

34th Annual Report 2012 - 13



**KAKATIYA CEMENT
SUGAR & INDUSTRIES LTD.**



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

BOARD OF DIRECTORS:

Sri P Venkateswarlu

Sri P Veeraiah

Sri J S R Prasad

Sri J S Rao

Sri C Madhusudana Rao

Sri V B R Suryam

Sri T R C Bose

Sri B V Subbaiah

Sri A Chengappa

Sri K Venkat Rao

Chairman & Managing Director

Joint Managing Director

Director

Director

Director

Director

Director

Director

Director

Additional Director (w.e.f.27.05.2013)

SENIOR EXECUTIVES

Dr. P Radha

Sri R Ramakrishna

Sri M Bhavani Dattu

Sri B Peraiah

Sri M Stalin Babu

Sri K Muralidhar Chowdary

Chief Executive

Company Secretary

General Manager (Finance)

General Manager (Purchase)

Dy. General Manager (Cement Works)

Vice President (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 FOURTH ANNUAL GENERAL MEETING of KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED** will be held on Thursday, the 11th day of July, 2013 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, 2013, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Sri J S R Prasad, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri V B R Suryam, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Sri A. Chengappa, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s. M. ANANDAM & CO., Chartered Accountants, Firm 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:

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

"RESOLVED THAT pursuant to the provisions of Sections 198,269,309,310,311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications or re-enactments thereof, for the time being in force, approval be and is hereby accorded to the re-appointment Sri P. Venkateswarlu as Managing Director of the Company w.e.f 1.08.2013 for a period of 5 years, on the following terms and conditions".

PART - A

1. **SALARY** : Salary of ₹ 4,00,000/- (Rupees Four lakhs only) per month with an annual increment of ₹ 25,000/-.
2. **COMMISSION** : Commission @ 2% of the Net Profits of the Company as computed in the manner provided in Section 309(5) of the Companies Act, 1956.
3. **PERQUISITES**
 - a) **HOUSE RENT ALLOWANCE** : House Rent Allowance of ₹ 25,000/- per month. The expenditure incurred on Gas, Electricity, Water and furnishing will be valued as per the Income Tax Rules, 1962.
 - b) **MEDICAL REIMBURSEMENT** : Reimbursement of actual medical and hospital expenses for self and family, subject to a ceiling of one month basic salary in a year.



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- c) **LEAVE TRAVEL CONCESSION** : Leave Travel Concession for self and family to and from any place in India, once in a year, subject to a ceiling of ₹ 1,00,000/- per annum.
- d) **CLUB FEES** : Fees of Clubs, subject to a maximum of two clubs. However, admission and life membership fees shall not be included for this purpose.

PART - B

1. **PROVIDENT FUND** : Company's contribution towards Provident Fund, at 12% of Salary.
2. **LEAVE ENCASHMENT** : Encashment of leave at the end of the tenure.
3. **OTHER BENEFITS** : Free use of car with driver on company's business.
4. **RESIDENTIAL TELEPHONE** : Residential telephone shall be provided.

"FURTHER RESOLVED THAT in the event of loss or inadequacy of profits in any financial year, the Salary payable to Sri P.Venkateswarlu, shall be as per the provisions of Schedule XIII to the Companies Act, 1956 as amended from time to time and/or within the limits allowed under Sections 198 and 309 thereof".

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

"RESOLVED THAT pursuant to the provisions of Sections 198,269,309,310,311 and Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications or re-enactments thereof, for the time being in force, approval be and is hereby accorded to the re-appointment Sri P. Veeraiah as Joint Managing Director of the Company w.e.f 1.12.2013 for a period of 5 years, on the following terms and conditions ".

PART - A

1. **SALARY** : Salary of ₹ 2,50,000/- (Rupees Two lakhs Fifty Thousand only) per month with an annual increment of ₹ 20,000/-
2. **COMMISSION** : Commission @ 2% of the Net Profits of the Company as computed in the manner provided in Section 309(5) of the Companies Act, 1956.
3. **PERQUISITES**
- a) **HOUSE RENT ALLOWANCE** : House Rent Allowance of ₹ 25,000/- per month.
- b) **MEDICAL REIMBURSEMENT** : Reimbursement of expenses actually incurred for self and family, subject to a ceiling of ₹ 15,000/- per annum.
- c) **LEAVE TRAVEL CONCESSION** : Leave Travel Concession for self and family to and from any place in India, once in a year, subject to a ceiling of ₹ 50,000/- per annum.
- d) **CLUB FEES** : Fees of Clubs, subject to a maximum of two clubs. However, admission and life membership fees shall not be included for this purpose.



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PART - B

1. **PROVIDENT FUND** : Company's contribution towards Provident Fund, at 12% of Salary.
2. **LEAVE ENCASHMENT** : Encashment of leave at the end of the tenure.
3. **GRATUITY** : Gratuity payable as per Payment of Gratuity Act, 1972.
4. **OTHER BENEFITS** : Free use of car with driver on Company's business. Residential telephone shall be provided.

"FURTHER RESOLVED THAT in the event of loss or inadequacy of profits in any financial year, the Salary payable to Sri P. Veeraiah, shall be as per the provisions of Schedule XIII to the Companies Act, 1956 as amended from time to time and/or within the limits allowed under Sections 198 and 309 thereof".

