84	-	-	0.84	0.02	0.02	-	0.04	0.80
Office Equipment	3.93	0.50	-	4.43	0.23	0.70	-	0.93	3.50
Vehicles	1.83	-	-	1.83	-9.19	1.86	-	-7.33	9.16
<b>Total</b>	<b>2096.72</b>	<b>4.37</b>	<b>-</b>	<b>2101.09</b>	<b>172.62</b>	<b>94.37</b>	<b>-</b>	<b>266.99</b>	<b>1834.10</b>
<b>Power Division</b>									
Factory Buildings	247.50	-	-	247.50	27.15	13.57	-	40.72	206.78
Plant & Equipment	1602.05	2.46	-	1604.51	104.74	52.67	-	157.41	1447.10
<b>Total</b>	<b>1849.55</b>	<b>2.46</b>	<b>-</b>	<b>1852.01</b>	<b>131.89</b>	<b>66.24</b>	<b>-</b>	<b>198.13</b>	<b>1653.88</b>
<b>Grand Total</b>	<b>5902.99</b>	<b>78.18</b>	<b>-</b>	<b>5981.17</b>	<b>440.29</b>	<b>242.26</b>	<b>-</b>	<b>682.55</b>	<b>5298.62</b>



**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

<b>2 (a) Property, Plant and Equipment</b>									
<b>Changes in the carrying value of property, plant and equipment for the year ended 31.03.2018</b>									
<b>Particulars</b>	<b>Gross carrying amount</b>				<b>Accumulated depreciation</b>				<b>(₹ In Lakhs)</b>
	<b>As at 01.04.2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>31.03.2018</b>	<b>As at 01.04.2017</b>	<b>For the Year</b>	<b>On Disposals</b>	<b>As at 31.03.2018</b>	<b>Net carrying amount As at 31.03.2018</b>
<b>Owned Assets</b>									
<b>Cement Division</b>									
Freehold Land	101.23	-	-	101.23	0.00	-	-	0.00	101.23
Buildings	326.21	-	-	326.21	10.28	10.28	-	20.56	305.65
Plant & Equipment	1439.17	53.55	-	1492.72	59.55	39.94	-	99.49	1393.23
Other Equipment	6.72	-	0.85	5.87	1.53	3.01	0.80	3.74	2.13
Furniture and Fixtures	1.33	-	-	1.33	0.06	0.06	-	0.12	1.21
Office Equipment	5.49	5.85	0.22	11.12	1.02	2.26	0.12	3.16	7.96
Vehicles	18.24	-	-	18.24	5.66	3.05	-	8.71	9.53
<b>Total</b>	<b>1898.38</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>1820.94</b>
<b>Sugar Division</b>									
Freehold Land	156.82	-	-	156.82	-	-	-	0.00	156.82
Buildings	1066.65	-	-	1066.65	57.07	57.07	-	114.13	952.52
Plant & Equipment	853.59	12.07	-	865.66	33.10	34.32	-	67.42	798.24
Other Equipment	0.99	-	-	0.99	0.00	0.00	-	0.00	0.99
Furniture and Fixtures	0.84	-	-	0.84	0.00	0.02	-	0.02	0.82
Office Equipment	2.71	1.21	-	3.92	0.00	0.23	-	0.23	3.69
Vehicles	1.83	-	-	1.83	(11.04)	1.85	-	-9.19	11.02
<b>Total</b>	<b>2083.45</b>	<b>13.28</b>	<b>-</b>	<b>2096.73</b>	<b>79.13</b>	<b>93.50</b>	<b>-</b>	<b>172.62</b>	<b>1924.10</b>
<b>Power Division</b>									
Factory Buildings	247.50	-	-	247.50	13.58	13.57	-	27.15	220.35
Plant & Equipment	1597.60	4.45	-	1602.05	52.29	52.45	-	104.74	1497.31
<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>1717.66</b>
<b>Grand Total</b>	<b>5826.93</b>	<b>77.13</b>	<b>1.07</b>	<b>5902.99</b>	<b>223.10</b>	<b>218.11</b>	<b>0.92</b>	<b>440.28</b>	<b>5462.71</b>



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**Notes to the financial statements for the year ended 31<sup>st</sup> March, 2019**

(₹ In Lakhs)

**3 Investments**

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Investments in Equity Instruments (Quoted) Fair value through Profit and Loss (FVTPL)		
Andhra Bank	1.50	2.34
5631 (31.03.2018- 5631 ) shares of INR 10 each face value		
<b>Total</b>	<b>1.50</b>	<b>2.34</b>

**4 Other Non Current assets**

(₹ In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
(i). Advances other than Capital Advances		
- Deposits with Government	189.79	189.79
- Deposits with others	4.06	3.97
<b>Total</b>	<b>193.85</b>	<b>193.76</b>

**5 Inventories**

(₹ In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
(i) Raw materials	40.32	53.37
(ii) Work-in-progress	533.84	209.86
(iii) Finished goods	6,302.26	4,753.92
(iv) Stores & Spares	1,367.58	1,276.72
Less: Provision for obsolete Items of Stores and Spares	(50.16)	(47.76)
Net Stores and Spares	1,317.42	1,228.96
<b>Total</b>	<b>8,193.84</b>	<b>6,246.11</b>

**6 Trade receivables**

(₹ In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Unsecured, Considered Good	1716.98	1690.40
Less: Allowance for expected credit losses	(649.19)	(481.35)
<b>Total</b>	<b>1,067.79</b>	<b>1,209.05</b>

