

41st Annual Report 2019 - 20



**KAKATIYA CEMENT
SUGAR & INDUSTRIES LTD.**



**KAKATIYA CEMENT SUGAR AND
INDUSTRIES LIMITED**

**KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED
BOARD OF DIRECTORS:**

1) Shri P Veeraiah	Chairman & Managing Director
2) Shri J S Rao	Director
3) Shri T R C Bose	Director
4) Shri B V Subbaiah	Director
5) Shri K Venkat Rao	Director
6) Smt. M Varalakshmi	Woman Director

SENIOR EXECUTIVES

1) Dr. P Anuradha	Chief Executive Officer
2) Shri B K Prasad	General Manager and Company Secretary
3) Shri M Bhavani Dattu	Chief Financial Officer
4) Shri D G K Raju	President (Cement works)
5) Shri C Pavan Kumar (Since 03-10-2019)	President (Sugar works)

AUDITORS

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

COST AUDITORS

M/s. Narasimha Murthy & Co.,
Cost Accountants,
3-6-365, 104 & 105, Pavani Estates,
Y.V. Rao Mansion,
HYDERABAD - 500029

BANKERS

State Bank of India
Ashok Nagar Branch
Hyderabad-500020

Andhra Bank
Ashok Nagar Branch
Hyderabad-500020

REGISTERED OFFICE

1-10-140/1, "GURUKRUPA"
Ashok Nagar,
HYDERABAD-500020.
Phone No. 040-27637717

REGISTRARS

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

FACTORIES

CEMENT:

Dondapadu Village
Chintalapalem Mandal
Suryapet Dist. Telangana State

SUGAR & POWER:

Peruvancha Village
Kallur Mandal
Khammam Dist. Telangana State



**KAKATIYA CEMENT SUGAR AND
INDUSTRIES LIMITED**

NOTICE:

Notice is hereby given that the 41st Annual General Meeting of the Members of Kakatiya Cement Sugar and Industries Limited (the Company) will be held through Video Conferencing (VC) at 11.00 A.M on Wednesday the 9th day of September, 2020, to transact the following business:

Ordinary business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2020 including the Audited Balance Sheet as at 31st March, 2020, the statement of Profit and Loss, Cash Flow Statement for the financial year ended on that date and the Reports of Directors and Auditors thereon.
2. To declare dividend on equity shares for the Financial Year ended 31st March, 2020.
3. To appoint a Director in place of Shri J S Rao (DIN 00029090) who retires by rotation and being eligible offers himself for re-appointment and in this regard, pass the following Resolution as an ordinary Resolution.

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

Special Business:

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

“Resolved that pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, the remuneration payable to M/s. Narasimha Murthy, Cost Accountants (Firm Registration No.000042) appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2021 amounting to ₹ 1.45 lacs together with the applicable taxes and re-imburement of out of pocket expenses incurred in connection with the aforesaid audit be and is hereby ratified and confirmed”.

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

Place : Hyderabad
Date : 24th June, 2020

B K Prasad
General Manager and
Company Secretary



NOTES:

1. In view of the prevailing lock down situation across the country due to outbreak of the COVID-19 pandemic and restrictions on the movements apart from social distancing, the Ministry of Corporate Affairs (MCA) vide circular Nos. Circular No. 14/2020 dated April 08, 2020, Circular No. 17/2020 dated April 13, 2020 read with Circular No. 20/2020 dated May 05, 2020, permitted the companies to hold their AGM through Video Conferencing (VC) for the calendar year 2020.
2. Accordingly, in compliance with the applicable provisions of the Companies Act, 2013 read with the aforesaid circulars issued by MCA, the 41st Annual General Meeting of the Company shall be conducted through Video Conferencing (VC) to be referred to as "e-AGM".
3. The Company has appointed M/s. Central depository Services of (India) Limited (CDSL) to provide Video Conferencing facility for the e-AGM.
4. In the e-AGM:
 - a. Members can attend the meeting through log in credentials provided to them to connect to Video Conference. Physical attendance of the Members at the e-AGM venue is not required.
 - b. Appointment of proxy to attend and cast vote on behalf of the member is not available.
 - c. Body Corporates are entitled to appoint authorized representatives to attend the e-AGM through VC and participate thereat and cast their votes through e-voting.
5. In case of Joint holders attending the e-AGM, only such Joint holder who is higher in the order of the names will be entitled to vote.
6. An explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013 which sets out details relating to the special Business to be transacted at the e-AGM is annexed hereto.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities Market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the company/ RTA.
8. The Register of Members and Share Transfer Books will remain closed from 3rd September, 2020 to 9th September, 2020 (both days inclusive) in connection with the e-AGM and for payment of dividend.
9. As required under Listing Regulations and Secretarial Standard-2 on General Meetings, details in respect of a Director seeking re-appointment at the e-AGM is separately annexed hereto. The Director seeking the re-appointment has furnished requisite declaration under section 164(2) and other applicable provisions, if any, of the Companies Act, 2013 including Rules framed thereunder.
10. All the shareholders are requested to intimate their e-mail address to the Company at info@kakatiyacements.com for sending Notice and Annual Report through e-mail. Shareholders are also requested to notify immediately any change in their addresses to the Company's Registered Office with their Folio Number(s) and with their e-mail addresses. They can also visit the company's website at www.kakatiyacements.com where the notice is uploaded. For any communication, the shareholders may also utilize company's investor e-mail ID: info@kakatiyacements.com.

No physical copy of the notice of the e-AGM and the Annual Report for the financial year 2019-2020 will be sent to members who have not registered their e-mail address with the company / Depository Participant unless a specific request has been made by the members to the company or to its RTA.
11. The Dividend, after declaration, will be paid to those shareholders, whose names stand on the Register of Members as on 2nd September, 2020. 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 2nd September, 2020. The Dividend will be paid on or before 8th October, 2020.
12. Members may note that the Income Tax Act, 1961 as amended by the Finance Act, 2020 mandates that dividends paid or distributed by a company after April 01, 2020 shall be taxable in the hands of members. The company shall therefore be required to deduct tax at source (TDS) at the time of making payment of dividend.



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

In order to enable us to determine the appropriate TDS rate as applicable, members are requested to submit the following documents in accordance with the provisions of Income tax Act, 1961.

For resident shareholder, taxes shall be deducted at source under section 194 of the Income Tax Act as follows-

Members having valid PAN	7.5% or as notified by the Government of India
Members not having Valid PAN	20% or as notified by the Government of India

However no tax shall be deducted on the dividend payable to a resident individual if the total dividend to be received by her/him during Financial Year 2020-2021 does not exceed ₹ 5000/- and also in case where members provided Form 15G/ Form 15H (applicable for persons of 60 years and above) subject to conditions specified in the Income Tax Act, 1961.