9. To consider and if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution.

"RESOLVED THAT Mr. K.Venkat Rao be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

Place : Hyderabad
Date : 27.05.2013

R. Ramakrishna
Company Secretary

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll only instead of himself/herself. Such proxy need not be a member of the company.
2. The Register of Members and Share Transfer Books will remain closed from 01-07-2013 to 11-07-2013 (both days inclusive).
3. Members are requested to notify immediately any change in their addresses to the Company's Registered Office with their Folio Number(s).
4. The Dividend, after declaration, will be paid to those shareholders whose names stand on the Register of Members on 11th July 2013. 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 11th July 2013. The Dividend will be paid on or before August 8, 2013.
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 2005. The amount of unclaimed dividends for the financial year ended 31st March 2006 will be transferred to the Investors Education and Protection Fund by October 15th 2013.



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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, 2007 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 2013-2014 has been paid to these two Stock Exchanges.
9. All the shareholders are requested to intimate their e-mail address to the Company or to the depository for sending by e-mail the Notice and Annual Report pursuant to the Circular 18/2011 issued by the Ministry of Corporate Affairs.
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.

ANNEXURE TO NOTICE:

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

ITEM NO. 7 & 8:

The current tenure of Sri P. Venkateswarlu and Sri P. Veeraiah as Managing Director and Joint Managing Director, are upto 30.09.2013 and 4.12.2013, respectively. Accordingly, the Board of Directors of the Company, at its meeting held on 27th May 2013, have reappointed them for a further period of five years on the terms and conditions contained in the resolutions. However, their appointment and terms as to remuneration, etc, is subject to approval of the shareholders by way of a Resolution. Accordingly, your approval is solicited.

Excepting the aforesaid Directors, apart from Sri J S R Prasad, and Sri J S Rao no other Director is interested in these Resolutions.

ITEM NO. 9:

Mr. K.Venkat Rao was appointed as an Additional Director of the Company at the Board Meeting held on 27.05.2013 and as per the provisions of the Section 260 of Companies Act, 1956 he holds office as a Director up to the date of this Annual General Meeting. Company has received Notice from a member along with deposit of ₹ 500/- as required by Section 257 of the Companies Act 1956, signifying his intention to propose Mr. K.Venkat Rao as a Director. According to Article 51 of the Articles of Association of the Company the director shall be liable to retire by rotation.

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

Your Directors recommend the resolution for approval.

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

Place : Hyderabad
Date : 27.05.2013

R. Ramakrishna
Company Secretary



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting the 34th Annual Report together with the Audited Accounts for the year ended 31st March 2013.

FINANCIAL RESULTS

The Financial Results for the year ended 31st March, 2013 are summarised below:

(₹ in Lakhs)		
Particulars	2012-13	2011-12
Income (Sale and other Income)	18729.13	17297.96
Profit before Depreciation, Interest & Taxes	3124.45	3680.52
Depreciation	730.07	736.31
Interest	6.21	9.59
Provision for Taxation	937.74	1034.34
Provision for Deferred Taxation	(160.61)	(154.36)
Profit after Taxation	1611.04	2054.64
Profit brought forward from Previous year	10363.32	8762.62
APPROPRIATIONS		
Transfer to General Reserve	210.00	210.00
Proposed Dividend	209.89	209.89
Corporate Tax on Dividend	35.68	34.05
Balance carried over to Balance Sheet	11518.79	10363.32

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 31.03.2013, 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 2,69,966 MT of cement as against 2,66,968 MT of cement for the previous year. The profit for the Division was ₹ 1971.20 lakhs as against ₹ 3114.05 for the previous year.

Sugar Division:

The Sugar Division crushed 2,73,281 MT of sugarcane for the current season as against 2,24,189 MT for the previous season. The recovery rate was 10.08% compared to 9.50% for the previous season. The Profit for the Division was ₹ 749.80 lakhs as against loss of ₹ 242.44 lakhs for the previous year.

Power Division:

During the year under review, the Power Division has generated 6,78,57,924 KWH against 6,72,82,462 KWH of power for the previous year. The Loss for the Division was ₹ 326.44 lakhs as against profit of ₹ 63.02 lakhs for the previous year.

CURRENT YEAR OUTLOOK:

Cement Division:

The outlook for cement industry is challenging in terms of thinning margins due to rising inputs, pressure on capping selling prices due to supply - demand equation and overall sluggishness in housing and infrastructure projects. However, the management is confident of sustained performance by maintaining its customer base for the coming year.

Sugar Division:

Sugarcane crop in the factory zone is likely to improve and estimated to crush around 275,000 lakh MT during the crushing season 2013-14

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. Viable performance is contingent upon revised tariff which is awaited from APERC.

INSURANCE:

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



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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, 2013 and Profit & Loss Account of the Company for the year ended as on 31st March, 2013.
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 2013, 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 2011-2012 Cost Audit Report was filed on 04.01.2013. In respect of 2012-2013 it will be filed before the due date i.e. 30th September 2013.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

a. Industry Structure And Developments:

With the expansion of several cement units in AP and new entrants the gap between demand and supply is considerably narrowing, which is likely to put pressure on pricing. However, 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. As mentioned last year, the lining work of Wyra canal continues to be in slow progress thereby affecting the irrigation facilities and this is likely to continue until its completion. 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.



