

35th Annual Report 2013 - 14



**KAKATIYA CEMENT
SUGAR & INDUSTRIES LTD.**



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

BOARD OF DIRECTORS:

Shri P Venkateswarlu

Shri P Veeraiah

Shri J S R Prasad

Shri J S Rao

Shri C Madhusudana Rao

Shri V B R Suryam

Shri T R C Bose

Shri B V Subbaiah

Shri A Chengappa

Shri K Venkat Rao

Chairman & Managing Director

Joint Managing Director

Director

Director

Director

Director

Director

Director

Director

Director

SENIOR EXECUTIVES

Dr. P Radha

Shri R Ramakrishna

Shri M Bhavani Dattu

Shri B Peraiah

Shri D G K Raju

Shri Y Venkataramaiah

Chief Executive

Company Secretary

General Manager (Finance)

General Manager (Purchase)

Vice President (Cement Works)

General Manager (Sugar Works)

AUDITORS

M/s. M. Anandam & Co.,

Chartered Accountants,

SECUNDERABAD

COST AUDITORS

M/s. Narasimha Murthy & Co.,

Cost Accountants,

HYDERABAD

BANKERS

State Bank of India

Ashok Nagar Branch,

Hyderabad

Andhra Bank

Ashok Nagar Branch,

Hyderabad

REGISTERED OFFICE

1-10-140/1, "GURUKRUPA"

Ashok Nagar,

HYDERABAD-500 020

REGISTRARS

XL SOFTECH Systems Limited,

3, Sagar Society, Road No.2, Banjara Hills,

HYDERABAD-500 034

FACTORIES

CEMENT:

Srinivasa Nagar

Mellacheruvu Mandal

Nalgonda Dist. A.P.

SUGAR & POWER:

Peruvancha Village

Kallur Mandal

Khammam Dist. A.P.



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the **THIRTY FIFTH ANNUAL GENERAL MEETING of KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED** will be held on Monday, the 14th day of July, 2014 at 11.00 A.M at Sri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad - 500 020 to transact the following Business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March 2014, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint Ms.M.ANANDAM & COMPANY, Chartered Accountants, Regn.No.000125S as Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. T.R.C. Bose (holding DIN00160630), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 2019 from the date of this meeting."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. V.B.R.Suryam (holding DIN00409995), Director of the Company in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 2019 from the date of this meeting."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. C.Madhusudhana Rao (holding DIN000410173), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 2019 from the date of this meeting."



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. B.V.Subbaiah (holding DIN01147062), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 2019 from the date of this meeting."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. A.Chengappa (holding DIN03170722), Director of the Company in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 2019 from the date of this meeting."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. K.Venkat Rao (holding DIN06566627), Director of the Company in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 2019 from the date of this meeting."

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

Place : Hyderabad
Date : 26th May 2014

R. Ramakrishna
Company Secretary



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NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll only instead of himself/herself. Such proxy need not be a member of the company.
2. The Register of Members and Share Transfer Books will remain closed from 07.07.2014 to 14.07.2014 (both days inclusive).
3. Members are requested to notify immediately any change in their addresses to the Company's Registered Office with their Folio Number(s) with their e-mail address.
4. The Dividend, after declaration, will be paid to those shareholders whose names stand on the Register of Members on 14th July 2014. The Dividend in respect of shares held in the electronic form will be paid to the beneficial owners of shares whose names appear in the list furnished by the Depositories for this purpose as on 14th July 2014. The Dividend will be paid on or before 13th August 2014.
5. The Securities and Exchange Board of India (SEBI) has made it mandatory for all Companies to use the Bank Account details furnished by the Depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the Bank details, if available, on the payment instrument for distribution of dividend.
6. As per provisions of Section 205A of the Companies Act, 1956 the Company has already transferred to the Investors Education and Protection Fund, the amount of all unclaimed dividends declared up to and including the financial year ended 31st March 2006. The amount of unclaimed dividends for the financial year ended 31st March 2007 will be transferred to the Investors Education and Protection Fund by October 15th 2014.
7. As per the provisions of Section 205A, the Company is required to transfer dividend, which remains unpaid or unclaimed for a period of 7 years, to the Investors Education and Protection Fund set up by the Central Government. Shareholders, who have not claimed their dividend for any year from the financial year ended March 31, 2008 onwards, are requested to lodge their claim with the Company.
8. (a) The Company's shares are listed with the The National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited, Mumbai(BSE).
(b) The Annual Listing Fee for the year 2014-2015 has been paid to these two Stock Exchanges.
9. All the shareholders are requested to intimate their e-mail address to the Company at kcsilcs@gmail.com or for sending by e-mail the Notice and Annual Report.
10. 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 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: kcsilcs@gmail.com.
11. Electronic copy of the Notice of the 35th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 35th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode. They can also visit the company's website www.kakatiyacements.com where the notice is uploaded.
12. Members may also note that the Notice of the 35th Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company's website www.kakatiyacements.com in for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Hyderabad for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: shares@kakatiyacements.com



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13. *The e-voting period commences on 9th July, 2014 (11:00 AM) and ends on 11th July, 2014 (11:00 AM). 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 7th July, 2014, 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.*
14. *The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 7th July, 2014.*
15. Mr. G. Narender, Practicing Company Secretary (COP No. 5024) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

ANNEXURE TO NOTICE:

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

ITEM NO. 4

Mr. TRC Bose is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in 2001. Mr. TRC Bose is a member of the Stakeholders Relationship Committee, Nomination and Remuneration Committee and the Audit Committee of the Board of Directors of the Company.

Mr. TRC Bose, has rich technical and managerial experience. He was Director (Projects) of APTRANSCO. He is a Director of Athena Chattisgarh Power Ltd, IVRCL Infrastructure & Projects Ltd and Konaseema Gas Power Ltd.

He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. TRC Bose retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. TRC Bose being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years from the date of this meeting. A notice has been received from a member proposing Mr. TRC Bose as a candidate for the office of Director of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as an Independent Director. Accordingly, the Board recommends the resolution in relation to his appointment as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. TRC Bose, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM NO. 5

Mr. VBR Suryam is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in 1991.

Mr. VBR Suryam is a Cement Technologist. He was associated with many cement companies including ACC, Rasi, and has wide experience.

He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. VBR Suryam is proposed to be appointed as an Independent Director for five consecutive years from the date of this meeting. A notice has been received from a member proposing Mr. VBR Suryam as a candidate for the office of Director of the Company.



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The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as an Independent Director. Accordingly, the Board recommends the resolution in relation to his appointment as an Independent Director, for the approval by the shareholders of the Company.

Except Mr.VBR Suryam, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM NO. 6

Mr. C.Madhusudhana Rao is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in 1991. Mr. C.Madhusudhana Rao is Chairman of the Stakeholders Relationship Committee, Member of Nomination and Remuneration Committee and Chairman the Audit Committee of the Board of Directors of the Company.

Mr.C.Madhusudhana Rao is a Chartered Accountant by profession and has vast experience in Finance, Accounting and audit functions.He holds 400 shares in the Company.

Mr. C.Madhusudhana Rao retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr.C.Madhusudhana Rao being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years from the date of this meeting. A notice has been received from a member proposing Mr.C.Madhusudhana Rao as a candidate for the office of Director of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as an Independent Director. Accordingly, the Board recommends the resolution in relation to his appointment as an Independent Director, for the approval by the shareholders of the Company.

Except Mr.C.Madhusudhana Rao being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM NO.7

Mr. B.V.Subbaiah is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in 2009. Mr. B.V.Subbaiah is a member of the Stakeholders Relationship Committee, Nomination and Remuneration Committee and the Audit Committee of the Board of Directors of the Company.

Mr.B.V.Subbaiah is a leading lawyer practicing before the High Court of Andhra Pradesh.