**7 Cash and cash equivalents**

(₹ In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
a) Balances with banks		
- in current accounts	156.62	193.08
b) Cash on hand	3.10	2.64
<b>Total</b>	<b>159.72</b>	<b>195.72</b>



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

**8 Other Bank Balances**

(₹ In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
a) Earmarked balances with banks		
Unpaid dividend account	64.01	38.83
b) Balances with banks	-	
In deposit accounts	2,817.92	7,745.91
Margin money deposit	12,881.22	8,297.21
<b>Total</b>	<b>15,763.15</b>	<b>16,081.95</b>

Note 8.a): The Company has transferred unclaimed dividend of INR 0.81 lakhs pertaining to year 2010-11 to the Investor Education Protection Fund on expiry of seven years

**9 Other Financial Assets (Current)**

(₹ In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
(i) Employees Advances	-	0.93
(ii) Interest Accrued on Deposits.	376.87	507.68
<b>Total</b>	<b>376.87</b>	<b>508.61</b>

**10 Current Tax Assets (Net)**

(₹ In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Opening balance	599.83	584.75
Add: Taxes paid	564.69	549.76
Less: Current tax expenses for the year	(97.34)	(534.68)
<b>Total</b>	<b>1,067.18</b>	<b>599.83</b>

**11 Other Current Assets**

(₹ In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Prepaid Expenses	18.59	19.79
Advances to suppliers	561.89	341.68
Other Advances	575.72	660.42
<b>Total</b>	<b>1,156.20</b>	<b>1,021.89</b>



**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

**12. Equity share capital**

(₹ in Lakhs)

Particulars	31-Mar-19	31-Mar-18
<b><u>AUTHORIZED:</u></b>		
90,00,000 ( 2018 - 90,00,000) Equity Shares of 10/- each	900.00	900.00
<b>TOTAL</b>	900.00	900.00
<b><u>ISSUED, SUBSCRIBED &amp; PAID-UP CAPITAL</u></b>		
77,73,858(2018- 77,73,858, ) Equity Shares of 10/- each	777.39	777.39
Changes in equity share capital	0.00	0.00
<b>TOTAL</b>	777.39	777.39

**12.1 The reconciliation of the number of Equity Shares outstanding and amount of share capital as at 31st March 2019**

Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	Number of shares	(₹ In Lakhs)	Number of shares	(₹ In Lakhs)
Shares outstanding at the beginning of the year	77,73,858	777.39	77,73,858	777.39
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	77,73,858	777.39	77,73,858	777.39
<b>12.2 Details of shareholders holding more than 5% shares in the Company</b>				
<b>Name of the shareholder</b>	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	No. of Shares	% holding	No. of Shares	% holding
	34,93,638	44.94	34,93,638	44.94
b) P Veeraiah.				

**“12.3 Terms/Rights attached to equity shares** The Company has only one class of equity shares having a face value of ₹ 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.”



**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

(₹ In Lakhs)

**13. Other equity**

Particulars	31-03-2019	31-03-2018
Securities Premium	1391.62	1391.62
General reserve	2379.92	2092.73
Amalgamation Reserve	1075.89	1075.89
Retained earnings	16,541.56	16,686.37
<b>TOTAL</b>	<b>21,388.99</b>	<b>21,246.61</b>

**(a) Securities Premium**

Particulars	31-03-2019	31-03-2018
Opening balance	1391.62	1391.62
Movement during the year	-	-
Closing balance	1391.62	1391.62

**(b) General Reserve**

Particulars	31-03-2019	31-03-2018
Opening balance	2092.73	2092.73
Movement during the year	287.19	0
Closing balance	2379.92	2092.73

**(c) Amalgamation Reserve**

Particulars	31-03-2019	31-03-2018
Opening balance	1075.89	1075.89
Movement during the year	0	0
Closing balance	1075.89	1075.89

**(d) Retained earnings**

Particulars	31-03-2019	31-03-2018
Opening balance	16686.37	15875.04
Profit for the year	515.74	1047.98
Dividends & Corporate dividend tax	(281.00)	(280.69)
Other comprehensive income	(92.37)	44.04
Transfer to General Reserve	(287.19)	
Closing balance	16,541.56	16,686.37

1. Security premium reserve is utilised in accordance with the provisions of the Act.
2. General reserve is used for strengthening the financial position and meeting the future contingencies and losses.
3. Amalgamation reserve is created in the process of amalgamation of the company. This reserve is used in accordance with the provisions of the Act.
4. The reserves represent the cumulative profits of the Company and effects of the remeasurement of defined benefit obligations. This Reserve can be utilised in accordance with the provisions of the Companies Act, 2013.





**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

**14 Borrowings**

(₹ In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Non-Current</b>		
a) Secured loans		
i) Term loans from banks	-	6.38
<b>TOTAL</b>	-	6.38

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

Year	Quarterly Installments	(₹ In Lakhs)
2019-20	1	66.25

**15 Provisions (Non-current)**

(₹ In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Provision for employee benefits		
- Leave Encashment	43.73	44.94
- Gratuity	53.94	35.23
<b>Total</b>	<b>97.67</b>	<b>80.17</b>

**16 Deferred tax liabilities (net)**

(₹ In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
a) Deferred tax assets		
Expenses allowable on payment basis	5.70	60.60
b) Deferred tax liabilities		
On WDV Difference and Actuarial post employment benefits	1024.07	1,298.51
<b>Deferred tax liabilities (net)</b>	<b>1018.37</b>	<b>1237.91</b>

**17 Other non-current liabilities**

(₹ In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Others		
-Deferred Revenue Grant	1.38	26.46
<b>Total</b>	<b>1.38</b>	<b>26.46</b>



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

## **18 Borrowings**

(₹ In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
a) Secured loans		
Working capital loans from banks	7,901.59	6,281.67
<b>Total</b>	<b>7,901.59</b>	<b>6,281.67</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 12492.03 lakhs (Previous year INR 10781.21 lakhs) of the company at an average rate of 7.87% p.a.