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b. Opportunities and threats:

Though the scenario for infrastructure is not very encouraging with slump in housing and slowing down of infrastructure projects and other bottlenecks in terms of rising input costs, pressure on margin, etc, with the forecasted demand for cement for the year 2013-2014, outlook for cement industry though challenging appears positive.

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 2013 your Company supplied cement at concessional price to the State Government as part of its Indiramma Housing Welfare Scheme.

j. CAUTIONARY STATEMENT:

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

ACKNOWLEDGEMENTS:

Your Directors 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 : 27.05.2013



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 2012-13			PREVIOUS YEAR 2011-12		
	CEMENT	SUGAR	POWER	CEMENT	SUGAR	POWER
A. POWER & FUEL CONSUMPTION						
1. ELECTRICITY						
(a) Purchased (KWH)	3,09,59,196	82,56,786	—	2,77,87,526	68,17,156	--
Total Amount (₹)	12,25,70,872	2,88,75,955	—	11,18,68,951	2,50,47,927	--
Rate per Unit (₹)	3.96	3.50	—	4.02	3.67	--
(b) OWN GENERATION						
Through Diesel						
Generators (Units)	4,80,124	—	—	14,389	--	--
Total Amount (₹)	63,45,174	—	—	3,34,262	--	--
Cost per Unit (₹)	13.21	—	—	23.23	--	--
2. FUEL						
(a) COAL						
Quantity (MT)	62,123	—	55,932	55,635	--	53,811
Total Cost (₹)	28,94,76,296	—	19,56,15,302	24,66,17,239	--	17,55,99,140
Average Rate (₹)	4,659.73	—	3,497.00	4,432.77	--	3,263.26
(b) Bagasse/Steam						
Quantity (MT)	—	1,13,498	82,507	--	87,717	67,238
Total Cost (₹)	—	3,31,41,416	7,42,56,300	--	2,57,88,798	6,05,14,200
Average Rate (₹)	—	292.00	900.00	--	294.00	900.00



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	CURRENT YEAR 2012-13			PREVIOUS YEAR 2011-12		
	CEMENT	SUGAR	POWER	CEMENT	SUGAR	POWER
B. CONSUMPTION PER UNIT OF PRODUCTION						
1. Electricity (KWH)						
Cement (MT)	102.49	–	–	105.900	--	--
Sugar (KGS)	–	0.30	–	--	0.314	--
Power (KWH)	–	–	0.101	--	--	0.103
2. Coal (MT)	0.222	–	–	0.220	--	--
(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	<p>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.</p>
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 : 27.05.2013

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 9 Directors, out of which 2 are whole-time directors. The proportion of independent Directors is more than 50% as the Company has Executive Chairman. During the year under review, there were in all five (5) meetings of the Board of Directors and the maximum time gap between any two Board meetings was 91 days and the following is the attendance of the Directors:

Sl. No.	Name of the Director	No. of 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	5	5	YES	1	NIL
02.	P. Veeraiah	5	4	YES	1	NIL
03.	J.S.R. Prasad	5	4	YES	12	4
04.	T.R.C. Bose	5	3	YES	7	4
05.	J. S. Rao	5	4	YES	7	1
06.	C. Madhusudana Rao	5	5	YES	1	NIL
07.	V.B.R. Suryam	5	5	YES	NIL	NIL
08.	B.V.Subbaiah	5	4	YES	1	3
09.	A. Chengappa	5	3	NO	NIL	NIL

The dates of Board Meeting held during the year under review are: 07.05.2012, 13.08.2012, 20.08.2012, 09.11.2012 and 13.02.2013.

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

Sri K.Venkat Rao, who was appointed as an Additional Director on 27.05.2013 also retires at this AGM. Pursuant to the provisions of Section 257 of the Companies Act, 1956, he is eligible for appointment.

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

Sri J S R PRASAD:

Sri J S R Prasad, aged about 53 is a Chartered Accountant with more than 20 years experience. He is the Managing Director of Greenesol Power Systems Private Limited and is on the board of several Companies.

Sri V B R SURYAM:

Sri V B R Suryam, aged about 81 years is a Cement Technologist. He was associated with many cement Companies including ACC, Rasi Cement and has wide experience to his credit.

Sri A CHENGAPPA:

Sri A Chengappa, aged 73 years is a Retired IAS Officer. He was Secretary to Government in General Administration Department, Revenue, Panchayat Raj and was also Additional Director General of MCRHRD Institute of Andhra Pradesh.

Sri KANAGALA VENKAT RAO

Sri Kanagala Venkat Rao, aged 53, is an Engineer in Electronics and Electrical, with 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
02.	Surana Udyog Auditorium, FAPPCI Premises, Red Hills, Hyderabad	25.09.2010 03.00 P.M	No	N.A.
03.	Sri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad	29.09.2011 11.00 A.M	Yes	N.A.
03.	Sri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad	29.09.2012 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.

SHAREHOLDERS GRIEVANCE 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:

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

Mr. 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 8 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, 5 meetings of the Committee took place and attendance thereat is as under:

Name of the Director	No. of Meetings Attended
Sri C Madhusudana Rao	5
Sri T R C Bose	5
Sri J S Rao	5
Sri B V Subbaiah	4

REMUNERATION OF DIRECTORS & 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 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.