He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. B.V.Subbaiah retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr.B.V.Subbaiah being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years from the date of this meeting. A notice has been received from a member proposing Mr.B.V.Subbaiah as a candidate for the office of Director of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as an Independent Director. Accordingly, the Board recommends the resolution in relation to his appointment as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. B.V.Subbiah, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.



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ITEM NO. 8

Mr. A.Chengappa is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in 2010.

Mr.A.Chengappa is a retired IAS officer. He was Secretary to Government in General Administration, Revenue, Panchayat Raj departments and was also Additional Director General of MCRHRD Institute of A.P.

He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. A.Chengappa is proposed to be appointed as an Independent Director for five consecutive years from the date of this meeting. A notice has been received from a member proposing Mr.A.Chengappa as a candidate for the office of Director of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as an Independent Director. Accordingly, the Board recommends the resolution in relation to his appointment as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. A.Chengappa, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 8. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM NO. 9

Mr. K.Venkat Rao is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in 2013. Mr. K.Venkat Rao is a member of the Corporate Social Responsibility Committee of the Board of Directors of the Company.

Mr.K.Venkat Rao is an Engineer in Electronics and Electrical and has over 24 years experience in HMT in various Technical functions.

He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. K.Venkat Rao is proposed to be appointed as an Independent Director for five consecutive years from the date of this meeting. A notice has been received from a member proposing Mr.K.Venkat Rao as a candidate for the office of Director of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as an Independent Director. Accordingly, the Board recommends the resolution in relation to his appointment as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. K.Venkat Rao, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 9. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Note:

In the opinion of the Board, all the proposed six directors fulfill the conditions specified in the Companies Act, 2013 and Rules made thereunder for appointment as Independent Director.

Copy of the draft letter of appointment as Independent Director in respect of the above mentioned Independent Directors setting out the terms and conditions would be available for inspection without any fee by the members as the Registered Office of the Company from 10 AM to 5 PM on working days.

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

Place : Hyderabad
Date : 26th May 2014

R. Ramakrishna
Company Secretary



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting the 35th Annual Report together with the Audited Accounts for the year ended 31st March 2014.

FINANCIAL RESULTS

The Financial Results for the year ended 31st March, 2014 are summarised below:

	(₹ in Lakhs)	
Particulars	2013-14	2012-13
Income (Sale and other Income)	20324.37	18729.13
Profit before Depreciation, Interest & Taxes	1678.01	3124.45
Depreciation	713.77	730.07
Interest	46.04	6.21
Provision for Taxation	178.68	937.74
Provision for Deferred Taxation	(144.54)	(160.61)
Profit after Taxation	884.06	1611.04
Profit brought forward from Previous year	11518.79	10363.32
APPROPRIATIONS		
Transfer to General Reserve	88.40	210.00
Proposed Dividend	209.89	209.89
Corporate Tax on Dividend	35.67	35.68
Balance carried over to Balance Sheet	12068.89	11518.79

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

DIVIDEND

Your Directors are pleased to recommend for your consideration a Dividend of ₹ 2.70 per equity share for the year ended 31.03.2014, as against ₹ 2.70 per equity share in the previous year aggregating an amount of ₹ 245.56 lakhs including Dividend Distribution Tax.

PERFORMANCE OF THE YEAR UNDER REVIEW

Cement Division:

During the year under review, the Cement Division has produced 2,51,535 MT of cement as against 2,69,966 MT of cement for the previous year. The profit for the Division was ₹ 475.93 lakhs as against ₹ 1190.51 lakhs for the previous year.

Sugar Division:

The Sugar Division crushed 2,20,815 MT of sugarcane for the current season as against 2,73,281 MT for the previous season. The recovery rate was 10.20% compared to 10.08% for the previous season. The Loss for the Division was ₹ 1038.87 lakhs as against profit of ₹ 746.97 lakhs for the previous year.

Power Division:

During the year under review, the Power Division has generated 7,47,99,524 KWH against 6,78,57,924 KWH of power for the previous year. The Loss for the Division was ₹ 1446.99 lakhs as against loss of ₹ 326.44 lakhs for the previous year.

CURRENT YEAR OUTLOOK:

Cement Division:

The outlook for cement industry is challenging in terms of decreasing margins due to rising input costs, competitive selling prices. However, with the bifurcation of A.P. in to two states, and development of new capital, there is likely to be spurt in the demand for cement and other infrastructure related products. As such the coming years performance is estimated to be good.

Sugar Division:

Depending on a good monsoon the Sugarcane crop in the factory zone is likely to remain stable as last year. We estimate to crush over 250,000 lakh MT during the crushing season 2014-15

Power Division:

The matters relating to down ward revision of tariff by the APERC on the Power sales to APTRANSCO, and PLF ceiling, contested in the Courts by the Company are pending. Much depends on the power policy of the new government.



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INSURANCE:

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

PARTICULARS OF EMPLOYEES:

The information required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975, as amended, forms part of this Report. However, the report and accounts are being sent to all the shareholders of the company excluding the above information. Those shareholders, who desire to obtain these particulars, would be provided the same upon receiving such request.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors of the Company hereby declares and states that -

1. In the preparation of annual accounts, the applicable accounting standards have been followed and there were no material departures therefrom.
2. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the status of the Company as on 31st March, 2014 and Profit & Loss Account of the Company for the year ended as on 31st March, 2014.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.
4. The accounts were prepared on a going concern basis.

ENVIRONMENTAL PROTECTION:

The Company consciously makes efforts to preserve the environment and control the pollution from time to time.

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

AUDITORS:

M/s. M. ANANDAM & CO., Chartered Accountants, Secunderabad, the Auditors of the Company retire at the conclusion of this Annual General Meeting and they are eligible for re-appointment.

COST AUDIT:

For the year ended 31st March 2014, with the approval of Central Government, M/s. Narasimha Murthy & Co., Cost Accountants, Hyderabad have been appointed to conduct the Cost Audit. In respect of financial year 2012-2013 Cost Audit Report was filed on 23.09.2013. In respect of 2013-2014 it will be filed before the due date i.e. 30th September 2014.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

a. Industry Structure And Developments:

With the bifurcation of Andhra Pradesh in to two new states, and with a new capital for Andhra coming up, the coming years are likely to see an upswing in the infrastructure development. Further, with a new government at the centre, promising development, there is a positive expectation from the industry. Therefore, with efficient Management and sustained demand the outlook for next year is likely to be encouraging.

Sugar being an agro-based industry needs good rainfall and irrigation facilities. However with the expectation of a reasonably good monsoon, we are optimistic about the availability of sugar cane and we are hopeful of sustaining last year's performance in terms of crushing quantity. As far as Power operations are concerned, with sustained performance in sugar cane crushing and adequate availability of bagasse, we look forward to sustained generation of power. However much depends upon the outcome of APERC's decision on revision of tariff and also the new government's policy on power.

b. Opportunities and threats:

The scenario for infrastructure looks encouraging with the formation of new capital in process. However, until the government funding actually starts on infrastructure and



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capital construction, we have to tackle the bottlenecks in terms of rising input costs, pressure on margin, etc. However with the forecasted demand for cement for the year 2014-2015, outlook for cement industry though challenging appears encouraging.

c. Segment or product-wise performance:

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

d. Outlook:

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

e. Risks and concerns:

The Cement, Sugar and Power industries being core industries, there is no risk of product obsolescence 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.

f. Internal control systems and their adequacy:

The Company has adequate internal control system. Apart from this, the Company also has independent internal auditors, who conduct periodical audit and their report is taken into account by the Audit Committee for its review and suggest remedial actions wherever required.

g. Financial Performance with respect to operational performance:

This has been already discussed elsewhere in this Report.

h. Human Resources / Industrial Relations:

The Company enjoys cordial industrial relations with employees and believes that human resources are an invaluable asset. The Board wishes to place on record its appreciation to all employees for their efforts and cooperation for the performance and growth of business during the year.

i. Social Responsibility:

During the financial year ended 31st March 2014 your Company supplied cement at

concessional price to the State Government as part of its Indiramma Housing Welfare Scheme. A CSR committee of Directors has been set up to draw a policy and oversee its implementation.

j. CAUTIONARY STATEMENT:

Statements in this "Management Discussion & Analysis" may be considered to be "forward looking statements" within the meaning of applicable securities laws or regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand-supply conditions, increased installed capacity, finished goods prices, raw materials availability and prices, cyclical demand and pricing in the Company's markets, changes in Government regulations, tax regimes, besides other factors, such as litigations and labour negotiations.