## **18.2 Net Debt Reconciliation**

(₹ In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Opening balance of borrowings	6579.51	4217.88
Add:- Proceeds from non-current borrowings	0.00	0.00
Less:- Repayment of non-current borrowings	(205.65)	(211.66)
Proceeds/ (repayment) from current borrowings	1602.92	2626.89
Fair Value Adjustment	(17.49)	(53.60)
<b>Closing balance of borrowings</b>	<b>7959.29</b>	<b>6579.51</b>

## **19 Trade payables**

(₹ In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Dues to micro enterprises and small enterprises	-	-
Dues to creditors other than micro enterprises and small enterprises	279.94	270.64
<b>Total</b>	<b>279.94</b>	<b>270.64</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)**

(₹ In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Employee benefits payable	183.60	195.74
Current maturities of long term debt	57.84	265.00
Unpaid dividends*	64.01	54.57
Deposits from stockists	12.26	12.78
<b>Total</b>	<b>317.70</b>	<b>528.09</b>

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

## **21 Other Current Liabilities**

(₹ In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Provisions	91.49	-
Statutory Liabilities and others	1,308.65	1,065.32
Advance from customers	95.57	30.60
<b>Total</b>	<b>1,495.71</b>	<b>1,095.92</b>

Note 21.1 : The Company had filed a Writ Petition registered as W.P. No. 20536 of 2009 before the Hon'ble High Court of Telangana questioning levy of Electricity Duty @ 0.25 per unit by the State Government on captive consumption of the electricity generated by the Company. The Writ Petition was dismissed by the Hon'ble High Court on 19.05.2016. The Company preferred a Special Leave Petition before the Supreme Court of India registered as SLP. No. 22936 of 2016. As per the Interim Orders of the Supreme Court the Company had paid an amount of ₹ 481.32 lakhs to the Credit of Government of Telangana & Andhra Pradesh.



**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

The Appeal before the Supreme Court is yet to come up for hearing and accordingly a provision of ₹ 909.54 lakhs (Previous Year ₹ 867.22 lakhs) is included in the statutory liabilities.

**22 Revenue from operations (₹ In Lakhs)**

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
Sale of products	11,061.43	16,054.47
<b>Total</b>	<b>11,061.43</b>	<b>16,054.47</b>

**23 Other income (₹ In Lakhs)**

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
Interest income on deposits with banks	1,283.28	1,055.20
Others	-	170.43
<b>Total</b>	<b>1,283.28</b>	<b>1,225.63</b>

**24 Cost of material consumed (₹ In Lakhs)**

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
<b>Cost of Raw materials consumed:</b>		
i) Limestone	508.16	418.18
ii) Gypsum	133.57	118.21
iii) Others	27.99	615.24
iv) Sugar cane	4,797.13	4,310.61
v) Laterite	158.31	-
vi) Coal	413.07	345.20
<b>Total</b>	<b>6,038.23</b>	<b>5,807.44</b>

**25 Changes in inventories of finished goods, Stock-in -Trade and work-in-progress (₹ In Lakhs)**

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
<b>Opening balance</b>		
Finished goods	4,753.93	8,105.83
Work-in-progress	209.86	262.06
<b>(A)</b>	<b>4,963.79</b>	<b>8,367.89</b>
<b>Closing balance</b>		
Finished goods	(6,302.26)	4,753.93
Work-in-progress	(533.84)	209.86
<b>(B)</b>	<b>(6,836.10)</b>	<b>4,963.79</b>
<b>Total (A-B)</b>	<b>(1,872.31)</b>	<b>3,404.10</b>

**26 Employee benefit expenses (₹ In Lakhs)**

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
Salaries, wages and bonus	1,615.29	1,622.55
Contribution to provident and other funds	57.64	58.80
Staff welfare expenses	169.10	87.53
<b>Total</b>	<b>1,842.03</b>	<b>1,768.88</b>



**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

**27 Finance costs** (₹ In Lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
Interest and finance charges on financial liabilities calculated using effective interest rate	565.08	250.44
<b>Total</b>	<b>565.08</b>	<b>250.44</b>

**28 Depreciation** (₹ In Lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
Depreciation of property, plant and equipment	242.26	218.11
<b>Total</b>	<b>242.26</b>	<b>218.11</b>

**29 Other expenses** (₹ In Lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
Consumption of Stores & Spares	476.01	723.21
Consumption of packing materials	410.10	325.95
Power & Fuel	3,258.49	2,582.68
Repairs to Building	0.00	3.74
Repairs to Plant & Machinery	34.25	78.33
Repairs to Others	33.32	40.20
Other Manufacturing Expenses	198.67	170.18
Donations	43.58	100.53
Travelling & Conveyance	29.42	64.11
Professional Charges	13.85	19.10
Payment to Auditors (See note below) *	6.55	6.79
Insurance Expenses	6.55	15.90
Communication & Printing Expenses	20.37	23.62
Advertisement & Sales Promotion	22.07	14.42
Selling & Marketing Expenses	24.31	26.63
Rent, Rates & Taxes	65.77	75.80
Provision for Bad and Doubtful debts	260.57	-
Miscellaneous Expenses	225.95	248.91
C.S.R. Expenditure	29.39	38.21
Excise duty on Closing Stock	-	(583.96)
<b>Total</b>	<b>5,159.22</b>	<b>3,974.35</b>