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

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

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 : 34th Annual General Meeting
Date : 11th July, 2013
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 : 01-07-2013 to 11-07-2013 (both days inclusive)
- d) Dividend payment date : On or before 8th August, 2013
- 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
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	2012	83.00	76.95
May	2012	87.00	77.00
June	2012	84.00	78.30
July	2012	97.95	80.35
August	2012	97.50	84.05
September	2012	93.45	83.15
October	2012	99.45	87.20
November	2012	92.90	80.00
December	2012	89.00	80.00
January	2013	89.00	80.05
February	2013	85.00	80.00
March	2013	83.00	74.00

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 31.03.2013

Share Holding	Number of Shareholders	% to total	Number of Shares	% to total
Up to 500	40848	98.09	1085525	13.96
501 - 1000	408	0.98	323648	4.16
1001 - 2000	182	0.44	272112	3.50
2001 - 3000	76	0.18	186427	2.40
3001 - 4000	30	0.07	107878	1.39
4001 - 5000	16	0.04	76674	0.99
5001 - 10000	47	0.11	348028	4.48
10001 and above	38	0.09	5373566	69.12
TOTAL	41645	100.00	7773858	100.00

Shareholding Pattern as on 31.03.2013:

Category	No. of Equity Shares	% of Paid-up Capital
Promoters	4121078	53.01
Other Corporate Bodies	510965	6.57
General Public	2472469	31.81
Non Resident Individuals	661814	8.51
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 2013 out of the total shares 72,89,521 shares were dematerialised with the following depositories:
- | | | | |
|---|---|-----------|--------|
| i) National Securities Depositories Limited | - | 51,57,723 | Shares |
| ii) Central Depository Services Limited | - | 21,31,798 | 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 31.03.2013 as envisaged in clause 49 of the listing agreement with Stock Exchanges.

Place : Hyderabad
Date : 27.05.2013

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, 2013 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, 2013, 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 : 27.05.2013

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, 2013, 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"). 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, 2013;
- 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;
 - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, 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 : 27.05.2013

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 two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 150 Lakhs and the year-end balance of loans taken is ₹ 30 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, 2013 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	₹ 90.78	Assessment Year 2010-11	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.
- ix. 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 : 27.05.2013

A.V. Sadasiva
PARTNER
M. No. 018404



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

BALANCE SHEET AS AT 31st MARCH, 2013

(₹ in Lac)

Particulars	Note	2012-13	2011-12
I. EQUITY & LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	2	777.39	777.39
(b) Reserves and surplus	3	15,802.92	14,437.45
(2) Share application money pending allotment	4	14.69	14.69
(3) Non-Current Liabilities			
(a) Long-term borrowings		—	—
(b) Deferred tax liabilities (net)	5	241.16	401.77
(c) Other Long term liabilities	6	142.68	142.68
(d) Long Term Provisions	7	237.26	280.85
(4) Current Liabilities			
(b) Trade payables	8	1,166.09	1,004.45
(c) Other current liabilities	9	944.58	695.92
(d) Short-term provisions	10	348.36	214.40
TOTAL		19,675.13	17,969.60
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	6,656.98	7,123.07
(ii) Capital work-in-progress		33.52	37.83
(b) Non-current investments	12	5.07	5.07
(d) Long term Loans and advances	13	371.72	372.51
(2) Current assets			
(a) Inventories	14	8,255.58	5,682.36
(b) Trade receivables	15	1,197.23	1,424.36
(c) Cash and cash equivalents	16	1,704.40	1,672.93
(d) Short-term loans and advances	17	1,450.63	1,651.47
TOTAL		19,675.13	17,969.60
Significant Accounting Policies	1		

Note Nos. 1 to 32 form part of the financial statements

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

For and on behalf of the Board of Directors

A.V. Sadasiva
Partner
M. No. 018404

P. Venkateswarlu
Chairman & Managing Director

P. Veeraiah
Joint Managing Director

Place : Hyderabad
Date : 27.05.2013

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, 2013

(₹ in Lac)

Particulars	Note	2012-13	2011-12
I. Revenue from operations	18	18,432.41	16,906.36
II. Other Income	19	296.72	391.60
III. Total Revenue (I +II)		18,729.13	17,297.96
IV. Expenses:			
Cost of Materials Consumed	20	7,118.94	5,470.26
Changes in inventories	21	(2,470.90)	(1,739.08)
Employee benefit expense	22	1,538.97	1,370.92
Finance costs	23	6.21	9.59
Depreciation	11	730.07	736.31
Other Expenses	24	9,417.67	8,515.34
Total Expenses		16,340.96	14,363.34
V. Profit before tax (III - IV)		2,388.17	2,934.62
VI. Tax expense:			
(1) Current tax		937.74	1,034.34
(2) Deferred tax		(160.61)	(154.36)
VII. Profit for the year (V-VI)		1,611.04	2,054.64
VIII. Earning per equity share:			
(1) Basic	26	20.72	26.43
(2) Diluted		20.34	25.94
Significant Accounting Policies	1		

Note Nos. 1 to 32 form part of the financial statements

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

For and on behalf of the Board of Directors

A.V. Sadasiva
Partner
M. No. 018404

P. Venkateswarlu
Chairman & Managing Director

P. Veeraiah
Joint Managing Director

Place : Hyderabad
Date : 27.05.2013

M. Bhavani Dattu
General Manager (Finance)

R. Ramakrishna
Company Secretary



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

(₹ in Lac)