ACKNOWLEDGEMENTS:

Your Directors appreciate the support and the cooperation received from the State Government, NEDCAP, APTRANSCO and the Central Government for the Company's growth and development.

Your Directors would like to convey the deep appreciation to all the employees and workers of the Company for their sustained effort and wholehearted co-operation throughout the year.

Your Directors thank the Distributors, Dealers and Suppliers for their continuous support and active involvement.

Finally your Directors record their deep sense of gratitude to all the Shareholders for the abundant confidence reposed in the Board of Directors.

For and on behalf of the Board

P. Venkateswarlu
Chairman &
Managing Director

Place : Hyderabad
Date : 26th May 2014



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

ANNEXURE TO DIRECTORS' REPORT:

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

A. CONSERVATION OF ENERGY

- a) Energy Conservation Measures adopted : NIL
- b) Additional Investments and Proposal for reduction of Consumption of energy : NIL
- c) Impact of the above measures : NIL
- d) Total Energy Consumption and Energy Consumption per unit of production : FORM "A" Enclosed.

B. TECHNOLOGY ABSORPTION

Efforts made in Technology Absorption FORM "B" Enclosed

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Activities relating to exports, initiatives taken to increase exports, development of new export market for product & services and export plans : Exports are not contemplated at present.
- Total foreign exchange used : Nil
- Total foreign exchange earned : Nil

FORM-A

Form for Disclosure of particulars with respect to Conservation of Energy

	CURRENT YEAR 2013-14			PREVIOUS YEAR 2012-13		
	CEMENT	SUGAR	POWER	CEMENT	SUGAR	POWER
A. POWER & FUEL CONSUMPTION						
1. ELECTRICITY						
(a) Purchased (KWH)	2,71,43,955	78,37,449	—	3,09,59,196	82,56,786	—
Total Amount (₹)	23,23,75,378	6,24,09,225	—	12,25,70,872	2,88,75,955	—
Rate per Unit (₹)	8.56	7.96	—	3.96	3.50	—
(b) OWN GENERATION						
Through Diesel						
Generators (Units)	26,934	—	—	4,80,124	—	—
Total Amount (₹)	4,16,813	—	—	63,45,174	—	—
Cost per Unit (₹)	15.47	—	—	13.21	—	—
2. FUEL						
(a) COAL						
Quantity (MT)	52,204	—	—	62,123	—	55,932
Total Cost (₹)	24,52,74,384	—	—	28,94,76,296	—	19,56,15,302
Average Rate (₹)	4,698.38	—	—	4,659.73	—	3,497.00
(b) Bagasse/Steam						
Quantity (MT)	—	64,684	96,199	—	1,13,498	82,507
Total Cost (₹)	—	5,82,15,600	3,55,93,630	—	3,31,41,416	7,42,56,300
Average Rate (₹)	—	900.00	370.00	—	292.00	900.00



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

	CURRENT YEAR 2013-14			PREVIOUS YEAR 2012-13		
	CEMENT	SUGAR	POWER	CEMENT	SUGAR	POWER
B. CONSUMPTION PER UNIT OF PRODUCTION						
1. Electricity (KWH)						
Cement (MT)	102.90	–	–	102.49	–	–
Sugar (KGS)	–	–	–	–	0.30	–
Power (KWH)	–	–	–	–	–	0.101
2. Coal (MT)	0.215			0.222	–	–
(Per tonne of clinker)						

FORM - B

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

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

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION - NOT APPLICABLE

For and behalf of the Board

Place : Hyderabad
Date : 26th May 2014

P. Venkateswarlu
Chairman & Managing Director



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

CORPORATE GOVERNANCE REPORT

THE CORPORATE GOVERNANCE CODE & COMPANY'S PHILOSOPHY

The Company attaches importance to good Corporate Governance and the code of governance as formulated by the Stock Exchanges/SEBI and other authorities. It will be the endeavor of the Board of Directors that the Company is so governed as to maximise the benefits of all stake-holders i.e., shareholders, employees, customers, society and others. The Company has been implementing the various clauses of Corporate Governance from time to time.

BOARD OF DIRECTORS:

The Board of Directors of the Company effectively comprised of 10 Directors, out of which 2 are whole-time directors. The proportion of independent Directors is more than 50% as the Company has Executive Chairman. During the year under review, there were in all four (4) meetings of the Board of Directors and the maximum time gap between any two Board meetings was 91 days and the following is the attendance of the Directors:

Sl. No.	Name of the Director	DIN No.	No. of Board Meetings held	No. of Board Meetings Attended	Whether attended the last Annual General Meeting	No. of Directorships in other Boards	No. of Memberships in other Board Committees
01.	P. Venkateswarlu	00276684	4	4	YES	1	NIL
02.	P. Veeraiah	00276769	4	4	YES	1	NIL
03.	J.S.R. Prasad	00221271	4	2	NO	12	4
04.	T.R.C. Bose	00160630	4	4	YES	7	4
05.	J. S. Rao	00029090	4	4	YES	7	1
06.	C. Madhusudana Rao	00410173	4	3	YES	1	NIL
07.	V.B.R. Suryam	00409995	4	4	YES	NIL	NIL
08.	B.V.Subbaiah	01147062	4	3	YES	1	3
09.	A. Chengappa	03170722	4	4	YES	NIL	NIL
10.	K Venkata Rao	06566627	4	4	YES	NIL	NIL

The dates of Board Meeting held during the year under review are: 27.05.2013, 08.08.2013, 13.11.2013 and 12.02.2014.

In accordance with the provisions of the Companies Act, 2013, Shri T R C Bose, Shri V B R Suryam, Shri C Madhusudana Rao, and Shri B V Subbaiah, Shri A. Chengappa, Shri K. Venkat Rao are proposed for appointment as Independent Directors for a term of 5 years.

Particulars, required to be furnished under clause 49 of the Listing Agreement, of Directors who are proposed to be appointed at the ensuing AGM

Shri T R C Bose:

Mr. TRC Bose, has rich technical and managerial experience. He was Director (Projects) of APTRANSCO. He is a Director of Athena Chattisgarh Power Ltd, IVRCL Infrastructure & Projects Ltd and Konaseema Gas Power Ltd.

Shri V B R Suryam:

Mr. VBR Suryam is a Cement Technologist. He was associated with many cement compaines including ACC, Rasi, and has wide experience.

Shri C Madhusudana Rao:

Mr. C.Madhusudhana Rao is a Chartered Accountant by profession and has vast experience in Finance, Accounting and audit functions.

Shri B V Subbaiah:

Mr. B.V. Subbaiah is a leading lawyer practicing before the High Court of Andhra Pradesh.

Shri A. Chengappa:

Mr.A.Chengappa is a retired IAS officer. He was Secretary to Government in General Administration, Revenue, Panchayat Raj departments and was also Additional Director General of MCRHRD Institute of A.P.

Shri K. Venkat Rao:

Mr.K.Venkat Rao is an Engineer in Electronics and Electrical and has over 24 years experience in HMT in various Technical functions.