13. The Notice calling the e-AGM has been uploaded on the website of the Company at www.kakatiyacemets.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and at www.nseindia.com respectively. The e-AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the e-AGM) at www.evotingindia.com.
14. The Members can join the e-AGM 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
15. Up to 1000 members will be able to join on a First Come First Serve basis to the e-AGM.
16. No restrictions on account of First Come First Serve basis entry into e-AGM in respect of large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.
17. The attendance of the Members (members' logins) attending the e-AGM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
18. **Remote e-Voting:** Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), the Company is providing facility of remote e-voting to its Members through e-Voting agency M/s. Central depository Services of (India) Limited (CDSL).
19. **Voting at the e-AGM:** Members who could not vote through remote e-voting may avail of the e-voting system provided in the e-AGM by CDSL.
20. The documents pertaining to the items of business to be transacted at the e-AGM are available for inspection in electronic mode. The shareholders may send an e-mail to info@kakatiyacemets.com and the Company shall respond suitably.
21. As per provisions of Section 124 of the Companies Act, 2013, the Company has transferred to the Investors Education and Protection Fund (IEPF), the amount of all unclaimed dividend declared up to and including the financial year ended 31st March 2012. The amount of unclaimed dividend for the financial year ended 31st March 2013 will be transferred to the Investors Education and Protection Fund with in the prescribed time during the current year.
22. As per the provisions of Section 124 of the Companies Act, 2013, the Company is required to transfer dividend, which remains unpaid or unclaimed for a period of 7 years, to the IEPF set up by the Central Government. Shareholders, who have not claimed their dividend for any year from the financial year ended March 31, 2013 onwards are requested to lodge their claim with the Company.
23. The Company's shares are listed with The National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The Annual Listing Fee for the year 2020-2021 has been paid to these two Stock Exchanges.
24. As per SEBI circular No.CIR/MRD/DP/10/2013 dated March 21, 2013, dividend payments to investors are made electronically through ECS. **Shareholders are requested to update their bank details with the depositories to ensure that dividend is credited promptly. Those shareholders who hold shares in physical form are requested to communicate their bank account number, name of the Bank, Branch, IFSC Code and address to: info@kakatiyacemets.com for necessary action at our end.**
25. Electronic copy of the Notice of the e-AGM of the Company and the Annual Report inter alia indicating the process and manner of e-voting are 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.
26. In Compliance with the provisions of Section 108 and 109 of the Act and Rules 20 and 21 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and the provisions of Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company is providing e-voting facility to the members to exercise their right to vote on Resolutions proposed to be passed in the meeting by electronic means. The members may cast their vote using an electronic voting system from a place other than the venue of the meeting. The company has engaged the services of CDSL as the authorised agency to provide e-voting facilities and instructions for availing e-voting facility are given in Note No.34.
27. The Board has appointed Smt. Manjula Aleti, Company Secretary in Practice (Membership No.FCS:10380, COP:13279) as scrutinizer to scrutinize the remote e-voting process and the e-voting at the e-AGM in a fair and transparent manner.
28. The scrutinizer shall, immediately after the conclusion of voting at the meeting, would first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make not later than 48 hours from the conclusion of the meeting, a consolidated scrutinizer's Report of the total votes cast in favour or against forthwith to the Chairman or a person authorised by the Chairman for countersignature.



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

29. The Results shall be declared by the Chairman or by an authorised person of the Chairman and the Resolutions will be deemed to have been passed on the date of e-AGM, subject to receipt of requisite number of votes in favour of Resolutions.
30. After declaration of results, the same shall be placed along with the scrutinizer's Report(s) on the website of the company www.kakatiyacements.com and communicated to BSE Limited and National stock Exchange of India Limited, where the shares of the company are listed.
31. A person whose name is recorded in the Register of members or in the Register of beneficial owners maintained by the Depositories as on the cut-off date i.e. 2nd September, 2020 shall only be entitled to avail the facility of remote e-voting and voting during e-AGM.
32. The e-voting period commences on 6th September, 2020 (9:00 AM) and ends on 8th September, 2020 (5:00 PM). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 2nd September, 2020, 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.
33. The voting rights of shareholders shall be in proportion to their shares in the paid-up equity share capital of the Company.
34. **CDSL e-Voting System – For Remote e-voting and e-voting during e-AGM.**
 1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming e-AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing e-AGM through VC/OAVM.
 2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the e-AGM. For this purpose, the Company has entered into an agreement with CDSL for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the e-AGM will be provided by CDSL.
 3. The Members can join the e-AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the e-AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the e-AGM without restriction on account of first come first served basis.
 4. The attendance of the Members attending the e-AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
 5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this e-AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the e-AGM through VC/OAVM and cast their votes through e-voting.

THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The voting period begins on 6th September, 2020 (9.00 A.M) and ends on 8th September, 2020 (5.00 P.M). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 2nd September, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on "Shareholders" module.
- (v) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasiusing yourlogin credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Shareholders holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
OR Date of Birth (DOB)	<ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant Kakatiya Cement Sugar and Industries Limited on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

- For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
- For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company/RTA email id.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE e-AGM THROUGH VC/OAVM ARE AS UNDER:

- Shareholders will be provided with a facility to attend the e-AGM under VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholders login where the EVSN of Company will be displayed.



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective networks. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their requesting advance at least 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at info@kakatiyacemements.com. The shareholders who do not wish to speak during the e-AGM but have queries may send their queries in advance 10 days prior to the meeting mentioning their name, demat account number/folio number, email id, mobile number at info@kakatiyacemements.com. These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE E-AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the e-AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the e-AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the e-AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the e-AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the e-AGM. However, they will not be eligible to vote at the e-AGM.

(xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; info@kakatiyacemements.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending e-AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futorex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.



**KAKATIYA CEMENT SUGAR AND
INDUSTRIES LIMITED**

ANNEXURE TO NOTICE

Item No.3		
Sl.No.	Name of the appointee	Shri J S Rao
1.	Date of Birth	18/07/1953
2.	Qualification	B.E
3.	Date of first Appointment	09/07/1979
4.	Expertise in the specific functional areas	39 years of Industrial experience in the manufacturing Sector.
5.	Nature of appointment	Retiring by rotation and being eligible offers himself for re-appointment.
6.	Occupation	Industrialist
7.	Remuneration	He is a Non-Executive Director. No remuneration is paid to the Non-Executive Directors except payment of sitting fee for the Board / Committee Meeting attended by the Non-Executive Directors.
8.	Shareholding of Kakatiya Cement Sugar and Industries Limited	10000 shares
9.	No. of Listed entities in which committee membership / chairmanship held	2
10.	No. of Listed entities in which Directorship held	1
11.	Inter-se relationship with any other director on the Board.	Not applicable

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

Item No.4

The Board of Directors of the Company on the recommendation of the Audit Committee approved the appointment and remuneration of M/s. Narasimha Murthy, Cost Accountants as the Cost Auditors of the company to conduct the audit of the Cost Records of the Company for the Financial Year ended 31st March, 2021.

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

The Board commends this Resolution for approval of Members.

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

Place : Hyderabad
Date : 24th June, 2020

B K Prasad
General Manager and
Company Secretary



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

DIRECTORS' REPORT

To
The Members
Your Directors have pleasure in presenting the 41st Annual Report together with the Audited Financial statements for the year ended 31st March, 2020.

Financial Results

The Financial Results for the year ended 31st March, 2020 are summarized below:

(₹. In lakhs)

Particulars	2019-20	2018-19
Income (Sales and other Income)	16797.73	12344.71
Profit before Depreciation, Interest & Taxes	1189.33	1438.11
Depreciation	242.94	242.26
Interest	312.65	565.08
doubtful debts	0	260.57
Provision for wheeling charges	650.00	0
Taxation	157.70	97.33
Deferred Taxation	(101.36)	(242.87)
TOTAL	1261.93	922.37
Profit after Tax	(72.60)	515.74
Other Comprehensive Income	150.00	(92.38)
Total Comprehensive Income	77.40	423.36
Share Capital (No. of shares)	7773858	7773858
EPS (Rs.)	(0.93)	6.63

Dividend

Your Directors are pleased to recommend for your consideration a Dividend at ₹ 3.00 per equity share for the year ended 31.03.2020 which aggregates to ₹ 233.22 lacs. Your directors feel that it shall be appropriate to recommend dividend at ₹ 3.00 per equity share at par with the dividend declared in the past years despite the fact that the financial performance of the company in the year under review has suffered a setback on account of multifarious factors.