Particulars	2012-13	2011-12
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax	2,388.17	2,934.62
Adjustments for:		
Depreciation	730.07	736.31
Finance cost	6.21	9.59
Interest Income	(271.92)	(222.03)
Dividend Income	(0.31)	(0.31)
Operating Profit before working capital changes	2,852.22	3,458.18
Working Capital Changes:		
(Increase)/Decrease in Inventories	(2,573.22)	(2,240.37)
(Increase)/Decrease in Trade and Other receivables	430.24	(659.63)
Increase/(Decrease) in Trade payable and other liabilities	118.06	335.38
	(2,024.92)	(2,564.62)
Cash Generated from Operations	827.30	893.56
Direct Taxes paid	(635.00)	(924.84)
Cash Flow from Operating Activities	192.30	(31.28)
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets/Capital WIP	(204.76)	(39.22)
Interest Income	271.92	222.03
Dividend Income	0.31	0.31
Cash Flow from Investing Activities	67.47	183.12
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend paid Including Corporate Dividend Tax	(243.94)	(243.94)
Interest Paid	(6.21)	(9.59)
Repayment of Term Loans	(41.09)	(315.35)
Repayment of Unsecured Loans	—	(220.06)
Cash Flow from Financing Activities	(291.24)	(788.94)
D) Net increase in Cash and Cash equivalents	31.47	(637.10)
Cash and Cash equivalents as on 31.03.2012	1,672.93	2,310.03
Cash and Cash equivalents as on 31.03.2013	1,704.40	1,672.93

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

For and on behalf of the Board of Directors

A.V. Sadasiva
Partner
M. No. 018404

P. Venkateswarlu
Chairman & Managing Director

P. Veeraiah
Joint Managing Director

Place : Hyderabad
Date : 27.05.2013

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 the basis of actuarial valuation carried out by an independent 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	2012-13	2011-12
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 (Including 37,00,000 Bonus Shares at ₹ 10 issued during the year 1994.)	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 declared 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	2012-13		2011-12	
Name of the Shareholder	Number of Shares	% of Shares	Number of Shares	% of Shares
a) P Venkateswarlu	2340836	30.11	1994336	25.65
b) P Veeraiah	904955	11.64	799122	10.28
c) Kakatiya Finance & Leasing Co.Pvt. Ltd	—	—	350000	4.5

Note 3 : RESERVES AND SURPLUS

Particulars	2012-13	2011-12
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	1,431.39	1,221.39
ii) Add: Transfer from Surplus	210.00	210.00
Closing balance	1,641.39	1,431.39
4. Surplus		
Opening Balance	10,363.32	8,762.62
Add : Net profit transferred from Statement of Profit & Loss	1,611.04	2,054.64
	11,974.36	10,817.26
Less Appropriations:		
a) Proposed dividend	209.89	209.89
b) Corporate dividend tax	35.68	34.05
c) Amount transferred to General reserve	210.00	210.00
	455.57	453.94
Closing balance	11,518.79	10,363.32
TOTAL (1+2+3+4)	15,802.92	14,437.45



**KAKATIYA CEMENT SUGAR &
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Note 4 : SHARE APPLICATION MONEY PENDING ALLOTMENT

(₹ in Lac)

Particulars	2012-13	2011-12
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.

Note 5 : DEFERRED TAX LIABILITY (NET)

1. Deferred tax asset		
Employee Benefits	14.81	13.92
TOTAL	14.81	13.92
2. Deferred tax Liability		
Opening Balance	401.77	556.13
Less: Depreciation	145.80	140.44
	255.97	415.69
Deferred tax Liability (Net)(2-1)	241.16	401.77

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	230.88	280.85
Provision for Leave Encashment	6.38	—
	237.26	280.85



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

Note 8 : TRADE PAYABLES

(₹ in Lac)

Particulars	2012-13	2011-12
Due to Micro and Small Enterprises	—	—
Others	1,166.09	1,004.45
TOTAL	1,166.09	1,004.45

NOTE 9 : OTHER CURRENT LIABILITIES

Current maturities of Longterm debts	—	41.09
Unsecured Loans Directors	30.00	30.00
Unclaimed Dividend	30.28	34.16
Statutory Liabilities	884.30	590.67
TOTAL	944.58	695.92

9.1. Statutory & other liabilities represent amounts payable towards Excise Duty, Service Tax, Sales tax and TDS.

Note 10 : SHORT TERM PROVISIONS

Proposed Dividend	245.56	243.94
Provision for Taxation	2,433.53	1,399.19
Current Provision for Tax	937.74	1,034.34
TOTAL	3,371.27	2,433.53
Less: Advance Tax Paid	3,268.47	2,463.07
Provision for Tax (Net of Advance tax)	102.80	(29.54)
TOTAL	348.36	214.40