**29 a. Payment to auditors** (₹ In Lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
<b>(a) To statutory auditors</b>		
- Statutory audit fee	3.90	3.90
- For other services (including fees for quarterly audits)	1.20	1.20
- Reimbursement of expenses		0.24
<b>(b) To others</b>		
-Cost audit fee	1.45	1.45
<b>Total</b>	<b>6.55</b>	<b>6.79</b>



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

## **29 b. Corporate Social Responsibility expenditure**

(₹ In Lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
Amount required to be spent as per Section 135 of the Act	<b>59.92</b>	61.61
Amount spent during the year on :		
1. Construction/ acquisition of any assets	<b>28.39</b>	34.24
2. On purposes other than (1) above**	<b>1.00</b>	3.94

## **30 Earnings Per share**

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and EPS computations:

(₹ In Lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
Net Profit attributable to the equity Shareholders (A)	<b>515.74</b>	1047.97
Weighted average number of Equity Shares outstanding during the period (B)	<b>77.73</b>	77.73
Nominal value of Equity Shares (₹)	<b>10.00</b>	10.00
Basic/Diluted Earnings per Share (₹) (A/B)	<b>6.63</b>	13.48

## **31 Notes to Employee Benefits**

### Defined Benefit Plans

#### **Gratuity:**

Each employee rendering a continuous service of 5 years or more is entitled to receive gratuity amount equal to 15/26 of the monthly emoluments for every completed year of service at the time of separation from the company subject to the provisions of the Gratuity Act.

**The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the fund status and amounts recognised in the balance sheet for the respective plans:**

**Changes in the present value of the defined benefit obligation are as follows:**

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
<b>Defined benefit obligation at the beginning</b>	<b>239.25</b>	174.74
Current service cost	<b>21.49</b>	14.48
Interest expense	<b>17.91</b>	13.05
Benefits paid	<b>(30.71)</b>	(23.25)
Actuarial (gain)/ loss on obligations - OCI	<b>128.78</b>	60.23
<b>Defined benefit obligation at the end</b>	<b>376.72</b>	239.25



**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

**Components of Other Comprehensive Income**

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
Acurtial (gain) / loss on employee benefits	128.78	60.23
Less: Deferred Tax @ 29.12%	(37.50)	(17.54)
Acurtial (gain) / loss on employee benefits (net of tax)	91.28	42.69

**Reconciliation of fair value of plan assets and defined ben efit obligation:**

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Fair value of plan assets at the beginning	205.76	166.43
Defined benefit obligation at the beginning	239.25	174.74
<b>Amount recognised in the Balance Sheet at the beginning</b>	<b>(33.49)</b>	<b>(8.30)</b>
Fair value of plan assets at the end	242.44	205.76
Defined benefit obligation at the end	376.72	239.25
<b>Amount recognised in the Balance Sheet at the end</b>	<b>(134.28)</b>	<b>(33.49)</b>

**The principal assumptions used in determining gratuity are shown below:**

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Discount rate	7.77%	8%
Salary escalation rate	4%	4%

**Economic and Demographic Assumptions**

**Economic Assumptions**

Estimates of future compensation increases considered taking into account the inflation, seniority, promotion and other relevant factors.

Discount rate is based on the prevailing market yields of Indian Government securities as at 31<sup>st</sup> March 2019 for the estimated term of the obligations.

**Demographic Assumptions**

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Retirement Age	58	58
Mortality table	IALM (2012-14)	IALM (2012-14)
Attrition rate	5%	5%

**Amount recognised in Statement of Profit and Loss:**

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
Current service cost	21.49	14.48
Net interest expense	17.91	13.05
Remeasurement of Net Benefit Liability/ Asset	110.77	48.40
<b>Amount recognised in Statement of Profit and Loss for year ended</b>	<b>150.18</b>	<b>75.93</b>



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

## **Amount recognised in Other Comprehensive Income:**

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Actuarial (gain)/ loss on obligations	128.78	60.23
Return on plan assets (excluding amounts included in net interest expense)	-	-
<b>Amount recognised in Other Comprehensive Income for year ended</b>	<b>128.78</b>	<b>60.23</b>

**The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:**

(₹ In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Discount rate (in %)	7.77	8.00
Salary Escalation (in %)	4.00	4.00
Rate of return on plan of assets (in %)	0.00	0.00
Expected average remaining working lives of employees (in years)	9.59	9.23

**A quantitative sensitivity analysis for significant assumption as at 31<sup>st</sup> March 2019 is as shown below:**

(₹ In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2019	
Assumptions	Discount rate		Salary escalation		Assumed Attrition Rate	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	3.58	3.96	3.95	3.59	3.81	3.71

**A quantitative sensitivity analysis for significant assumption as at 31<sup>st</sup> March 2018 is as shown below:**

(₹ In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2018		As at 31 <sup>st</sup> March, 2018		As at 31 <sup>st</sup> March, 2018	
Assumptions	Discount rate		Salary escalation		Assumed Attrition Rate	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	229.17	250.31	251.63	227.79	241.26	237.05

"The sensitivity analysis above have been determined based on a method that extrapolate the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period."