Transfer of Profits to Reserves

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

Transfer to Investor Education and Protection Fund (IEPF)

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

Accordingly, the company has transferred 1,50,585 equity shares to the IEPF Authority during the year ended 31st March, 2020. To claim the equity shares and dividend which were transferred to the IEPF, the shareholders are requested to visit the website of the company www.kakatiyacements.com to know the procedure to claim the shares and dividend transferred to IEPF.

According to Section 205C of the Companies Act, 2013 read with Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, the company has transferred unclaimed dividend amounting to ₹ 8,77,735 to the IEPF during the year under review. The said transfer is in respect of the unclaimed dividend for the financial year 2011-2012.

Material Changes and Commitments

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



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

Covid -19

Consequent to lockdown declared by the state and central governments resulting from the global epidemic, the company has shut down its operations in April and May, 2020. However the company has adopted 'work from home' policy wherever it is feasible. In view of the uncertainty as to the quick turnaround to normalcy, the company has carried out a comprehensive assessment of possible impact on its business operations, financial assets, contractual obligations and its overall liquidity position based on internal and external sources of information and application of reasonable estimates.

We anticipate that covid-19 could have a material impact on the company's performance in the current year. The company shall endeavour its best to mitigate the fixed overheads to the possible extent and there by combat the critical challenges and move forward with a committed spirit.

Further special focus is laid on health and safety of the workforce and requisite steps are being taken to ensure that the entire workforce sincerely adheres to the prescribed safety norms and health measures.

Public Deposits

The company has not accepted any deposits during the year under review and there were no outstanding deposits as at the end of the year falling within the ambit of Section 73 of the Companies Act, 2013 and the companies (Acceptance of Deposits) Rules, 2014.

Significant and Material orders passed by the Regulators / Courts / Tribunals

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

Directors retiring by rotation

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

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

Dematerialisation

As on 31st March, 2020, 75,72,056 shares were dematerialised with National Securities Depository Limited and Central Depository Services Limited which constitutes 97.40% of the shares of the company. Members may please note that it is a mandatory requirement that the company shall endeavour to ensure that at least 50% of the shareholding of the public shareholders is in the dematerialised mode.

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

Statement of Affairs of the company

The Statement of affairs of the company is presented as part of Management discussion and analysis (MAD) Report forming part of this Report.

PERFORMANCE OF THE YEAR UNDER REVIEW

Cement Division:

During the year under review, the Cement Division has produced 2,67,423 MT as against 2,00,779 MT in the year ago period thereby registering an increase of 33.19%.

The cement Division has clocked a turnover of ₹ 87.49 crores as against the turnover of ₹ 65.28 crores recorded in the previous year and this works out to a rise of 34.02%.

The Cement Division has earned Profit Before Tax (PBT) of ₹ 11.68 crores in the year under review as against ₹ 7.22 crores earned in the previous year. This works out to an increase of 61.77% over the previous year.

Sugar Division:

The Sugar cane crushed in the sugar division in the year under review is 1,08,478 MT as against 1,66,932 MT in the previous year thereby recording a decrease of 35.01%. The company could not procure the mandals and villages of its choice even in the year under review and the inadequate availability of water sources has also impacted the cane production and by extension even the production of sugar to a significant level. The recent Government Regulation restricting the sale of the sugar has also impacted the quantum of sales during the year under review.

The sugar division has clocked a turnover of ₹ 66.00 cores in 2019-2020 in comparison with ₹ 39.40 crores in the preceding year and thereby registering an increase of 67.51% over the year ago period. The sugar division recorded profit before tax (PBT) of ₹ (9.74) crores in the year under review as against profit before tax (PBT) of ₹ (12.54) crores in the preceding year.

Power Division:

The Power Division has generated 1,68,65,510 KWH in 2019-2020 as against 2,61,17,257 KWH of power in the preceding year thereby recording a decrease of 35.42%. Members are aware that the company has not been able to generate power during off-season period in the sugar division since the Government of Telangana has not been conceding to the request of the power entities to generate power using coal as an alternative fuel to the bagasse.

The Power division has clocked a turnover of ₹10.15 crores in the year under review as against the turnover ₹ 20.59 crores made in the year-ago period and this works out to a decrease of 50.70% over the previous year.



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

The power division could earn a Profit before tax (PBT) of ₹(2.01) crores as against a profit of ₹ 9.17 crores in the previous year thus recording a decrease of 122.90% in the year under review.

CURRENT YEAR OUTLOOK:

Cement Division:

Taking into account the market conditions and other factors, the company has set a target of its cement production at 3,00,000 MT for the current year.

Sugar Division:

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

Power Division:

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

Insurance:

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

Disclosures under the Companies Act, 2013

I) Extract of the Annual Return:

The extract of the Annual Return as per provisions of section 92 of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014 in form MGT-9 is enclosed to this Report (**Annexure – 1**). The same is posted on the website of the company at www.kakatiyacements.com.

II) Board Meetings:

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

III) Changes in Share Capital

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

IV) Changes in the nature of business, if any

There is no change in the nature of business of the company during the year under review.

V) Audit Committee:

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

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



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

- i. Recommending the appointment, re-appointment, and if required, the replacement or removal of the statutory auditors and fixation of audit fee and approval for payment for any other services.
More details of the Audit Committee are furnished in the Corporate Governance Report.

VI) Remuneration Policy:

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

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

Nomination and Remuneration Committee:

Scope

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

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

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

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

More details of the Nomination and Remuneration Committee are furnished elsewhere in the Corporate Governance Report.

VII) Related Party Transactions

Particulars of contracts / arrangements entered into by the company with Related Parties referred to in Section 188 (1) of the Companies Act, 2013 for the year ending 31st March, 2020 have been provided in Form No.AOC-2 pursuant to clause (b) of sub Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 and the same are annexed to this Report. **(Annexure-2).**

VIII) Statement of particulars of Appointment and Remuneration of the Managerial Personnel:

The statement of particulars of Appointment and Remuneration of Managerial Personnel as per Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ending 31st March, 2020 is annexed to this Report. **(Annexure-3).**

IX) Independent Directors Data Bank

All the Independent Directors of the company have been registered and are members of Independent Directors Data Bank maintained by Indian Institute of Corporate Affairs.

X) Statement of declaration furnished by Independent Directors under Section 149(6) of the Companies Act, 2013:

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

XI) Confirmation by the Board

Independent Directors have also confirmed that they are not aware of any circumstances or situations which exist or may be reasonably anticipated that could impair or impact their ability to discharge their duty with an objective independent judgment and without any external influence.

Further the Board after taking these declarations / disclosures on record and acknowledging the veracity of the same, concluded that the Independent Directors are persons of integrity and possess the relevant experience to qualify as independent directors of the company and are independent of the management.

XII) Opinion of the Board

Independent Directors of the company strictly adhere to corporate integrity, possess requisite expertise, experience, qualifications to discharge the assigned duties and responsibilities as mandated by the Companies Act, 2013 and Listing Regulations diligently.