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

Note 11 : FIXED ASSETS TANGIBLE (₹ in lakhs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	AS AT 01.04.2012	ADDI- TIONS	DELE- TIONS	31.03.2013	AS AT 01.04.2012	DELE- TIONS	AS ON 31.03.2013	AS AT 31.03.2012
CEMENT DIVISION								
FREEHOLD LAND	101.23	0.00	0.00	101.23	0.00	0.00	0.00	101.23
BUILDINGS	540.38	27.41	0.00	567.79	226.09	10.97	237.06	330.73
PLANT & MACHINERY	6718.20	30.28	0.00	6748.48	4903.59	200.89	5104.48	1643.99
OTHER EQUIPMENT	145.63	1.89	0.00	147.52	118.29	4.39	122.68	24.83
FURNITURE & FIXTURES	18.21	0.00	0.00	18.21	17.10	0.07	17.17	1.04
OFFICE EQUIPMENT	5.76	0.45	0.00	6.21	4.94	0.12	5.06	1.15
VEHICLES	54.29	0.00	0.00	54.29	45.67	2.00	47.67	6.62
TOTAL	7583.70	60.03	0.00	7643.73	5315.68	218.44	5534.12	2109.59
SUGAR DIVISION								
FREEHOLD LAND	152.08	4.74	0.00	156.82	0.00	0.00	0.00	156.82
BUILDINGS	2211.47	0.00	0.00	2211.47	914.90	57.89	972.79	1238.68
PLANT & MACHINERY	3629.05	186.82	0.00	3815.87	2703.04	191.64	2894.68	921.19
OTHER EQUIPMENT	88.26	0.00	0.00	88.26	78.89	4.19	83.08	5.18
FURNITURE & FIXTURES	12.15	0.00	0.00	12.15	11.50	0.00	11.50	0.65
OFFICE EQUIPMENT	45.62	0.00	0.00	45.62	27.15	2.17	29.32	16.30
VEHICLES	49.09	12.39	6.81	54.67	49.08	6.81	42.86	11.81
TOTAL	6187.72	203.96	6.81	6384.87	3784.56	6.81	4034.23	2350.64
POWER DIVISION								
Buildings - Factory	420.82	0.00	0.00	420.82	140.16	14.06	154.22	266.60
Plant & Machinery	4566.19	0.00	0.00	4566.19	2394.95	241.09	2636.04	1930.15
TOTAL	4987.01	0.00	0.00	4987.01	2535.11	255.15	2790.26	2196.75
GRAND TOTAL	18758.43	263.99	6.81	19015.61	11635.36	6.81	12358.61	6656.98
PREVIOUS YEAR	18722.66	35.77	0.00	18758.43	10899.05	736.31	11635.36	7123.07
							7123.07	7823.61



**KAKATIYA CEMENT SUGAR &
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Note 12 : NON-CURRENT INVESTMENTS

(₹ in Lac)

Particulars	2012-13	2011-12
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

Note 12.1 : Aggregate market value of Quoted Investments ₹ 5.40 Lakhs as against (P.Y 6.33 Lakhs)

Note 13 : LONGTERM LOANS AND ADVANCES

Unsecured considered good

a) Deposits - Government	132.27	132.27
b) Deposits - Others	239.45	240.24
TOTAL	371.72	372.51

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

Note 14 : INVENTORIES

(Valued at lower of cost or net realizable value)

Finished Goods	6,411.56	4,217.19
Work-in-Progress	466.43	125.67
Raw Materials	11.91	27.04
Banked Energy	50.80	115.03
Packing Materials	25.12	38.62
Stores Spares and Consumables	1,289.76	1,158.81
TOTAL	8,255.58	5,682.36

Note 15 : TRADE RECEIVABLES

Unsecured, considered good

Over six months	1,012.65	1,091.79
Others	184.58	332.57
TOTAL	1,197.23	1,424.36

Note 16 : CASH AND BANK BALANCES

Balances with banks in Current Accounts	416.92	462.57
Balances with banks in Deposit Accounts	1,281.36	1,206.12
Cash on hand	6.12	4.24
TOTAL	1,704.40	1,672.93

Note 16.1 : Balances with banks includes-

Unclaimed dividend	34.16	34.16
Margin Money against Bank Guarantee	81.50	81.50



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Note 17 : SHORT TERM LOANS & ADVANCES

(₹ in Lac)

Particulars	2012-13	2011-12
Unsecured Considered good		
Advances towards Goods and Services.	285.60	596.69
Employees Advances	5.28	5.64
Other Advances	1,125.44	1,017.81
Prepaid expenses.	19.79	16.10
Interest Accrued on Deposits.	14.52	15.23
TOTAL	1,450.63	1,651.47

17.1: Other Advances include Income tax paid under protest AY 2007-08 amounting to ₹ 602.10 Lacs (PY 27.98 Lacs) and Sales tax paid under protest amounting to ₹ 200.54 Lakhs (PY 200.54 Lacs).

Note18 : REVENUE FROM OPERATIONS

Revenue from operations

Sale of products (Gross)	21,478.26	19,973.72
Less: Excise Duty	1,610.30	1,471.83
Less: VAT	1,435.55	1,595.53
Revenue from operations (Net)	18,432.41	16,906.36

18.1 : Details of products sold

Cement	8,228.27	9,373.53
Sugar	7,354.39	4,654.88
Power	2,849.75	2,877.95
	18,432.41	16,906.36

Note 19 : OTHER INCOME

Interest Income	271.92	222.03
Sale of Flyash	20.81	63.48
Sale of scrap	3.66	4.90
Profit on Sale of Asset	0.33	—
Sale of Export obligation	—	101.19
TOTAL	296.72	391.60

Note.19.1 : Interest income represents Interest on Fixed Deposits and Interest on eletricity deposits.