**Note.32 Provisions, Contingent Liabilities and Contingent Assets:**

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

- i) The Company had appealed 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. For the year 2014-15 the Assessing Officer had raised a demand for an amount of ₹ 198.09 Lakhs for non submission of C-Forms and Way Bills against which the company filed an appeal against the demand before AJC(A) and paid an amount of ₹ 24.76 Lakhs being 12.5% on the disputed Tax.
- ii) The Company had filed a Writ Petition registered as W.P. No. 20536 of 2009 before the Hon'ble High Court of Telangana questioning levy of Electricity Duty @ 0.25 per unit by the State Government on captive consumption of the electricity generated by the Company. The Writ Petition was dismissed by the Hon'ble High Court on 19.05.2016. The Company preferred a Special Leave Petition before the Supreme Court of India registered as SLP. No. 22936 of 2016. As per the Interim Orders of the Supreme Court the Company had paid an amount of ₹ 481.32 lakhs to the Credit of Government of Telangana & Andhra Pradesh. The Appeal before the Supreme Court is yet to come up for hearing and accordingly a provision of ₹ 909.54 lakhs (Previous Year ₹ 867.22 lakhs) has been made.
- iii) For the Asst. years 1999-00, 2000-01 and 2001-02 Income tax paid was for a sum of ₹ 123.98 lakhs under protest against the demand of ₹ 136.40 lakhs towards disallowance of un-absorbed depreciation / losses. The matter has been pending in appeal before the High Court of Telangana.
- iv) 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 has been pending before ITAT, Hyderabad.
- v) For the Asst. Year 2009-10 penalty has been imposed and the same was adjusted against the refund due and pending in ITAT Hyderabad. For the Asst. Year 2014-15, CIT (A) disposed off the case in favour of the company allowing 80IA deduction, against which the IT department had filed an appeal in ITAT, Hyderabad, which is pending.
- 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 has been under appeal before the High Court of Telangana.
- vii) The Company had 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 has been pending in appeal before the High Court of Telangana.
- 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.
- ix) For the A.Y.2016-17, the company had filed an appeal before the CIT(A) against the orders passed by the Assessing Officer disallowing 80IA deduction under IT Act. The tax amount in dispute is ₹ 969.26 Lakhs

**Note : 33 Capital and other commitments Rs Nil (P.Y Rs Nil)**



# **KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

## **34. Related party transactions**

### **Names of related parties and nature of relationships:**

Names of the related parties	Nature of relationship
<b>i) Key Managerial Personnel (KMP):</b>	
Sri P.Veeraiah	Managing director
Sri B K Prasad	General Manager & Company Secretary
Sri M Bhavani Dattu	Chief Financial Officer
<b>ii) Non-whole-time Directors</b>	
Sri J S Rao	Director
Sri TRC Bose	Director
Sri BV Subbaiah	Director
Sri k Venkata Rao	Director
Smt M Varalaxmi	Director
<b>iii) Relatives of key managerial personnel:</b>	
P. Samrajyam	Mother of Sri P.Veeraiah
Dr. P. Anuradha	Wife of Sri P.Veeraiah
<b>iv) Enterprises in which key managerial personnel and/or their relatives have control:</b>	
Standard Construction Co. (Partnership Firm)	

### **Details of transactions during the year where related party relationship existed: ( ₹ In Lakhs)**

Names of the related parties	Nature of Transactions	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Sri P.Veeraiah	Remuneration	130.52	129.94
Dr. P. Anuradha	Remuneration	24.51	-
Sri B K Prasad	Remuneration	11.01	10.93
Sri M Bhavani Dattu	Remuneration	10.16	9.95
Sri P.Veeraiah	Rent paid	24.00	24.00
<b>B) Relatives of Key Managerial Personnel</b>			
Smt P.Samrajyam	Rent paid	-	2.40
CM Rao	Sitting fees	-	0.01
T R C Bose	Sitting fees	0.04	0.04
B V Subbaiah	Sitting fees	0.03	0.03
J S Rao	Sitting fees	0.03	0.03
K Venkat Rao	Sitting fees	0.02	0.02
M Varalakshmi	Sitting fees	0.01	0.08
CM Rao	Reimbursement of expenses	-	0.24



**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

( ₹ In Lakhs)

Names of the related parties	Nature of Transactions	Year ended	Year ended
		31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
T R C Bose	Reimbursement of expenses	0.87	0.87
B V Subbaiah	Reimbursement of expenses	0.63	0.68
J S Rao	Reimbursement of expenses	0.72	0.78
K Venkat Rao	Reimbursement of expenses	0.63	0.58
M Varalakshmi	Reimbursement of expenses	0.24	0.25
P.Veeraiah	Dividend paid	104.81	104.81
P.Samrajyam	Dividend paid	9.70	9.70
C) Enterprise in which key management personnel and their relatives have control:			
Standard Construction Co. (Partnership Firm)	Civil works	-	2.16

**35 Fair values**

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 approximations of fair values:

( ₹ In Lakhs)