XIII) Conservation of energy, technology absorption and foreign exchange earnings and outgo

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



XIV) Committee Meetings:

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

Directors' Responsibility Statement:

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

- a. That in the preparation of annual accounts, the applicable accounting standards have been followed and that there were no material departures therefrom.
- b. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2020 and of Profit / loss of the Company for that period.
- c. That the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. That the Directors have prepared the Annual Accounts for the Financial Year ended 31st March, 2020 on a going concern basis.
- e. That the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f. That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Evaluation of the Board's Performance:

Evaluation of all Board members will be done on an annual basis. The evaluation is done by the Independent Directors with specific focus on the performance of the Board and individual Directors. The observations of the evaluation made in the previous year, if any, will be considered. At the end of the current year, a comprehensive review will also be done.

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

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

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

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

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

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

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

Auditors:

M/s. Ramanatham & Rao, Chartered Accountants, (Regn. No.S-2934) Secunderabad have been appointed as Statutory Auditors of the company at the 38th Annual General Meeting held on September 25, 2017 in accordance with the provisions of Section 139 and Section 142(1) of the Companies Act, 2013 read with the companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any (including any statutory modifications or re-enactment thereof for the time being in force). The appointment as Statutory Auditors was for a period of five years from the conclusion of the 38th Annual General Meeting till the conclusion of the 43rd Annual General Meeting to be held in the year 2022. Consequently M/s. Ramanatham & Rao, Chartered Accountants (Regn. No.S-2934) continues to be the Statutory Auditors of the company till the conclusion of 43rd Annual General Meeting as approved by the shareholders at the 38th Annual General Meeting held on September 25, 2017.

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

The Board has appointed Smt. Manjula Aleti, Company Secretary in whole-time Practice to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of the Managerial Personnel) Rules, 2014 for the financial year 2019-2020.



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

The Secretarial Audit Report issued by Smt. Manjula Aleti practicing Company Secretary in Form-MR 3 for the financial year ending 31st March, 2020 is annexed to this Report. **(Annexure -4).**

The certificate issued by Smt. Manjula Aleti practicing Company Secretary under schedule V (C)(10)(i) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 stating that none of the directors of the company have been debarred or disqualified from being appointed as directors of the company by the SEBI/ Ministry of Corporate Affairs or such statutory authority as on 31st March, 2020 is annexed to this Report. **(Annexure -5).**

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

The Company has obtained the Annual Secretarial Compliance Report from Smt. Manjula Aleti practicing Company Secretary for the year ending 31st March, 2020 and the same is annexed to this Report. **(Annexure -6).**

The Auditor's Report and the Secretarial Audit Report do not contain any qualification, reservation or adverse remark.

Vigil Mechanism and Whistle Blower Policy:

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

Risk Management Committee:

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

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

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

Environmental Protection:

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a) Statement of Affairs of the company

During the year under review, the company has clocked a turnover of ₹ 156.46 crores compared to ₹ 110.61 crores recorded in the year-ago period. Though the segmental revenue in the cement and sugar divisions has shown an increase over the previous' years revenue, the profit before tax (PBT) for the company as a whole turned negative with a loss of ₹ 0.16 crores for the year under review.

This is because the company had to make provisions amounting to ₹ 9.50 crores in respect of matters connected with the power division in the year under review. The provisions were made for differential wheeling charges at ₹ 6.50 crores and for electricity duty on sale of power to TRANSCO at ₹ 3.00 crores based on consultation with the statutory Auditors and upon seeking legal advice.

Consequently the power division recorded an operating loss of ₹ 2.10 crores during the year under review while it clocked an operating profit of ₹ 9.17 crores in the previous fiscal.

b) Industry Structure and Development:

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

While the company has a well established structure and dealer net work, the company anticipates that it could have a material impact on its performance in the current year because of covid-19 global epidemic. The company shall endeavour its best to mitigate the fixed overheads to the possible extent and there by combat the critical challenges and move forward with a committed spirit.

Further special focus is laid on health and safety of the workforce and requisite steps are being taken to ensure that the entire workforce sincerely adheres to the prescribed safety norms and adopt prescribed health measures.

The sugar industry is essentially seasonal in its nature. The availability of cane, good rainfall and proper irrigation facilities are primary issues that determine the fortunes of the industry. The allocation of zonal area to the sugar units by the department is also an important factor as allotment of villages having growth potential for cultivation of cane will facilitate higher cane production leading to production of higher volumes in the sugar industry.

However the covid-19 global epidemic is a factor to be reckoned with and the corporates need to encounter this huge challenge and adopt multifarious measures to minimize the impact of Covid-19 global epidemic.



c) Opportunities and Threats:

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

The Government of Telangana has not been permitting power generators to use coal as an alternative fuel during the off season of the sugar industry as a matter of policy which was not the situation a few years ago.

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

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

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

d) Segment or product-wise performance:

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

e) Medium and long term strategy

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

f) Outlook:

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

g) Risks and concerns:

The Cement, Sugar and Power industries being core industries, there is no risk of product obsolescence or steep fall in demand by way of product substitution or otherwise and, therefore, your Directors do not foresee any major risks and concerns in the near future except as discussed elsewhere in this Report.

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

Consequent to covid-19 global epidemic, the company shall put its best by adopting measures that ensure safety and health of workers. All suitable measures and steps that are within the control of the management shall be put in place to counter the challenges posed by the global epidemic.

h) Internal control systems and their adequacy:

As stated elsewhere in this Report, the Company has adequate internal control systems and the Chief Financial Officer will monitor the Internal audit Reports and brief the Audit Committee in case any deficiency in the system is noticed and corrective measures are adopted to strengthen the system.

i) Financial Performance with respect to operational performance:

This has been discussed elsewhere in this Report.

j) Human Resource Development and Industrial Relations:

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

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

The Company's strength consists of 536 permanent employees as on 31st March, 2020.



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

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

Sl. No.	Particulars	Variation %	Reasons
1.	Debtors Turnover Ratio	*	*Variation is below 25% and need not be reported
2.	Inventory Turnover Ratio	50.97%	Decrease in inventory & increase in turnover
3.	Interest Coverage Ratio	42.72%	Decrease in borrowings and decrease in profits
4.	Net Profit Margin (%)	109.95%	Negative PAT(Profit after tax)
5.	Return on Net worth	114.21%	Negative PAT(Profit after tax)
6.	Operating Profit Margin Ratio	77.60%	Low earnings due to provisioning made for wheeling charges and electricity duty

l) Corporate Social Responsibility:

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

The annual report on CSR activities forms part of this Report.(Annexure -7).

Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013.

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

Cautionary Statement

Statements in this "Management Discussion and Analysis" may be considered to be "forward looking statements" within the meaning of applicable securities Laws or Regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include demand-supply conditions, finished goods prices, raw material availability and prices, cyclical demand and pricing in the Company's markets, changes in Government Regulations, tax regimes besides other factors such as litigations and labour negotiations and health and safety related issues concerning all the stakeholders.

Acknowledgement

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

The Directors thank the entire net work of dealers who have enabled the Company to achieve the volumes and kept up the rapport and friendly association with the company.