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

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.	Sri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad	29.09.2011 11.00 A.M	Yes	N.A.
02.	Sri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad	29.09.2012 11.00 A.M	NIL	N.A.
03.	Sri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad	11.07.2013 11.00 A.M	Yes	N.A

SHAREHOLDERS/INVESTORS GRIEVANCES:

The Company accords utmost attention for resolving shareholders /investors, grievances/complaints. Complaints received from shareholders/investors directly or through Stock Exchanges or SEBI are replied immediately. There are no outstanding /unresolved complaints.

STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Board of Directors of the Company constituted Shareholders Grievance Committee consisting of the following Directors, to deal with complaints regarding transfer/ transmission of shares, non-receipt of share certificates, dividends, annual reports and such other matters:

Shri C Madhusudana Rao	- Chairman
Shri T R C Bose	- Member
Shri B V Subbaiah	- Member
Shri R. Ramakrishna, Company Secretary is the Compliance Officer.	

Email-id of Investor Grievances: shares@kakatiyacements.com or kcsilcs@gmail.com

Number of Shareholders complaints received so far.

During the year the Company has received 6 complaints and all have been resolved and there is no pending complaint.

AUDIT COMMITTEE:

The Board of Directors of the Company constituted Audit Committee consisting of the following Directors, with the role and responsibilities duly defined and in accordance with the applicable statutory and other requirements. During the year, in all, 4 meetings of the Committee took place and attendance thereat is as under:

Name of the Director	No. of Meetings Attended
Shri C Madhusudana Rao	4
Shri T R C Bose	4
Shri J S Rao	4
Shri B V Subbaiah	3

NOMINATION & REMUNERATION COMMITTEE:

Other than the whole-time Directors, no other Director receives any remuneration from the Company excepting Sitting Fees for attending the Board Meetings. The details of remuneration paid to the whole-time Directors is mentioned in Schedule XII (Notes on Accounts) to the Balance Sheet of the Company.

The Board of Directors of the Company constituted Nomination and Remuneration Committee consisting of the following Independent Directors, with the role and responsibilities duly defined and in accordance with the applicable statutory and other requirements.

Shri C. Madhusudana Rao	- Chairman
Shri T.R.C. Bose	- Member
Shri B V Subbaiah	- Member



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

A per Section 135 of the Companies Act 2013, CSR committee has been formed which shall formulate and recommend to the Board, a CSR policy and implement activities undertaken as specified in Schedule VII. Following is the composition of the Committee.

Shri P. Venkateswarlu

Shri P. Veeraiah

Shri K. Venkat Rao

CODE OF CONDUCT:

The Company has evolved a Code of Conduct for the Directors and Senior Management Personnel of the Company (one level below the Joint Managing Director including Head of the Department) which has been affirmed for adherence.

DISCLOSURES:

The pecuniary disclosure with regard to interested Directors

- (a) Disclosures on materially significant related party transactions of the Company of material nature with the promoters, the Directors or the management, their subsidiaries or relatives, that may have potential conflict with the interests of the Company at large:

None of the transactions with any of related parties were in conflict with interests of the Company.

- (b) Details of non-compliance by the Company, penalties, stricture imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to Capital Markets during the last three years.

There were no instances of non-compliance of any matter related to Capital Market during the last three years.

MEANS OF COMMUNICATION:

Quarterly/Half Yearly Financial Results of the Company are forwarded to the National and Bombay Stock Exchanges and published in Financial Express and Andhra Prabha. Half Yearly report is not sent to each shareholder as the results of the Company are published in the Newspapers. They are also available on Company website: www.kakatiyacements.com

- i) Company has not made any presentations to any Institutional Investors / analysts during the year.
ii) All terms required to be covered in the Management Discussions & Analysis have been included in the Directors' Report to Members.

GENERAL SHAREHOLDER INFORMATION:

- | | | | |
|----|----------------------------|---|---|
| a) | Annual General Meeting | : | 35th Annual General Meeting |
| | Date | : | 14th July, 2014 |
| | Time | : | 11.00 A.M |
| | Venue | : | Sri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad - 500 020. |
| b) | Financial Calendar | : | 1st April to 31st March |
| c) | Date of Book closure | : | 7th July 2014 to 14th July 2014 (both days inclusive) |
| d) | Dividend payment date | : | On or before 13th August, 2014 |
| e) | Registered Office | : | KAKATIYA CEMENT SUGAR & INDUSTRIES LTD.,
1-10-140/1, "GURUKRUPA", Ashok Nagar,
HYDERABAD - 500 020.
Phone:040-27637717/27633627 Fax No.27630172
CIN: L26942AP1979PLC002485
e-mail : shares@kakatiyacements.com or
kcsilcs@gmail.com |
| f) | Listing on Stock Exchanges | : | The National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor, Plot No. C/1, G Block,
Bandra - Kurla Complex, Bandra (E), MUMBAI - 400 051.

Bombay Stock Exchange Limited,
Floor 25, P.J. Towers, Dalal Street, MUMBAI - 400 001. |
| g) | Code/Symbol | : | NSE - KAKATCEM, BSE - 500234
ISIN for NSDL & CDSL: INE437B01014 |



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

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

Month and Year		High ₹	Low ₹
April	2013	79.85	70.00
May	2013	74.00	67.25
June	2013	72.95	65.80
July	2013	74.00	63.30
August	2013	65.00	59.30
September	2013	79.40	60.05
October	2013	87.50	71.50
November	2013	75.00	64.00
December	2013	78.00	65.05
January	2014	81.75	66.35
February	2014	72.50	65.00
March	2014	81.40	67.30

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@rediffmail.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 duly transferred share certificates are dispatched within fifteen (15) days of receipt, provided the transfer documents are in order.

k) Distribution of Shareholding & Shareholding Pattern:

Distribution of Shareholding as on 31.03.2014

Share Holding	Number of Shareholders	% to total	Number of Shares	% to total
Up to 500	40551	98.11	1057243	13.61
501 - 1000	400	0.97	315846	4.06
1001 - 2000	175	0.42	260209	3.35
2001 - 3000	79	0.19	196215	2.52
3001 - 4000	29	0.07	104278	1.34
4001 - 5000	13	0.03	62487	0.80
5001 - 10000	47	0.11	337674	4.34
10001 and above	40	0.10	5439906	69.98
TOTAL	41334	100.00	7773858	100.00

Shareholding Pattern as on 31.03.2014:

Category	No. of Equity Shares	% of Paid-up Capital
Promoters	4124815	53.06
Other Corporate Bodies	508253	6.54
General Public	2470431	31.79
Non Resident Individuals	662827	8.53
Foreign Institutional Investors & OCBs	100	0.00
Indian Financial Institutions	3000	0.04
Mutual Funds & Banks	4432	0.06
TOTAL	7773858	100.00



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

- l) Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity:

The Company has not issued any of these instruments.

- m) Dematerialisation of Shares:

As on 31st March 2014 out of the total shares 72,95,808 shares were dematerialised with the following depositories:

- | | | | |
|---|---|-----------|--------|
| i) National Securities Depositories Limited | - | 52,05,164 | Shares |
| ii) Central Depository Services Limited | - | 20,90,644 | Shares |

- n) Plant locations

CEMENT:

Srinivasa Nagar
Mellacheruvu Mandal
Nalgonda Dist. A.P.

SUGAR & POWER:

Peruvancha Village
Kallur Mandal
Khammam Dist. A.P.

- 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 confirm that all Directors and Senior Management personnel of the company have affirmed compliance with the code of conduct of the Company for the financial year ended 31.03.2014 as envisaged in clause 49 of the listing agreement with Stock Exchanges.