Particulars	Carrying value		Fair value	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Financial Assets</b>				
Other financial assets	376.87	508.61	376.87	508.61
Trade receivables	1,067.79	1,209.05	1,067.79	1,209.05
Cash and cash equivalents	159.72	195.72	159.72	195.72
Other Bank Balances	15,763.15	16,081.95	15,763.15	16,081.95
<b>Total</b>	<b>17,367.53</b>	<b>17,995.33</b>	<b>17,367.53</b>	<b>17,995.33</b>
<b>Financial Liabilities</b>				
Long term borrowings	-	6.38	-	6.38
Short term borrowings	7,901.59	6,281.67	7,901.59	6,281.67
Trade Payables	279.94	270.64	279.94	270.64
Current Maturities of long term borrowings	57.84	265.00	57.84	265.00
Other Financial liabilities	259.86	263.09	259.86	263.09
<b>Total</b>	<b>8,499.23</b>	<b>7,086.78</b>	<b>8,499.23</b>	<b>7,086.78</b>



**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

<b>36 Fair value hierarchy</b>	<b>The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.</b>					
<b>Quantitative disclosures fair value measurement hierarchy for assets as at 31<sup>st</sup> March, 2019:</b>						<b>(₹ In Lakhs)</b>
<b>Particulars</b>	<b>Date of valuation</b>	<b>Total</b>	<b>Fair value measurement using</b>			
			<b>Quoted prices in active markets</b>	<b>Significant observable inputs</b>	<b>Significant unobservable inputs</b>	
			<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>	
<b>Assets measured at amortised cost:</b>						
Other financial assets	31 <sup>st</sup> March, 2019	376.87	-	-	-	376.87
Trade receivables	31 <sup>st</sup> March, 2019	1,067.79	-	-	-	1,067.79
Cash and cash equivalents	31 <sup>st</sup> March, 2019	159.72	-	-	-	159.72
Other Bank Balances	31 <sup>st</sup> March, 2018	15,763.15	-	-	-	15,763.15
<b>Quantitative disclosures fair value measurement hierarchy for assets as at 31<sup>st</sup> March, 2018:</b>						<b>(₹ In Lakhs)</b>
<b>Particulars</b>	<b>Date of valuation</b>	<b>Total</b>	<b>Fair value measurement using</b>			
			<b>Quoted prices in active markets</b>	<b>Significant observable inputs</b>	<b>Significant unobservable inputs</b>	
			<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>	
<b>Assets measured at amortised cost:</b>						
Other financial assets	31 <sup>st</sup> March, 2018	508.61	-	-	-	508.61
Trade receivables	31 <sup>st</sup> March, 2018	1,209.05	-	-	-	1,209.05
Cash and cash equivalents	31 <sup>st</sup> March, 2018	195.72	-	-	-	195.72



**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 <sup>st</sup> March, 2019:						(₹ In Lakhs)
Particulars	Date of valuation	Total	Fair value measurement using			
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
			(Level 1)	(Level 2)	(Level 3)	
<b>Assets measured at amortised cost:</b>						
Long term borrowings	31 <sup>st</sup> March, 2019	-	-	-	-	-
Short term borrowings	31 <sup>st</sup> March, 2019	7,901.59	-	-	-	7,901.59
Trade Payables	31 <sup>st</sup> March, 2019	279.94	-	-	-	279.94
Current Maturities of long term borrowings	31 <sup>st</sup> March, 2019	57.84	-	-	-	57.84
Other Financial liabilities	31 <sup>st</sup> March, 2019	317.70	-	-	-	317.70
	<b>Date of valuation</b>	<b>Total</b>	<b>Quoted prices in active markets</b>	<b>Significant observable inputs</b>	<b>Significant unobservable inputs</b>	
			(Level 1)	(Level 2)	(Level 3)	
<b>Liabilities measured at amortised cost:</b>						
Long term borrowings	31 <sup>st</sup> March, 2018	6.38	-	-	-	6.38
Short term borrowings	31 <sup>st</sup> March, 2018	6,281.67	-	-	-	6,281.67
Trade Payables	31 <sup>st</sup> March, 2018	270.64	-	-	-	270.64
Current Maturities of long term borrowings	31 <sup>st</sup> March, 2018	265.00	-	-	-	265.00
Other Financial liabilities	31 <sup>st</sup> March, 2018	528.09	-	-	-	528.09



The management assessed that fair value of financial assets and liabilities significantly approximate their carrying amounts largely due to the short term maturities of these instruments. The fair value of the 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.

The Company determines fair values of financial assets or liabilities by discounting the contractual cash inflows / outflows using prevailing interest rates of financial instruments with similar terms. The initial measurement of financial assets and financial liabilities is at fair value. . . Further, the subsequent measurements of all assets and liabilities is at amortised cost, using effective interest rate method.

**The following methods and assumptions were used to estimate fair values:-**

- The fair value of the Company's interest bearings borrowings are determined using discount rate that reflects the entity's discount rate at the end of the reporting period. The own non-performance risk as at the reporting period is assessed to be insignificant.

For other non-current financial assets and liabilities the fair value is the same as the amortized cost, measured using the discount rate at the time of initial recognition of financial assets and liabilities

A one percent change in the unobserved inputs used in fair valuation of level 3 Assets and liabilities does not have a significant impact in its value.

**Fair value of financial assets and financial liabilities**

The carrying value of the current financial assets and current financial liabilities are considered to be same as their values, due to their short-term nature. The non-current borrowings and securities deposits are carried at amortized cost which is considered as their fair value.