Note 20 : COST OF MATERIALS CONSUMED

Cemene Division

- Limestone	442.49	371.51
- Gypsam	201.79	186.18
- Others	86.26	83.53

Sugar Division

- Sugar Cane	6,388.40	4,829.04
TOTAL	7,118.94	5,470.26



**KAKATIYA CEMENT SUGAR &
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Note 21 : CHANGES IN INVENTORIES

(₹ in Lac)

Particulars	2012-13	2011-12
Finished Goods		
Closing Stock	6,462.36	4,332.22
Opening Stock	4,332.22	2,534.14
(A)	2,130.14	1,798.08
Work in Progress		
Closing Stock	466.43	125.67
Opening Stock	125.67	184.67
(B)	340.76	(59.00)
Changes in inventories	(A+B)	(1,739.08)
Details of Closing Inventory		
Finished Goods		
Cement	29.74	35.16
Sugar	6,381.83	4,182.03
Banked Energy	50.79	115.03
TOTAL	6,462.36	4,332.22
Work in Progress		
Cement	466.43	125.67
TOTAL	6,928.78	4,457.89
Details of Opening Inventory		
Finished Goods		
Cement	35.16	29.66
Sugar	4,182.03	2,387.89
Banked Energy	115.03	116.59
TOTAL	4,332.22	2,534.14
Work in Progress		
Cement	125.67	184.67
TOTAL	4,457.89	2,718.81



**KAKATIYA CEMENT SUGAR &
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Note 22 : EMPLOYEE BENEFIT EXPENSE

(₹ in Lac)

Particulars	2012-13	2011-12
Salaries, Wages and Bonus	1,412.22	1,239.55
Contribution to Provident fund	45.74	47.15
Staff Welfare Expenses	81.01	84.22
TOTAL	1,538.97	1,370.92

Note 23 : FINANCE COST

Interest expense	6.21	9.59
TOTAL	6.21	9.59

Note 24 : OTHER EXPENSES

Stores & Spares Consumed	609.05	685.75
Consumption of packing material	669.70	562.74
Power & Fuel	7,368.59	6,457.70
Repairs to Buildings	4.63	8.77
Repairs to Machinery	11.40	17.44
Repairs to Others	37.03	35.88
Other Manufacturing Expenses	166.14	141.38
Excise Duty on Closing Stocks	41.98	97.09
Advertisement and sales promotion	17.75	29.26
Other selling expenses	98.48	128.00
Donations	51.94	39.62
Bad debts Written Off	0.43	4.49
Miscellaneous Expenses*	340.55	307.22
TOTAL	9,417.67	8,515.34

***Note 25 : PAYMENT TO AUDITOR** (included in miscellaneous expenses)

As Auditor

For Statutory Audit	3.00	2.50
For Tax Audit	0.65	0.50
For Quarterly review	1.00	1.00
TOTAL	4.65	4.00

Note 26 : EARNINGS PER SHARE (EPS)

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

Profit after tax	1,611.04	2,054.64
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 (₹)	20.72	26.43
Diluted Earnings per Share (₹)	20.34	25.94



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

Note 27 : RELATED PARTY DISCLOSURES

i) Key management personnel:

P.Venkateswarlu.

P.Veeraiah.

ii) Relatives of key management personnel:

P.Samrajyam.

P.Radha.

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

Standard Construction Co. (Partnership Company).

Kakatiya Finance and Leasing Company Pvt Limited.

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	162.46 (179.42)	5.94 (6.81)	—	168.40 (186.23)
Dividend paid - 2011-12	75.90	8.67	—	84.09
Dividend paid - 2010-11	(75.42)	(8.67)		(84.09)
Rent Paid		3.60 (2.4)	—	3.60 (2.4)
Truck hire charges			2.16 (2.16)	2.16 (2.16)

*Figures in bracket represents previous year.

Note 28 : EMPLOYEE BENEFITS

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

Defined Benefit plans:

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



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a) Gratuity - Disclosures as per AS 15:		(₹ in Lacs)	
Particulars	2012-13	2011-12	
1. Changes in the Present Value of Obligation			
Present value of obligations as at beginning of the year	190.30		—
Current Service cost	11.02		190.30
Benefits paid	(25.92)		—
Actuarial (gain)/loss on obligations	—		—
Present value of obligations as at end of year	175.40		190.30
2. Changes in Fair value of plan assets			
Fair value of plan assets at beginning of the year	19.32		—
Expected return on plan assets	1.12		—
Contributions	49.16		19.32
Benefits paid	(25.92)		—
Actuarial gain/(loss) on plan assets	—		—
Fair value of plan assets at the end of year	43.68		19.32
3. Assets recognized in the Balance Sheet			
Present value of obligations as at the end of the year	175.40		640.12
Fair value of plan assets as at the end of the year	43.68		567.67
Funded status	(120.19)		(72.45)
Net asset/(liability) recognized in balance sheet (Refer Note below)	(120.19)		(72.45)
Note: The Company has gratuity provision of ₹ 230.88 lacs as on 31.3.2013			
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	—		—
Interest cost	—		—
Current Service cost	1.90		—
Benefits paid	—		—
Actuarial (gain)/loss on obligations	4.48		—
Present value of obligations as at end of year	6.38		—
2. Assets recognized in the Balance Sheet			
Present value of obligations as at the end of year	6.38		—
Fair value of plan assets as at the end of the year	—		—
Funded status	(6.38)		—
Net asset/(liability) recognized in balance sheet	(6.38)		—
3. Expenses recognized in the Statement of Profit & Loss			
Current service cost	34.81		—
Interest cost	13.81		—
Expected return on plan assets	(16.32)		—
Net Actuarial (gain)/loss recognized in the year	35.68		—
Expenses recognized in statement of profit and loss	67.98		—
4. Assumptions			
Discount Rate	8%		—
Salary Escalation	4%		—