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

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

By order of the Board
for Kakatiya Cement Sugar and Industries Limited

Place : Hyderabad

Date : 24th June, 2020

P Veeraiah
Chairman and Managing Director
DIN : 00276769



ANNEXURE TO DIRECTORS' REPORT:

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

CONSERVATION OF ENERGY

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

TECHNOLOGY ABSORPTION

Efforts made in Technology Absorption : FORM "B" Enclosed

FOREIGN EXCHANGE EARNINGS AND OUTGO

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
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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 2019-20			PREVIOUS YEAR 2018-19		
	CEMENT	SUGAR	POWER	CEMENT	SUGAR	POWER
A. POWER & FUEL CONSUMPTION						
1 ELECTRICITY						
(a) Purchased (KWH)	27942950	3777797	--	20316223	5804201	--
Total Amount (Rs.)	179478625	3901623	--	155067286	70164271	--
Rate per Unit (Rs.)	6.42	10.56	--	7.63	12.08	--
(b) OWN GENERATION						
Through Diesel						
Generators (Units)	2050	--	--	12750	--	--
Total Amount (Rs.)	71544	--	--	396079	--	--
Cost per Unit (Rs.)	34.90	--	--	31.07	--	--



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

	CURRENT YEAR 2019-20			PREVIOUS YEAR 2018-19		
	CEMENT	SUGAR	POWER	CEMENT	SUGAR	POWER
2 FUEL						
(a) COAL						
Quantity (MT)	54630	--	--	21344	--	--
Total Cost (Rs.)	299904987	--	--	115489064	--	--
Average Rate (Rs.)	5489.75	--	--	5410.84	--	--
(b) Bagasse/Steam				--		
Quantity (MT)	--	42804	35695	--	69786	48304
Total Cost (Rs.)	--	41819518	6742770	--	32729634	71250769
Average Rate (Rs.)	--	977.02	1889	--	469	1475.05
B. CONSUMPTION PER UNIT OF PRODUCTION						
1. Electricity (KWH)						
Cement (MT)	94.03	--	--	97.74	--	--
Sugar (MT)	---	40.97	--	---	42.08	--
Power (KWH)	---	--	--	---	--	--
2. Coal (MT)	0.197			0.174		
(Per tone of clinker)						

FORM - B

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

- Specific areas in which R & D carried out by the Company
- Benefits derived as a result of the above R & D
- Future plan of action
- Expenditure on R & D
 - Capital
 - Recurring
 - Total
 - Total R & D expenditure as a Percentage of total turnover

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.

Technology Absorption, Adaptation & Innovation - Not applicable

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

Place : Hyderabad
Date : 24th June, 2020

P Veeraiah
Chairman and Managing Director
DIN : 00276769



**KAKATIYA CEMENT SUGAR AND
INDUSTRIES LIMITED**

Annexure - 1

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2020

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

I.	REGISTRATION AND OTHER DETAILS:		
i)	CIN	:	L26942TG1979PLC002485
ii)	Registration Date	:	07-07-1979
iii)	Name of the Company	:	KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED
iv)	Category / sub-Category of the Company	:	Company Limited by Shares / Public Company
v)	Address of the Registered office	:	1-10-140/1, GURUKRUPA, ASHOK NAGAR, HYDERABAD - 500020
vi)	Whether Listed Company	:	YES
vii)	Name, Address and Contact details of Registrar and Transfer Agent.	:	XL SOFTECH SYSTEMS LIMITED, 3, SAGAR SOCIETY, ROAD NO.2, BANJARA HILLS, HYDERABAD - 500034 Phone No.040-23545914/915

II.	PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:		
All the business activities contributing 10% or more of the total turnover of the company:-			
Sl. No	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	CEMENT	3242	56%
2	SUGAR	2060	42%
3	POWER	4390	2%

III	PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES				
Sl. No	NAME AND ADDRESS OF THE COMPANY	CIN / GLN	HOLDING / SUBSIDIARY / ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
Not Applicable					



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

IV. SHARE HOLDING PATTERN as on 31st March, 2020(Equity Share Capital Breakup as percentage of Total Equity)										
i) Category-wise Share Holding										
Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares		
A. Promoters										
(1) Indian										
(a) Individuals/ HUF	4131535	0	4131535	53.15	4205770	0	4205770	54.10	0.95	
(b) Central Government	-	-	-	-	-	-	-	-	-	-
(c) State Government(s)	-	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	-	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	4131535	0	4131535	53.15	4205770	0	4205770	54.10	0.95	
2. Foreign										
(a) NRIs-Individuals	-	-	-	-	-	-	-	-	-	-
Other Individuals	-	-	-	-	-	-	-	-	-	-
(b) Bodies Corporate	-	-	-	-	-	-	-	-	-	-
(c) Banks / FI	-	-	-	-	-	-	-	-	-	-
(d) Any Other	-	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)	0	0	0	0	0	0	0	0	0	0
Total Shareholding of	4131535	0	4131535	53.15	4205770	0	4205770	54.10	0.95	
Promoter										
(A)= (A)(1)+(A)(2)										
B. Public shareholding										
1. Institutions										
(a) Mutual Funds	200	0	200	0.00	200	0	200	0.00	0.00	
(b) Banks / FI	13358	172	13530	0.17	22449	72	22521	0.29	0.12	
(c) Central Government	-	-	-	-	-	-	-	-	-	-
(d) State Government	-	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-	-
(g) FIs	0	0	0	0.00	0	0	0	0.00	0.00	
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
(h) Others (specify)	-	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	13558	172	13730	0.18	22649	72	22721	0.29	0.12	
(2) 2. Non-institutions										
(a) Bodies Corporate	298629	12698	311327	4.00	152010	7634	159644	2.05		
(b) Individuals -	2951331	345720	3297051	42.41	3173474	194096	3367570	43.32		
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	3060489	345720	3406209	43.82	3010110	194096	3204206	41.22		
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	236562	0	236562	3.04	357460	0	357460	4.60		
(c) Other (specify) N R I	19715	500	20215	0.26	18153	0	18153	0.23		
Sub-Total (B)(2)	3269675	358918	3628593	46.68	3343637	201730	3545367	45.61		
Total Public Shareholding										
Shareholding (B) =										
(B)(1)+(B)(2)	3283233	359090	3642323	46.85	3366286	201802	3568088	45.90		
(C) Shares held by										
Custodian for	0	0	0	0	0	0	0	0		
GDRs & ADRs										
GRAND TOTAL										
(A)+(B)+(C)	7414768	359090	7773858	100	7572056	201802	7773858	100		



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

(ii) Shareholding of Promoters								
Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered total shares	
1	P. VEERAIAH	3493638	44.94		3567873	45.90		0.95
2	SAMRAJYAM PALLEMPATI	323277	4.16		323277	4.16		0.00
3	TRIVENI JASTI	69500	0.89		69500	0.89		0.00
4	SHANTI JETTY	57880	0.74	0.74	57880	0.74	0.00	0.00
5	SHALINI JETTY	38000	0.49	0.49	38000	0.49	0.00	0.00
6	RAGINI JETTY	36400	0.47	0.47	36400	0.47	0.00	0.00
7	JUTLA CHANDRA SEKHAR GOUD	31450	0.40	0.40	31450	0.40	0.00	0.00
8	JASTI LAKSHMI NALINI	28520	0.37		28520	0.37		0.00
9	J SIVA RAMA PRASAD	19350	0.25	0.25	19350	0.25	0.00	0.00
10	SUKUMARI KONERU	12000	0.15		12000	0.15		0.00
11	SESHAGIRI RAO JASTI	10000	0.13		10000	0.13		0.00
12	SAARIKA KONERU	5720	0.07		5720	0.07		0.00
13	J VENKATA KRISHNA	3000	0.04		3000	0.04		0.00
14	MUSUNURI RAMAKRISHNA PRASAD	2000	0.03		2000	0.03		0.00
15	RAAJITHA KONERU	700	0.01		700	0.01		0.00
16	JASTI CHELAMESWAR (HUF)	100	0.00		100	0.00		0.00
	TOTAL	4131535	53.15	2.35	4205770	54.10	0.00	

(iii) CHANGE IN PROMOTERS' SHAREHOLDING

SL. NO.	shareholding at the beginning of the year		shareholding at the end of the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	4131535	53.15	4205770	54.10

Shri P Veeraiah, Chief Promoter has acquired 74235 shares during the year. There are no changes in the holding of other promoters.