### 37 Financial risk management objectives and policies

#### Financial Risk Management Framework

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed primarily to Credit Risk, Liquidity Risk and Market risk (fluctuations in foreign currency exchange rates and interest rate), 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. Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk is as follows:

( ₹ In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Other financial assets	376.87	508.61
Trade receivables	1,067.79	1,209.05
Cash and cash equivalents	159.72	195.72
Other bank balances	15,763.15	16,081.95

Trade receivables:

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of statements of financial position whether a financial asset or a Company of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The company is not expecting any credit loss allowance which is calculated on life time expected credit losses for trade receivables. Credit loss provision on security deposits is taken as 12 months expected credit loss and no loss is expected as at 31st March, 2019, 31st March, 2018

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the authorised person. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.





## B. Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments

(₹ In Lakhs)

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
<b>Year ended 31-03-2019</b>						
Borrowings						
Trade and other payables	-	-	279.94	-	-	279.94
Other financial liabilities	317.70	-	-	-	-	317.70
<b>Year ended 31-03-2018</b>						
Borrowings	6,288.05	-	-	-	-	6,288.05
Trade and other payables	-	-	270.64	-	-	270.64
Other financial liabilities	528.09	-	-	-	-	528.09

## Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Company to manage risk concentrations at both the relationship and industry levels.

**Collateral : Nil**

## C. 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 three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits etc.

### Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term and short term borrowings. The company has borrowed funds on fixed rate of interest, there is no impact on the entity due to any interest fluctuations.

### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The exposure of entity to foreign currency risk is very limited on account of limited transactions in foreign currency.



### 38 Capital Management

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 of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

Capital includes equity attributable to the equity holders of the Parent. The primary objective of the Companies capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

( ₹ In Lakhs)

Particulars	At 31 <sup>st</sup> March, 2019	At 31 <sup>st</sup> March, 2018
Non-current Borrowings	-	6.38
Current Borrowings	7,901.59	6,281.67
Current Maturities of Long-term borrowings	57.84	265.00
Less: Cash & Bank balances	(15,922.87)	(16,277.67)
<b>Net Debt</b>	<b>(7,963.44)</b>	<b>(9,724.62)</b>
Equity	777.39	777.39
Other Equity	21,388.99	21,246.61
<b>Total Capital</b>	<b>22,166.38</b>	<b>22,024.00</b>
<b>Capital and net debt</b>	<b>14,202.94</b>	<b>12,299.38</b>
<b>Gearing ratio(%)</b>	<b>-56.07%</b>	<b>-79.07%</b>

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. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March, 2019 and 31st March, 2018.

### 39 Dues to Micro and Small Enterprises

The dues to Micro and Small Enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent information available with the company is given below:

( ₹ In Lakhs)

Particulars	At 31 <sup>st</sup> March, 2019	At 31 <sup>st</sup> March, 2018
Principal amount due and remaining unpaid	-	-
Interest due on above and the unpaid interest	-	-
Interest Paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding years	-	-



# KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

## 40. 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 use a measure of profit before tax to assess the performance of the operating segments.

### Information about Products:

Revenue from external customers- sale of cement sugar and Power is ₹ 11,061.43 lakhs

The company has not made external sales to the customers in excess of 10% or more of the entities revenue.

### 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

### Summary of segment information

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
<b>A.Revenue</b>		
<b>Segment revenue</b>		
Cement	6528.30	6800.10
Sugar	4652.15	9135.85
Power	2058.69	1380.57
	13239.14	17316.52
Less: Inter Segment sales	2177.71	1478.93
<b>Total revenue</b>	<b>11061.43</b>	<b>15837.59</b>
<b>B.Segment profit</b>		
Cement	721.59	492.99
Sugar	(703.77)	770.72
Power	917.46	468.77
<b>Segment operating profit</b>	<b>935.28</b>	<b>1732.48</b>
<b>Operating profit</b>	<b>935.28</b>	<b>1732.48</b>



**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED**

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Finance costs	565.08	250.44
<b>Profit before tax</b>	<b>370.20</b>	1482.04
Income tax expense	(145.53)	434.07
<b>Profit after tax</b>	<b>515.74</b>	1047.97

Particulars	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
<b>Segment Assets</b>		
Cement	9775.86	9005.43
Sugar	14226.39	13296.30
Power	9276.48	9218.88
<b>Total assets</b>	<b>33278.73</b>	31520.62
<b>Segment liabilities</b>		
Cement	1752.91	1624.48
Sugar	8450.97	7006.00
Power	908.47	866.16
<b>Total liabilities</b>	<b>11112.35</b>	9496.65

Particulars	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
<b>Geographical segment revenue by location of customers</b>		
India	11,061.43	16054.47
Outside India	-	-
<b>TOTAL</b>	<b>11061.43</b>	16054.47

Particulars	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
<b>Geographical segment assets</b>		
India	33278.73	31551.23
Outside India	-	-
<b>TOTAL</b>	<b>33278.73</b>	31551.23

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: 11<sup>th</sup> May, 2019

**M. Bhavani Dattu**  
Chief Financial Officer

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



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

CIN : L26942TG1979PLC002485

1-10-140/1, "GURUKRUPA",  
Ashok Nagar, Hyderabad – 500 020.

**ATTENDANCE SLIP**

DPID No. * :	No. of shares held :
Client ID No. *:	E-Mail ID:

**NAME AND ADDRESS OF THE SHAREHOLDER**

I hereby record my presence at the 40<sup>th</sup> Annual General Meeting of the Company on Thursday July 11, 2019 at Shri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad - 500 020

Signature of Shareholder / proxy

\*Applicable for investors holding shares in electronic form.