Place : Hyderabad
Date : 26th May 2014

P. Venkateswarlu
Chairman & Managing Director

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To
The Members of
Kakatiya Cement Sugar and Industries Limited

We have examined the compliance of conditions of Corporate Governance by Kakatiya Cement Sugar and Industries Limited for the year ended 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of condition of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2014, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Place : Hyderabad
Date : 26th May 2014

A.V. Sadasiva
PARTNER
M. No. 018404



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

INDEPENDENT AUDITORS' REPORT

To
The Members of
Kakatiya Cement Sugar and Industries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Kakatiya Cement Sugar and Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"), read with general circular 8/2014, dated 4th April, 2014 issued by Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial

statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with general circular 8/2014, dated 4th April, 2014 issued by Ministry of Corporate Affairs.
 - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Place : Hyderabad
Date : 26th May 2014

A.V. Sadasiva
PARTNER
M. No. 018404



ANNEXURE

RE: KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING OF "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

- i. a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. The fixed assets have been physically verified by the management in a phased 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. The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.
- ii. a. The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. a. The Company has not granted any loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- b. The Company has taken unsecured loans from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 350 Lakhs and the year-end balance of loans taken is ₹ 350 Lakhs.
- c. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from the parties covered in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie prejudicial to the interest of the Company.
- d. The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- v. a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix. 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, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales tax, custom duty, excise duty, cess and 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.



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

- b. According to the information and explanations given to us and records of the Company examined by us, the particulars of sales tax, income tax, customs duty, excise duty, service tax and wealth tax, as at 31st March, 2014 which have not been deposited on account of dispute pending, are as under:

Name of the Statute	Nature of dues	Amount (in Lakhs)	Period to which the amount relates	Forum where the Dispute is pending
Income-Tax Act, 1961	Income-tax	12.42	Assessment years 1999-2000 2000-2001 2001-2002	High Court of Andhra Pradesh
Income-Tax Act, 1961	Income-tax	52.97	Assessment year 2010-11	CIT (Appeals)
Income-Tax Act, 1961	Income-tax	64.45	Assessment year 2011-12	CIT (Appeals)

- x. The company has no accumulated losses and it has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
- xii. According to information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly the provisions of clause 4(xiii) if the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xiv. In our opinion and according to the information and explanation given to us, the Company is not dealing in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xvi. The company has not raised any new term loans during the year.
- xvii. In our opinion and according to the information and explanation to us, and on an overall examination of the Balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments.
- xviii. The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. The Company has not issued any debentures during the year.
- xx. The Company has not raised any funds on public issue and hence disclosure on the end use of money raised by the public issue is not applicable to the Company.
- xxi. 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.

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

Place : Hyderabad
Date : 26th May 2014

A.V. Sadasiva
PARTNER
M. No. 018404



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

BALANCE SHEET AS AT 31st MARCH, 2014

(₹ in Lac)

Particulars	Note	2013-14	2012-13
I. EQUITY & LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	2	777.39	777.39
(b) Reserves and surplus	3	16,441.42	15,802.92
(2) Share application money pending allotment	4	14.69	14.69
(3) Non-Current Liabilities			
(a) Deferred tax liabilities (net)	5	96.62	241.16
(b) Other Long term liabilities	6	142.68	142.68
(c) Long Term Provisions	7	215.69	234.32
(4) Current Liabilities			
(a) Short Term Borrowing.	8	350.00	-
(b) Trade payables	9	923.77	1,166.09
(c) Other current liabilities	10	1,755.67	944.58
(d) Short-term provisions	11	258.39	351.30
TOTAL		20,976.32	19,675.13
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	6,132.03	6,656.98
(ii) Capital work-in-progress		41.27	33.52
(b) Non-current investments	13	5.07	5.07
(c) Long term Loans and advances	14	371.72	371.72
(2) Current assets			
(a) Inventories	15	7,974.77	8,255.58
(b) Trade receivables	16	1,202.53	1,197.23
(c) Cash and cash equivalents	17	2,622.08	1,704.40
(d) Short-term loans and advances	18	2,626.85	1,450.63
TOTAL		20,976.32	19,675.13
Significant Accounting Policies	1		

Note Nos. 1 to 33 form part of the financial statements

As per our report attached
for **M. ANANDAM & CO.**
Chartered Accountants

A.V. Sadasiva
Partner
M. No. 018404

Place : Hyderabad
Date : 26th May 2014

For and on behalf of the Board of Directors

P. Venkateswarlu
Chairman & Managing Director

P. Veeraiah
Joint Managing Director

M. Bhavani Dattu
General Manager (Finance)

R. Ramakrishna
Company Secretary



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014

(₹ in Lac)

Particulars	Note	2013-14	2012-13
I. Revenue from operations	19	20,052.87	18,432.41
II. Other Income	20	271.50	296.72
III. Total Revenue (I + II)		20,324.37	18,729.13
IV. Expenses:			
Cost of Materials Consumed	21	6,417.50	7,118.94
Changes in inventories	22	(177.30)	(2,470.90)
Employee benefit expense	23	1,564.97	1,538.97
Finance costs	24	46.04	6.21
Depreciation	12	713.77	730.07
Other Expenses	25	10,841.19	9,417.67
Total Expenses		19,406.18	16,340.96
V. Profit before tax (III - IV)		918.19	2,388.17
VI. Tax expense:			
(1) Current tax		178.68	937.74
(2) Deferred tax		(144.54)	(160.61)
VII. Profit for the year (V-VI)		884.06	1,611.04
VIII. Earning per equity share:			
(1) Basic	27	11.37	20.72
(2) Diluted		11.16	20.34
Significant Accounting Policies	1		

Note Nos. 1 to 33 form part of the financial statements

As per our report attached
for **M. ANANDAM & CO.**
Chartered Accountants

A.V. Sadasiva
Partner
M. No. 018404

Place : Hyderabad
Date : 26th May 2014

For and on behalf of the Board of Directors

P. Venkateswarlu
Chairman & Managing Director

P. Veeraiah
Joint Managing Director

M. Bhavani Dattu
General Manager (Finance)

R. Ramakrishna
Company Secretary



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

(₹ in Lac)

Particulars	2013-14	2012-13
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax	918.19	2,388.17
Adjustments for:		
Depreciation	713.77	730.07
Finance cost	46.04	6.21
Interest Income	(217.30)	(271.92)
Dividend Income	(0.34)	(0.31)
Operating Profit before working capital changes	1,460.37	2,852.23
Working Capital Changes:		
(Increase) / Decrease in Inventories	280.81	(2,573.22)
(Increase) / Decrease in Trade and Other receivables	(1,179.67)	430.24
Increase / (Decrease) in Trade payable and other liabilities	103.74	118.06
	(795.12)	(2,024.92)
Cash Generated from Operations	665.24	827.30
Direct Taxes paid	(700.00)	(635.00)
Cash Flow from Operating Activities	(34.76)	192.30
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets/Capital WIP	(196.56)	(204.76)
Interest Income	217.30	271.92
Dividend Income	0.34	0.31
Cash Flow from Investing Activities	21.08	67.47
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend paid Including Corporate Dividend Tax	(245.56)	(243.94)
Interest Paid	(46.04)	(6.21)
Increase/(Decrease) in Bank Borrowings	1252.96	(41.09)
Repayment of Unsecured Loans	(30.00)	-
Cash Flow from Financing Activities	931.36	(291.24)
D) Net increase in Cash and Cash equivalents	917.68	31.47
Cash and Cash equivalents at the beginning of the year	1,704.40	1,672.93
Cash and Cash equivalents at the end of the year	2,622.08	1,704.40

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

As per our report attached
for **M. ANANDAM & CO.**
Chartered Accountants

A.V. Sadasiva
Partner
M. No. 018404

Place : Hyderabad
Date : 26th May 2014

For and on behalf of the Board of Directors

P. Venkateswarlu
Chairman & Managing Director

P. Veeraiah
Joint Managing Director

M. Bhavani Dattu
General Manager (Finance)

R. Ramakrishna
Company Secretary



Note 1 : Significant Accounting Policies

i) Basis of Accounting

The Financial Statements are prepared under the historical cost convention on an accrual and going concern basis in accordance with the applicable mandatory Accounting standards.