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

Note 29 : CONSUMPTION OF RAW MATERIALS AND OTHER MATERIALS

Particulars	2012-13		2011-12	
	₹ in Lacs	%	₹ in Lacs	%
a) Raw Materials				
i) Imported	-	-	-	-
ii) Indigenous	7,118.94	100	5,470.26	100
TOTAL	7,118.94	100	5,470.26	100
b) Components, Spares, Consumables & Packing Materials				
i) Imported	-	-	-	-
ii) Indigenous	1,278.75	100	1,248.49	100
TOTAL	1,278.75	100	1,248.49	100

Note.30. 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 ₹ 1387.57 lakhs, out of which ₹ 1215.04 lakhs was considered as income, matter is pending before APERC.
- ii) Claims against the company by APCPDCL/APSPDCL amounting to ₹ 902.97 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 31.03.2013 was ₹ 979.86 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 there was a demand of ₹ 90.78 lakhs towards denial of exemption u/s. 80-IA to Company's Power Division and other disallowances in Sugar and Cement Divisions. The matter is pending before CIT (Appeals).
- iv) 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 31 : SEGMENT REPORTING

(₹ In Lakhs)

Particulars	2012-13				2011-12			
	Cement	Sugar	Power	Consolidated	Cement	Sugar	Power	Consolidated
PRIMARY DISCLOSURES								
Segment Revenue								
External Revenue	10898.46	6986.01	2403.59	20288.05	12197.24	4292.35	2431.35	18920.94
Inter-Segment Revenue	0.00	742.56	447.64	1190.21	0.00	605.14	447.64	1052.78
Interest & Other Income	252.95	22.96	20.81	296.72	118.67	209.45	63.48	391.60
Total Revenue	11151.41	7751.53	2872.04	21774.98	12315.91	5106.94	2942.47	20365.32
Segment Result								
Segment result	1973.82	746.98	(326.43)	2394.37	3120.23	(239.43)	63.41	2944.21
Less: Interest Expenses	6.20	0.00	0.01	6.21	6.20	3.00	0.39	9.59
Less: Income Tax								
Deferred Taxation	777.12	0.00	0.00	777.12	879.98	0.00	0.00	879.98
Net Profit/Loss from ordinary activities	1190.50	746.98	(326.44)	1611.04	2234.05	(242.43)	63.02	2054.64
OTHER INFORMATION								
Segment Assets	9546.09	9676.25	3721.33	22943.67	8607.31	7789.99	4035.37	20432.67
Unallocated corporate Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Assets	9546.09	9676.25	3721.33	22943.67	8607.31	7789.99	4035.37	20432.67
Segment Liabilities	4820.77	1542.31	0.33	6363.41	3988.82	1214.04	0.28	5203.14
Unallocated corporate Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Liabilities	4820.77	1542.31	0.33	6363.41	3988.82	1214.04	0.28	5203.14
Cost to acquire Fixed assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation	218.44	256.48	255.15	730.07	223.04	258.11	255.15	736.30
Non cash Expenses other than Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Segment liabilities in respect of secured loans are allocated by the management to each of the segment on a reasonable basis having relation to the utilisation of the loans to the particular segment.

Note 32 : 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

For and on behalf of the Board of Directors

A.V. Sadasiva
Partner
M. No. 018404

P. Venkateswarlu
Chairman & Managing Director

P. Veeraiah
Joint Managing Director

Place : Hyderabad
Date : 27.05.2013

M. Bhavani Dattu
General Manager (Finance)

R. Ramakrishna
Company Secretary



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

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

ATTENDANCE SLIP

DPID No.* :	L.F. No. :
Client ID No.* :	No. of shares held :

I hereby record my presence at 34th Annual General Meeting of KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED held at Sri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad - 500 020, at 11.00 A.M on Thursday, the 11th day of July, 2013.

NAME(S) OF THE SHAREHOLDER(S) (IN BLOCK LETTERS)	
SIGNATURE OF THE SHAREHOLDER(S)	
NAME OF THE PROXY (IN BLOCK LETTERS)	
SIGNATURE OF THE PROXY	

Notes:

1. Shareholder/Proxy holder, as the case may be, is requested to sign and hand over this slip at the entrance of the Meeting venue.
2. Members are requested to advise the change of their address, if any, to the Company at the above address..

*Applicable for investors holding shares in electronic form.



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

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

FORM OF PROXY

I/We.....of..... being a member / members of KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED hereby appoint..... of.....or failing him/her..... of 34th Annual General Meeting of the Company to be held on Thursday, the 11th day of July, 2013 at 11.00 A.M. and at any adjournment thereof.

Dated this.....Day of 2013

Signature.....

Affix One Rupee
Revenue
Stamp

Notes:

1. If you intend to appoint a proxy to attend the meeting instead of yourself the proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
2. A proxy need not be a Member.

* Applicable for investors holding shares in electronic form.

NO GIFTS/ COMPLIMENTS WILL BE DISTRIBUTED AT THE MEETING

BOOK - POST
Printed Matter

If undelivered, please return to:



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

1-10-140/1, "GURUKRUPA"

ASHOKNAGAR,

HYDERABAD - 500 020.

Phone: 040-27637717