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

CIN : L26942TG1979PLC002485

1-10-140/1, "GURUKRUPA",  
Ashok Nagar, Hyderabad – 500 020.

**PROXY FORM**

Name of the member (s) :  
Registered address :  
E-mail Id :  
Folio No/Client Id :  
DP ID :

I / We \_\_\_\_\_ being the member(s) of 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 40<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, July 11, 2019 at 11.00 A.M. at Shri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad - 500 020 and at any adjournment thereof in respect of such Resolutions as are indicated below:



**KAKATIYA CEMENT SUGAR AND  
INDUSTRIES LIMITED**

Resolutions	For	Against
1. Audited Financial Statements, Reports of the Board of Directors and Auditors for the year ended 31 <sup>st</sup> March, 2019.		
2. Declaration of Dividend on Equity Shares.		
3. To appoint a Director in place of Smt. M. Varalakshmi who retires by rotation and who being eligible offers herself for re-appointment.		
4. Ratification of remuneration payable to M/s Narasimha Murthy and Co., Cost Accountants who are Cost Auditors of the Company in respect of Remuneration for the Financial year ending 31 <sup>st</sup> March, 2019.		
5. Re-appointment of Shri K Venkat Rao as an Independent Director.		
6. Re-appointment of Shri B V Subbaish as an Independent Director.		
7. Re-appointment of Shri T R C Bose as an Independent Director.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

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.

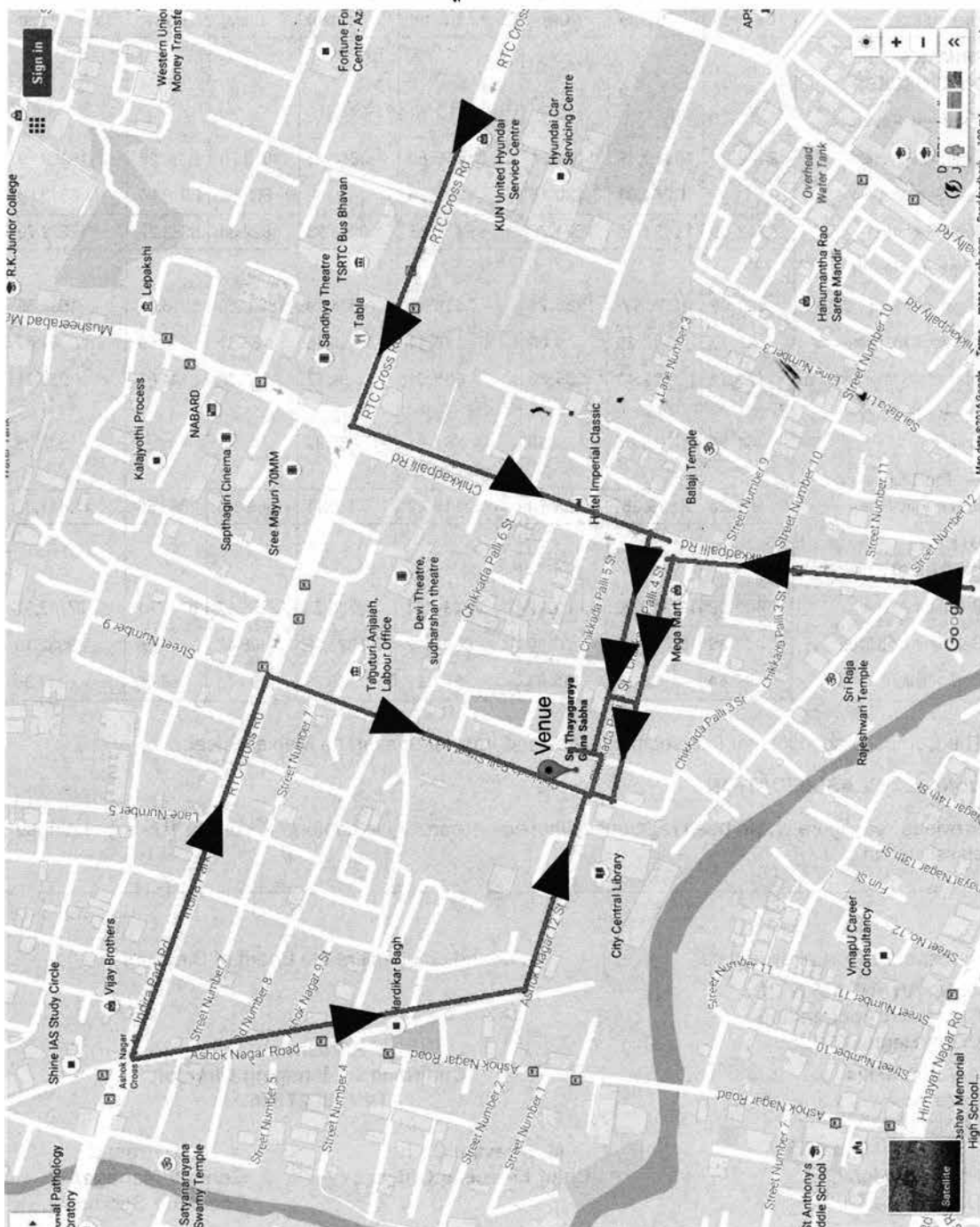
**Members who have not dematerialized their holdings are requested to do so at the earliest in compliance with the requirements of SEBI.**

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

Affix One  
Rupee  
Revenue  
Stamp



## 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