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

		Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	ANIL ZAWAR	29824	0.38	29824	0.38
2	BACHH RAJ NAHAR	31110	0.40	28110	0.36
3	M HARATHI	25565	0.33	25565	0.33
4	M SEETHAMMA	25000	0.32	25000	0.32
5	PRAKASH S	24000	0.31	24000	0.31
6	BYNA MURALI	0.00	0.00	24000	0.31
7	KAVITHA V	21895	0.28	21969	0.28
8	SUNIL PANALAL ZAWAR	0.00	0.00	13824	0.18
9	RANGAPPA N	21300	0.27	12800	0.16
10	PADMA PRIYA	0.00	0.00	11821	0.15



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

(v) Shareholding of Directors and Key Managerial Personnel:					
SL. NO	DIRECTORS/ AND KMP	shareholding at the beginning of the year		shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	P. VEERAAIAH	3493638	44.94	3567873	45.90
2	SESHAGIRI RAO JASTI	10000	0.13	10000	0.13
	KMP				
1	B KAMESWARA PRASAD	800	0.01	800	0.01

V. INDEBTEDNESS

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

(₹.in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial year				
i) Principal Amount	7959.42	0.00	0	7959.42
ii) Interest due but not paid	0	0	0	0.00
iii) Interest accrued but not due	0	0	0	0.00
Total (i+ii+iii)	7959.42	0	0	7959.42
Change in Indebtedness during the financial year				
* addition	0	0.00	0	0.00
* Reduction	2942.00	0	0	2942.00
Net Change	(2942.00)	0.00	0	(2942.00)
Indebtedness at the end of the financial year				
i) Principal Amount	5017.42	0	0	5017.42
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	5017.42	0	0	5017.42

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director

(₹.in lakhs)

Sl. No.	Particulars of Remuneration	Managing Director	Total
1	Gross Salary	84.00	84.00
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961.		
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961.	46.08	46.08
	(c) Profits in lieu of salary under section 17(3) Income-Tax Act, 1961		
2	Stock Option	0	0
3	Sweat Equity	0	0
4	Commission		
	- as % of Profit	0.00	0.00
	- others, specify		
5	Others, please specify	0	0
	Total (A)	130.08	130.08
	Ceiling as per the Act is 5% of the net Profits calculated under section 198 of the Companies Act, 2013.	The Remuneration has been in accordance with Schedule V of the Companies Act, 2013.	



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

B. REMUNERATION TO OTHER DIRECTORS:

(₹. in lakhs)							
Sl. No.	Particulars of Remuneration	Name of Directors					
		T R C Bose	B V Subbaiah	K Venkat Rao	J S Rao	M Varalakshmi	Total Amount
1	Independent Directors						
	* Fee for attending Board committee meetings	3500	3750	2000			9250
	* Commission	0	0	0			0
	* Others, please specify	0	0	0			0
	Total (1)	3500	3750	2000			9250
2	Other Non-Executive Directors						
	* Fee for attending Board committee meetings				2250	1250	3500
	* Commission				0	0	0
	* Others, please specify				0	0	0
	Total (2)				2250	1250	3500
	Total (B) = (1+2)	3500	3750	2000	2250	1250	12750
	Total Managerial Remuneration						
	Overall ceiling as per the Act	-					

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



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

C REMUNERATION TO KEY MANAGERIAL PERSONNEL

(₹.in lakhs)

Sl. No.	Particulars of Remuneration	Particulars of Remuneration				
		Managing Director	Chief Executive Officer	Company Secretary	Chief Financial Officer	Total Amount
1	Gross Salary	84.00	28.98	10.91	9.87	133.76
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961.					
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961.	46.08	0	0	0	46.08
	(c) Profits in lieu of salary under section 17(3) Income-Tax Act, 1961	0	0	0	0	0.00
2	Stock Option	0	0	0	0	0.00
3	Sweat Equity	0	0	0	0	0.00
4	Commission					
	- as % of Profit	0	0	0	0	0.00
	- others, specify					
5	Others, please specify	0	0	0	0	0
	Total	130.08	28.98	10.91	9.87	179.84

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties punishment or compounding of offences during the year ended 31st March, 2020.



Annexure -2

Form No. AOC – 2

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

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

There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2020 which were not at arm's length basis.

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

The details of contracts or arrangements or transactions at arm's length basis for the year ended 31st March, 2020 are as follows:-

Name of Related Party	Nature of relationship	Duration of contract	Salient terms	Amount (₹.in lakhs)
Shri P Veeraiah	Key Managerial Personnel	As per approval of members	As per approval of members	130.08 (130.52)
Dr. P Anuradha	Key Managerial Personnel	As per terms of appointment	As per company's policy	28.98 (24.51)
Shri B K Prasad	Key Managerial Personnel	As per terms of appointment	As per company's policy	10.91 (11.01)
Shri M Bhavani Dattu	Key Managerial Personnel	As per terms of appointment	As per company's policy	9.87 (10.16)
Total Remuneration				179.84 (176.20)
Shri P Veeraiah	Key Managerial Personnel/ Promoter	Ongoing	Based on transfer pricing guidelines	24.00 (24.00)
Total Rent				24.00

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

Place : Hyderabad
Date : 24th June, 2020

P Veeraiah
Chairman and Managing Director
DIN : 00276769



Annexure – 3

Statement of particulars under section 197 of the companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for 2019-2020.

S. No	Name of the Director	Ratio of the remuneration to the median remuneration of the employees.
1.	Shri P. Veeraiah (Chairman and Managing Director)	49:1

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

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

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

- (iii) The percentage increase in the median remuneration of employees in 2019-2020.
1.5%
- (iv) The number of permanent employees on the rolls of company
536
- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

The average increase in the remuneration for the employees is 3.51% excluding that of Key Managerial Personnel while it was 2.95% in the previous year.

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



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

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

Name of the employee	age of the employee	Designation of the employee	Gross remuneration received (Rs. In lakhs)	Nature of employment whether contractual or otherwise	Qualifications of the employee	Experience of the employee	Date of commencement of employment	The last employment held by such employee before joining the company
Shri P Veeraiah	50 years	Chairman and Managing Director	130.08	Regular	B.Com	22 years	12-05-1998	--
Dr. P Anuradha	42 years	Chief Executive Officer	28.98	Regular	B.D.S, M.B.A, L.L.M	13 years	25-05-2018	--
Shri B K Prasad	70 years	General Manager and Company Secretary	10.91	Regular	M.Com, LLB, FCS	39 years	27-07-2015	Pitti Laminations Limited
Shri M Bhavani Dattu	67 years	Chief Financial Officer	9.87	Regular	M.Com, LLB,ACA, ACS, ACMA,	40 years	18-04-2012	HMT Machine Tools Ltd.