ii) Revenue Recognition

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

iii) Fixed Assets

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

iv) Treatment of Expenditure During Construction Period

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

v) Depreciation

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

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

vi) Inventories

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

vii) Employee Benefits

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

viii) Borrowing Cost

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

ix) Taxes on Income

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

x) Investments

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

xi) Provisions, Contingent Liabilities and Contingent Assets

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



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

Note 2 : SHARE CAPITAL

(₹ in Lac)

Particulars	2013-14	2012-13
AUTHORIZED CAPITAL:		
90,00,000 Equity Shares of ₹ 10/- each	900.00	900.00
ISSUED, SUBSCRIBED & PAID-UP CAPITAL		
77,73,858 Equity Shares of ₹ 10/- each fully paid up	777.39	777.39

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

Note 2.2 : The details of shareholders holding more than 5% shares in the company

Particulars	2013-14		2012-13	
Name of the Shareholder	Number of Shares	% of Shares	Number of Shares	% of Shares
a) P Venkateswarlu	2340836	30.11	2340836	30.11
b) P Veeraiah	908692	11.69	904955	11.64

Note 3 : RESERVES AND SURPLUS

Particulars	2013-14	2012-13
1. Security Premium Reserve	1,391.62	1,391.62
2. Amalgamation Reserve	1,251.12	1,251.12
3. General reserve		
i) Opening balance	1,641.39	1,431.39
ii) Add: Transfer from Surplus	88.40	210.00
Closing balance	1,729.79	1,641.39
4. Surplus		
Opening Balance	11,518.79	10,363.32
Add : Net profit transferred from Statement of Profit & Loss	884.06	1,611.04
	12402.85	11974.36
Less Appropriations:		
a) Proposed dividend	209.89	209.89
b) Corporate dividend tax	35.67	35.68
c) Amount transferred to General reserve	88.40	210.00
	333.96	455.70
Surplus-Closing balance	12,068.89	11,518.79
TOTAL (1+2+3+4)	16,441.42	15,802.92

Note 4 : SHARE APPLICATION MONEY PENDING ALLOTMENT

1,46,862 Equity shares of ₹ 10 to be allotted to the shareholders.	14.69	14.69
	14.69	14.69

4.1 Equity Shares of 1,46,862 of ₹10 each to be allotted to Shareholders of Sree Kailash Sugars and Chemicals Limited based on the outcome of the case pending with the Honorable Andhra Pradesh High Court.



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

Note 5 : DEFERRED TAX LIABILITY (NET)

(₹ in Lac)

Particulars	2013-14	2012-13
1. Deferred tax asset		
Employee Benefits	13.73	14.80
TOTAL	13.73	14.80
2. Deferred tax Liability		
Opening Balance	241.16	401.77
Less: Depreciation	130.81	145.80
	110.35	255.97
Deferred tax Liability (Net)(2-1)	96.62	241.16

Note 6 : OTHER LONG TERM LIABILITIES

Security Deposits from stockists	13.43	13.43
Other Liabilities	129.25	129.25
TOTAL	142.68	142.68

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

Note 7 : LONG TERM PROVISIONS

Provision for Gratuity	208.66	230.88
Provision for Leave Encashment	7.03	3.44
	215.69	234.32

Note 8: SHORT TERM BORROWINGS

Unsecured Loans from Kakatiya Finance & Leasing co. Pvt. Ltd.	350.00	-
TOTAL	350.00	-

Note 9 : TRADE PAYABLES

Due to Micro and Small Enterprises	-	-
Others	923.77	1,166.09
TOTAL	923.77	1,166.09

NOTE 10 : OTHER CURRENT LIABILITIES

Current maturities of Longterm debts (secured ag.pledge of FDRs)	902.95	-
Unsecured Loans from Directors	-	30.00
Unclaimed Dividend	32.98	30.28
Statutory Liabilities	819.74	884.30
TOTAL	1755.67	944.58

10.4 Statutory & Other liabilities represent amounts payable towards Excise Duty, Service Tax, Sales tax VAT and Tax Deducted at Source.

Note 11 : SHORT TERM PROVISIONS

Proposed Dividend including dividend tax	245.56	245.56
Provision for Leave Encashment	3.21	2.94
Provision for Taxation - Earlier Years	3,371.27	2,433.53
Provision for Tax - Current Year	178.68	937.74
TOTAL	3,553.16	3,374.21
Less: Advance Tax.	3,540.33	3,268.47
Provision for Tax (Net of Advance Tax)	12.83	105.74
TOTAL	258.39	351.30



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

Note 12 : FIXED ASSETS TANGIBLE

(₹ in lakhs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT	ADDI-	DELE-	AS AT	DELE-	For the	Up to	AS AT	AS AT	
	01.04.2013	TIONS	TIONS	01.04.2013	TIONS	Year	31.03.2014	31.03.2014	31.03.2013	
CEMENT DIVISION										
FREEHOLD LAND	101.23	-	-	-	-	-	-	101.23	101.23	101.23
BUILDINGS	567.79	-	-	237.06	-	11.06	248.12	319.67	330.73	330.73
PLANT & EQUIPMENTS	6748.48	8.97	-	5104.48	-	171.76	5276.24	1481.21	1643.99	1643.99
OTHER EQUIPMENT	147.52	-	-	122.68	-	3.43	126.11	21.41	24.83	24.83
FURNITURE & FIXTURES	18.20	0.58	-	17.17	-	0.05	17.22	1.56	1.04	1.04
OFFICE EQUIPMENT	6.21	2.96	-	5.06	-	0.50	5.56	3.61	1.15	1.15
VEHICLES	54.29	6.62	-	47.67	-	1.86	49.53	11.38	6.62	6.62
TOTAL	7643.72	19.13	-	5534.12	-	188.66	5722.78	1940.07	2109.59	2109.59
SUGAR DIVISION										
FREEHOLD LAND	156.82	-	-	-	-	-	-	156.82	156.82	156.82
BUILDINGS	2211.47	-	-	972.79	-	57.89	1030.68	1180.79	1238.68	1238.68
PLANT & EQUIPMENTS	3815.87	151.00	-	2894.68	-	201.63	3096.31	870.55	921.19	921.19
OTHER EQUIPMENT	88.26	-	-	83.08	-	4.19	87.27	0.99	5.18	5.18
FURNITURE & FIXTURES	12.15	-	-	11.50	-	-	11.50	0.65	0.65	0.65
OFFICE EQUIPMENT	45.62	-	-	29.32	-	4.46	33.78	11.84	16.30	16.30
VEHICLES	54.67	12.84	-	42.86	-	1.79	44.65	22.86	11.81	11.81
TOTAL	6384.86	163.84	-	4034.23	-	269.96	4304.19	2244.51	2350.63	2350.63
POWER DIVISION										
FACTORY BUILDINGS	420.82	-	-	154.22	-	14.06	168.28	252.54	266.60	266.60
PLANT & EQUIPMENTS	4566.20	5.84	-	2636.04	-	241.10	2877.14	1694.90	1930.15	1930.15
TOTAL	4987.02	5.84	-	2790.26	-	255.16	3045.42	1947.45	2196.75	2196.75
GRAND TOTAL	19015.60	188.81	-	12358.61	-	713.77	13072.38	6132.03	6656.98	6656.98
PREVIOUS YEAR	18758.43	263.99	6.81	11635.36	6.81	730.07	12358.61	6656.98	7123.07	7123.07



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

Note 13 : NON-CURRENT INVESTMENTS

(₹ in Lac)

Particulars	2013-14	2012-13
Long term - Quoted		
Investments in Equity Instruments of Andhra Bank 5,631 Equity Shares of ₹ 10/- with a Premium of ₹ 80 per share, Fully paid.	5.07	5.07
	-	-
TOTAL	5.07	5.07

Note 13.1 : Aggregate market value of Quoted Investments
₹ 3.66 Lakhs as against (P.Y 5.4 Lakhs)

Note 14 : LONGTERM LOANS AND ADVANCES

Unsecured considered good

a) Deposits with Government	132.27	132.27
b) Deposits with Others	239.45	239.45
TOTAL	371.72	371.72

14.1. Deposits Others includes the amount referred in point 6.1 above

Note 15 : INVENTORIES

(Valued at lower of cost or net realizable value)

Finished Goods	6,658.62	6,411.56
Work-in-Progress	320.43	466.43
Raw Materials	29.36	11.91
Banked Energy	127.03	50.80
Packing Materials	35.48	25.12
Stores Spares and Consumables	803.85	1,289.76
TOTAL	7,974.77	8,255.58

Note 16 : TRADE RECEIVABLES

Unsecured, considered good from the Due Date

Over six months	1,000.75	1,012.65
Others	201.78	184.58
TOTAL	1,202.53	1,197.23

Note 17 : CASH AND BANK BALANCES

Balances with banks in Current Accounts	707.98	416.92
Balances with banks in Deposit Accounts	1,900.92	1,281.36
Cash on hand	13.18	6.12
TOTAL	2,622.08	1,704.40

Note 17.1. Balances with banks includes-

Unclaimed dividend	32.98	34.16
Margin Money against Bank Guarantee	81.50	81.50



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

Note 18 : SHORT TERM LOANS & ADVANCES

(₹ in Lac)

Particulars	2013-14	2012-13
Unsecured Considered good		
Advances towards Goods and Services.	1,444.13	285.60
Employees Advances	3.94	5.28
Other Advances	1,143.90	1,125.44
Prepaid expenses.	18.16	19.79
Interest Accrued on Deposits.	16.72	14.52
TOTAL	2,626.85	1,450.63

18.1: Other Advances include Income tax paid under protest for AY 2007-08 amounting to ₹ 602.10 Lacs and Sales tax paid under protest amounting to ₹ 200.54 Lakhs.

Note19 : REVENUE FROM OPERATIONS

Revenue from operations

Sale of products (Gross)	22,932.42	21,478.26
Less: Excise Duty	1,538.03	1,610.30
Less: VAT	1,341.52	1,435.55
Revenue from operations (Net)	20,052.87	18,432.41

19.1 : Details of products sold

Cement	7,879.79	8,228.27
Sugar	7,213.73	7,354.39
Power	4,959.35	2,849.75
	20,052.87	18,432.41

Note 20 : OTHER INCOME

Interest Income	217.30	271.92
Sale of Flyash	29.40	20.81
Sale of scrap	18.72	3.66
Miscellaneous Income	6.08	0.33
TOTAL	271.50	296.72

Note.20.1 : Interest income represents Interest on Fixed Deposits and Interest on electricity deposits

Note 21 : COST OF MATERIALS CONSUMED

Cement Division

- Limestone	379.19	442.49
- Gypsam	192.54	201.79
- Others	100.79	86.26

Sugar Division

- Sugar Cane	5,744.98	6,388.40
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TOTAL	6,417.50	7,118.94
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**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

Note 22 : CHANGES IN INVENTORIES

(₹ in Lac)

Particulars	2013-14	2012-13
Finished Goods		
Closing Stock	6,785.65	6,462.36
Opening Stock	6,462.35	4,332.22
(A)	323.30	2,130.14
Work in Progress		
Closing Stock	320.43	466.43
Opening Stock	466.43	125.67
(B)	(146.00)	340.76
Changes in inventories (A+B)	(177.30)	(2,470.90)
Details of Closing Inventory		
Finished Goods		
Cement	61.69	29.74
Sugar	6,596.93	6,381.83
Banked Energy	127.03	50.79
TOTAL	6,785.65	6,462.36
Work in Progress		
Cement	320.43	466.43
TOTAL	7,106.08	6,928.79
Details of Opening Inventory		
Finished Goods		
Cement	29.73	35.16
Sugar	6,381.83	4,182.03
Banked Energy	50.79	115.03
TOTAL	6,462.35	4,332.22
Work in Progress		
Cement	466.43	125.67
TOTAL	6,928.78	4,457.89
Note 23 : EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus	1,402.69	1,412.22
Contribution to Provident Fund	47.33	45.74
Staff Welfare Expenses	114.95	81.01
TOTAL	1,564.97	1,538.97



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

Note 24 : FINANCE COST

Particulars	2013-14	2012-13
Interest expense	46.04	6.21
TOTAL	46.04	6.21

Note 25 : OTHER EXPENSES

Stores & Spares Consumed	755.87	609.05
Consumption of packing material	583.86	669.70
Power & Fuel	8,816.46	7,368.59
Repairs to Buildings	1.13	4.63
Repairs to Machinery	21.69	11.40
Repairs to Others	49.73	37.03
Other Manufacturing Expenses	115.55	166.14
Excise Duty on Closing Stocks	34.31	41.98
Advertisement and sales promotion	10.54	17.75
Other selling expenses	59.79	98.48
Donations	18.15	51.94
Bad debts Written Off	-	0.43
Miscellaneous Expenses *	374.11	340.55
TOTAL	10,841.19	9,417.67

*** Note.26. Payment to Auditor (included in miscellaneous expenses under Note No.25)**

For Statutory Audit	3.00	3.00
For Tax Audit	0.65	0.65
For Quarterly review	1.00	1.00
TOTAL	4.65	4.65

Note 27 : EARNINGS PER SHARE (EPS)

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

Profit after tax	884.06	1,611.04
Weighted average number of equity shares in calculating basic EPS	77.74	77.74
Weighted average number of equity shares in calculating Diluted EPS	79.21	79.21
Basic Earnings per Share (₹)	11.37	20.72
Diluted Earnings per Share (₹)	11.16	20.34



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

Note 28 : RELATED PARTY DISCLOSURES

i) Key management personnel:

P.Venkateswarlu Managing Director
P.Veeraiah Joint Managing director

ii) Relatives of key management personnel:

P.Samrajyam Wife of Shri P.Venkateswarlu
P.Radha. Wife of Shri P.Veeraiah

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

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

iv) Aggregated Related Party Disclosures:

(₹ in Lacs)

Nature of Transaction	Key Management personnel	Relatives of Key Management personnel	Enterprises Controlled By relatives of key management personnel	Total
Remuneration & Gratuity	105.28 (162.46)	- (5.94)	- -	79.86 (168.40)
Dividend paid - 2012-13	75.42	8.67	-	84.09
Dividend paid - 2011-12	(75.42)	(8.67)	-	(84.09)
Rent Paid		3.60 (2.4)	-	3.60 (3.60)
Truck hire charges			2.16 (2.16)	2.16 (2.16)
Loan from KFL (P) Ltd.			350.00	

*Figures in bracket represents previous year.