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

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

(₹. In lakhs)

Sl. No	Name	Designation	Remuneration received	Nature of employment	Qualification and Experience in years	Date of commencement of employment	Age in years	Last employ-ment held	Percentage shares held	Relation ship with directors
1.	Shri D Gopala Krishnam Raju	President	26.52	Regular	B.E (Mech) 32 years	14.10.2013	55	Ncl Industries Limited	---	--
2.	Shri B Kameswara Prasad	General Manager and Company secretary	10.91	Regular	M.Com, LLB, FCS 39 years	27.07.2015	70	Pitti Engineering Limited	0.01	--
3.	Shri C Pavan Kumar	President	10.70	Regular	B.E (Mech) 38 years	03.10.2019	63	India Cements.	---	--
4.	Shri M Bhavani Dattu	Chief Financial Officer	9.87	Regular	M.Com ACA, LLB, ACS, ICWA 40 years	18.04.2012	67	HMT Machine Tools Ltd	---	---
5.	Shri M Vijay Kumar Raju	Manager	9.62	Regular	BSC 20 years	21.06.2014	38	Bheema Cements	---	---
6.	Shri K Raghunath Babu	Manager (Civil)	8.83	Regular	DCE 30 years	07.09.1990	54	---	---	---
7.	Shri K Murali Krishna	Manager (Production)	8.72	Regular	B.Sc 36 years	22.12.1983	57	---	---	---
8.	Shri k Venkateswara Rao	Manager (Instn)	8.56	Regular	DEE 28 years	29.09.1999	54	KIC Ltd	---	---
9.	Shri J S Chakravarthi	Chief Chemist	8.32	Regular	AVSI 23 years	26.09.2007	47	Saritha Sugars Ltd.	---	---
10.	Shri Y Kumar Chandra	Manager HR	7.25	Regular	MSW-LLB 24 years	26.05.2018	48	Suzlon Energy India Limited	---	---

(B) Employee who worked for full financial year 2019-2020 and received aggregate remuneration of not less than one hundred and two lakh rupees.

Sl. No.	Name	Designation	Remuneration received	Nature of employment	Qualification and Experience in years	Date of commencement of employment	Age in year	Last employ-ment held	Percentage shares held	Relation ship with directors
1.	Shri p Veeraiah	Chairman and Managing Director	130.08	Approved by Members	B.Com 22 years	05.12.1998	50	---	45.90	--

(c) There was no employee who worked for a part of the financial year 2019-2020 and received aggregate remuneration of not less than ₹ 8,50,000/- per month.

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

P. Veeraiah
Chairman and Managing Director
DIN: 00276769

Place : Hyderabad
Date : 24th June, 2020



Annexure -4

**Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020**

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

The Members of
Kakatiya Cement Sugar and Industries Limited
1-10-140/1, Gurukrupa
Ashok nagar
Hyderabad-500020.

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

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended 31st March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms, returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of :

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not applicable to the Company during the Audit Period).
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - b. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

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

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;



**KAKATIYA CEMENT SUGAR AND
INDUSTRIES LIMITED**

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

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

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

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

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

I further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executive Directors and Independent Directors.
- Adequate notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting and other business which are not included in the Agenda.
- All decisions at Board Meeting and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or committees of the Board, as the case may be.

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

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

Place : Hyderabad

Date : 17.06.2020

CS Manjula Aleti

Practicing Company Secretary

FCS : 10380, COP : 13279

UDIN: F010380B000350236

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



**KAKATIYA CEMENT SUGAR AND
INDUSTRIES LIMITED**

ANNEXURE – A

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

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

Management Responsibility:

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

Auditor's Responsibility:

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

Disclaimer:

6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Hyderabad

Date : 17.06.2020

CS Manjula Aleti

Practicing Company Secretary

FCS : 10380, COP : 13279

UDIN: F010380B000350236



**KAKATIYA CEMENT SUGAR AND
INDUSTRIES LIMITED**

Annexure -5

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

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

I, Manjula Aleti, Practicing Company Secretary, have examined the records, books and papers of Kakatiya Cement Sugar and Industries Limited (CIN:L26942TG1979PLC002485) having its registered office at 1-10-140/1, "GURUKRUPA", Ashok Nagar, Hyderabad-500 020, Telangana State, India (the Company) as required to be maintained under the Companies Act, 2013 SEBI (Listing Obligations and Disclosure Requirements), 2015 other applicable rules and regulations made there under for Financial year ending 31.03.2020.

In my opinion and to the best of my information and according to the examinations carried out by me and explanations and representation furnished to me by the company, its officers and agents, I certify that none of the following Directors of the Company have been debarred or disqualified from being appointed or continuing as Director of Companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority as on 31.03.2020.

SL.No	Name of the Director	Designation	DIN No
1	Veeraiah Pallemati	Chairman and Managing Director	00276769
2	Ramesh Chandra Bose Tummala	Independent Director	00160630
3	Seshagiri Rao Jasti	Non- Executive Director	00029090
4	Venkata Subbaiah Boddu	Independent Director	01147062
5	Venkat Rao Kanagala	Independent Director	06566627
6	Varalakshmi Masina	Non- Executive Director	07585164

Place : Hyderabad
Date : 17.06.2020

CS Manjula Aleti
Practicing Company Secretary
FCS : 10380, COP : 13279
UDIN: F010380B000350181



Annexure -6

**SECRETARIAL COMPLIANCE REPORT
OF KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED
[CIN : L26942TG1979PLC002485]
FOR THE YEAR ENDED 31st MARCH, 2020**

I, have examined:

- (a) all the documents and records made available to me and explanation provided by **M/s. KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED** [CIN: L26942TG1979PLC002485] ("the listed entity"),
- (b) the filings/ submissions made by the listed entity to the stock exchanges,
- (c) website of the listed entity,
- (d) all other documents/ filings that are found to be relevant to rely upon to make this certification, for the year ended 31st March, 2020 ("01.04.2019 to 31.03.2020") in respect of compliance with the provisions of :
 - a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
 - b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

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

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

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

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

I hereby report that, during the Review Period:

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

Manjula Aleti

Practicing Company Secretary

Place: Hyderabad

FCS:10380, COP : 13279

Date: 23rd May, 2020

(UDIN: F010380B000273434)



Annexure -7

Annual Report on Corporate Social Responsibility (CSR) Activities:

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

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

2. Composition of CSR Committee:-
 Shri K Venkat Rao - Chairperson - Independent, Non-executive
 Shri P Veeraiah - Member - Managing Director, (Executive)
 Shri J S Rao - Member - Non-Independent, Non-Executive
3. Average net profit of the company for the last three financial years - ₹ 2125.90 lacs
4. Prescribed CSR Expenditure (2% of Item No.3) - ₹ 42.52 lacs.
5. Details of CSR activities / projects under taken during the year 2019-2020
 - (a) Total amount to be spent for the financial year - ₹ 42.52 lacs
 - (b) Amount carried forward from the previous year - ₹ 102.60 lacs
 - (c) Amount spent during the year - ₹ 68.31 lacs
 - (d) Amount unspent - ₹ 76.81 lacs
 - (e) (a+b-c)

(e) Manner in which the amount spent during the financial year is detailed below :-

(₹. In lakhs)