Note 29 : EMPLOYEE BENEFITS

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

Defined Benefit plans:

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



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

a) Gratuity - Disclosures as per AS 15:		(₹ in Lacs)
Particulars	2013-14	2012-13
1 Changes in the Present Value of Obligation		
Present value of obligations as at beginning of the year	160.50	175.40
Current Service cost	8.26	11.02
Benefits paid	(12.41)	(25.92)
Actuarial (gain)/loss on obligations	-	-
Present value of obligations as at end of year	156.35	160.50
2 Changes in Fair value of plan assets		
Fair value of plan assets at beginning of the year	43.68	19.32
Expected return on plan assets	3.40	1.12
Contributions	11.90	49.16
Benefits paid	(12.41)	(25.92)
Actuarial gain/(loss) on plan assets	-	-
Fair value of plan assets at the end of year	46.57	43.68
3 Assets recognized in the Balance Sheet		
Present value of obligations as at the end of the year	102.37	(19.32)
Fair value of plan assets as at the end of the year	37.21	170.84
Funded status	(11.90)	(49.16)
Net asset/(liability) recognized in balance sheet (Refer Note below)	127.68	102.37
Note: The Company has gratuity provision of ₹ 208.66 lacs as on 31.3.2014		
4 Assumptions		
Discount Rate	8%	8%
Salary Escalation	4%	4%
b) Leave Encashment - Disclosures as per AS 15:		
1 Changes in the Present Value of Obligation		
Present value of obligations as at beginning of year	6.38	-
Interest cost	0.51	-
Current Service cost	1.15	1.90
Benefits paid	-	-
Actuarial (gain)/loss on obligations	2.20	4.48
Present value of obligations as at end of year	10.24	6.38
2 Assets recognized in the Balance Sheet		
Present value of obligations as at the end of year	10.24	6.38
Fair value of plan assets as at the end of the year	-	-
Funded status	(10.24)	(6.38)
Net asset/(liability) recognized in balance sheet	(10.24)	(6.38)
3 Expenses recognized in the Statement of Profit & Loss		
Current service cost	1.15	1.90
Interest cost	0.51	-
Expected return on plan assets	-	-
Net Actuarial (gain)/loss recognized in the year	2.20	4.48
Expenses recognized in statement of profit and loss	3.86	6.38
4 Assumptions		
Discount Rate	8%	8%
Salary Escalation	4%	4%



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

Note 30 : CONSUMPTION OF RAW MATERIALS AND OTHER MATERIALS

Particulars	2013-14		2012-13	
	₹ in Lacs	%	₹ in Lacs	%
a) Raw Materials				
i) Imported	-	-	-	-
ii) Indigenous	6,417.50	100	7,118.94	100
TOTAL	6,417.50	100	7,118.94	100
b) Components, Spares, Consumables & Packing Materials				
i) Imported	-	-	-	-
ii) Indigenous	1,339.73	100	1,278.75	100
TOTAL	1,339.73	100	1,278.75	100

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

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

- i) Disputes with regard to Power purchase Tariff and PLF with regard to sale of power to APTRANSCO amounting to ₹ 1772.05 lakhs, out of which ₹ 1042.27 lakhs was considered as income, matter is pending before APERC.
- ii) Claims against the company by APCPDCL/APSPDCL amounting to ₹ 907.41 lakhs towards wheeling charges for energy wheeled from company's bagasse based co-generation unit to cement division for which writ petition filed in the High court of Andhra Pradesh and stay obtained.
- iii) Duty on Electricity generated and consumed was levied by the A.P.Govt. at ₹ 0.25 paise per unit from 17.07.2003. The High Court has stayed the operation of A.P. Electricity Duty Amendment Act, but asked to submit monthly returns of generation. The duty amount as on 31.03.2014 was ₹ 1106.90 lakhs.
- iv) For the Asst. years 1999-00, 2000-01 and 2001-02 Income tax paid ₹ 123.98 lakhs under protest against the demand of ₹ 136.40 lakhs towards disallowance of un-absorbed depreciation / losses. The matter pending in appeal before the High Court of Andhra Pradesh.
- v) For the Asst. Year 2010-11 and 2011-12 there was a demand of ₹ 52.92 and 64.45 lakhs respectively towards denial of exemption u/s. 80-IA to Company's Power Division and other disallowances in Sugar and Cement Divisions. The matter is pending before CIT (Appeals).
- vi) Sales tax paid under protest for the Asst. years 2001-02,2002-03 of ₹ 188.56 lakhs against a demand of ₹ 188.56 lakhs regarding disputed sales tax on Molasses sales. The matter is under appeal before the High Court of Andhra Pradesh.
- vii) The Company has paid ₹ 1.00 crore as per the directions of Hon'ble High Court against demand of ₹ 850.22 lakhs from the forest department towards Net Present Value (NPV) in respect of diverted forest land for renewal of Mining lease under Forest (Conservation) Act, 1980. The matter is pending in appeal before the High Court of Andhra Pradesh.



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

Note 32 : SEGMENT REPORTING

(₹ In Lakhs)

Particulars	2013-14				2012-13			
	Cement	Sugar	Power	Consolidated	Cement	Sugar	Power	Consolidated
PRIMARY DISCLOSURES								
Segment Revenue								
External Revenue	10456.11	6932.95	2238.92	19627.98	10898.46	6986.01	2403.586	20288.05
Inter-Segment Revenue	-	582.16	2722.28	3304.44	-	742.56	447.64	1190.21
Interest & Other Income	211.10	29.80	30.60	271.50	252.95	22.96	20.81	296.72
Total Revenue	10667.21	7544.91	4991.80	23203.92	11151.41	7751.53	2872.04	21774.98
Segment Result								
Segment result	530.34	(1,013.09)	1,446.99	964.24	1973.82	746.98	(326.43)	2394.37
Less : Interest Expenses	20.28	25.76	-	46.03	6.21	-	0.01	6.22
Less : Income Tax & Deferred Taxation	34.14	-	-	34.14	777.13	-	-	777.13
Net Profit/(Loss) from ordinary activities	475.92	(1038.85)	1446.99	884.06	1190.49	746.98	(326.44)	1611.03
OTHER INFORMATION								
Segment Assets	10622.98	10512.96	3380.47	24516.41	9546.09	9676.25	3721.33	22943.67
Total Assets	10622.98	10512.96	3380.47	24516.41	9546.09	9676.25	3721.33	22943.67
Segment Liabilities	4950.83	2332.56	-	7283.39	4820.77	1542.31	0.33	6363.41
Total Liabilities	4950.83	2332.56	-	7283.39	4820.77	1542.31	0.33	6363.41
Depreciation	188.66	269.95	255.16	713.77	218.44	256.48	255.15	730.07

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

Note 33 : CLASSIFICATION

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

As per our report attached
for **M. ANANDAM & CO.**
Chartered Accountants

A.V. Sadasiva
Partner
M. No. 018404

Place : Hyderabad
Date : 26th May 2014

For and on behalf of the Board of Directors

P. Venkateswarlu
Chairman & Managing Director

P. Veeraiah
Joint Managing Director

M. Bhavani Dattu
General Manager (Finance)

R. Ramakrishna
Company Secretary



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

CIN : L26942AP1979PLC002485
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 35th Annual General Meeting of the Company on Monday, July 14, 2014 at Sri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad - 500 020.

Signature of Shareholder / proxy

*Applicable for investors holding shares in electronic form.



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

CIN : L26942AP1979PLC002485
1-10-140/1, "GURUKRUPA", Ashok Nagar,
Hyderabad - 500 020.

PROXY FORM

Name of the member (s) :

Registered address :

E-mail Id :

Folio No/Client Id :

DP ID :

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

1) _____ of _____ having e-mail id _____ or failing him

2) _____ of _____ having e-mail id _____

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/ us and on my/our behalf at the 35th Annual General Meeting of the Company to be held on Monday, July 14, 2014 at 11.00 A.M. at Sri 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 &
INDUSTRIES LIMITED**

Resolutions	For	Against
1. Audited Financial Statement, Report of the Board of Directors and Auditors		
2. Declaration of Dividend on Equity Shares		
3. Appointment of Auditors and fixing their remuneration		
4. Appointment of Shri T R C Bose as Independent Director		
5. Appointment of Shri V B R Suryam as Independent Director		
6. Appointment of Shri C. Madhusudana Rao as Independent Director		
7. Appointment of Shri B.V. Subbaiah as Independent Director		
8. Appointment of Shri A Chengappa as Independent Director		
9. Appointment of Shri K Venkat Rao as Independent Director		

Signed this _____ day of _____ 2014.

Signature of shareholder_____

Affix One Rupee
Revenue
Stamp

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.

NO GIFTS/ COMPLIMENTS WILL BE DISTRIBUTED AT THE MEETING

By Courier

If undelivered, please return to:



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

1-10-140/1, "GURUKRUPA"

ASHOKNAGAR,

HYDERABAD - 500 020.

Website: www.kakatiyacements.com

Phone: 040-27637717