Sl. no.	Projects/ Activities	Sector	Projects or Programmes (District and State)	Amount Outlay (Budget) Project or Program wise	Amount Spent on the project or program	Cumulative Expenditure upto reporting period	Amount spent: Direct/ through implementing agency
1.	Laying of metal Road. (Total 0.80 Kms) (Sugar Division)	Rural Development	Batulapally Village, Kalluru Mandal, Khammam District (Telangana)	12.66	6.05	6.05	Direct
2.	Laying of gravel and metal road. (Total 2.10 Kms) (Sugar Division)	Rural Development	Lakshmiapuram Village, Kalluru Mandal, Khammam District (Telangana)	21.01	18.69	18.69	Direct
3.	Laying of road (Total 0.70 kms) (Sugar Division)	Rural Development	Kottha bodimalli Village, Lakshmiapuram panchayat, Kalluru Mandal, Khammam District (Telangana)	6.81	6.36	6.36	Direct



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

4.	Laying of road (Total 0.50 kms) (Sugar Division)	Rural Development	Kottha bodimalli Village, Lakshmipuram panchayat, Kalluru Mandal, Khammam District (Telangana)	5.00	4.68	4.68	Direct
5.	Laying road (Total 0.30 kms) (Sugar Division)	Rural Development	Kottha bodimalli Village, Lakshmipuram panchayat, Kalluru Mandal, Khammam District (Telangana)	30.58	15.11	15.11	Direct
6.	Laying metal road (Total 1.00 kms) (Sugar Division)	Rural Development	Kottha bodimalli Village, Lakshmipuram panchayat, Kalluru Mandal, Khammam District (Telangana)	10.35	1.74	1.74	Direct
7.	Casting of CC road (Total 100 mts) (cement Division)	Rural Development	Dondapadu Village, Chintalapallem Mandal, Suryapet District, (Telangana)	2.91	2.91	2.91	Direct
8.	Casting of CC road (Total 300 mts) (cement Division)	Rural Development	Dondapadu Village, Chintalapallem Mandal, Suryapet District, (Telangana)	9.40	7.63	7.63	Direct
9.	Construction CC drain Total 270 mts) (cement Division)	Rural Development	Ramapuram Village, Chintalapallem Mandal, Suryapet District, (Telangana)	4.05	2.66	2.66	Direct
10.	Donation	Charitable Activity	Hyderabad Foundation of deaf women	1.00	1.00	1.00	Direct
11.	Donation	Charitable Activity	Donation made to police station, Kallur Village	1.48	1.48	1.48	Direct

Note:

- The Company is making every endeavor to identify certain villages near the plants so that the Company can monitor the progress of those projects which are designed to benefit the local population. The CSR committee will review the matter periodically and identify the projects and allocate the sums for completion of such projects. As of now, the Company is required to spend the residue sum pertaining to 2015-2016 to 2019-2020 aggregating to ₹ 76.81 lacs.
- The company could not spend the required sums during the year under review partly because of delay in identifying the programmes / projects and partly due to administrative issues. This is in addition to some of the issues like non-availability of sand and difficulties expressed by the farmers for laying of the roads since the harvesting activity was in progress at that point of time.
- This is to affirm that the implementation of the projects are in conformity with the CSR Policy laid down by the company.

K Venkat Rao
Chairman (CSR Committee)

P Veeraiah
Member



CORPORATE GOVERNANCE REPORT:

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

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

A) Related Party Disclosure:

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

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

B) Management Discussion and Analysis(MDA) Report:

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

C) Corporate Governance:

CORPORATE GOVERNANCE REPORT

The Corporate Governance code and company's philosophy

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

Board of Directors:

As of 31st March, 2020, the Board of Directors (Board) comprised of 6 (Six) Directors of which 5 are Non-Executive Directors. The Company has 3 (three) Independent Directors and this constitutes half of the total strength of the Board.

Sl. No.	Name of the Director	DIN No.	Designation and Category	No. of Board Meetings held	No. of Board Meetings Attended	Whether attended the last Annual General Meeting	Directorship in other Boards	Memberships in other Committees
01.	P Veeraiah	00276769	CMD	4	4	YES	0	2
02.	T R C Bose	00160630	IND	4	4	NO	7	3
03.	J S Rao	00029090	NED	4	4	YES	9	2
04.	B V Subbaiah	01147062	IND	4	4	YES	1	3
05.	K Venkata Rao	06566627	IND	4	4	YES	Nil	2
06.	M Vara Lakshmi	07585164	NED	4	2	YES	Nil	2

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

The dates of Board Meetings held during the year under review are: 11.05.2019, 09.08.2019, 06.11.2019 and 30.01.2020. The Maximum gap between any of two consecutive meetings did not exceed 120 days.

Disclosure of Relationship between Directors inter-se:

Not applicable



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

Shareholding of Non-Executive Directors in the company

The number of equity shares of the Company held by Non-Executive Directors as on 31st March, 2020 are as detailed herein below:

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

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

Sl.No.	Name of the appointee	Shri J S Rao
1.	Date of Birth	18/07/1953
2.	Qualification	B.E
3.	Date of first Appointment	09/07/1979
4.	Expertise in the specific functional areas	39 years of Industrial experience in the manufacturing Sector.
5.	Nature of appointment	Retiring by rotation and being eligible offers himself for re-appointment.
6.	Occupation	Industrialist
7.	Remuneration	He is a Non-Executive Director. No remuneration is paid to the Non-Executive Directors except payment of sitting fee for the Board / Committee Meeting attended by the Non-Executive Directors.
8.	Shareholding of Kakatiya Cement Sugar and Industries Limited	10000 shares
9.	No of Listed entities in which committee membership / chairmanship held	2
10.	No of Listed entities in which Directorship held	1
11.	Inter-se relationship with any other director on the Board.	Not applicable

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

List of core skills / expertise / competence identified by the Board for effective functioning of the business and those actually are available with the Board.

- Hands on industry experience in the core business ;
- Legal matters relating to corporate sector and H R expertise ;
- Budgeting, finance and costing ;
- Expertise in Corporate Governance ;
- Formulation of effective business strategies ;

The Board can meet, fulfill and satisfy the core skills / expertise / competence identified by the Board as required in the context of an efficient functioning of its business.

General Body Meetings:

The last three Annual General Meetings were held as under:

Sl. No.	Location	Date and Time	Whether any special resolutions were passed	Postal Ballots
01.	Shri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad – 500020.	11.07.2019 11.00 A.M	YES	NO
02	Shri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad – 500020.	20.09.2018 3.00 P.M	NO	NO
03.	Shri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad – 500020.	26.09.2017 11.00 A.M	NO	NO



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

Independent Directors' Meeting

During the year under review, the Independent Directors met on 19th March, 2020, inter alia, to discuss:

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

All the Independent Directors were present at the Meeting.

Familiarisation Programmes for Directors

During the year under review, no new director was inducted on the Board.

As part of the Corporate Governance, the company conducts Familiarisation Programmes for Independent Directors and other Directors who are inducted into the Board to enable the incumbent Directors to understand the business, culture and processes of the company.

While welcoming the New Director, various important documents of the Company are shared for his / her reference which include the Annual Reports of the past three consecutive years, details of nature of Industry, products, sales and distribution channel and position of the Company in the Industry.

Further, various Codes and Practices will be delivered to him / her for reference and record. The Board evaluation processes and procedures are also explained to the new director.

The Familiarisation Programme is not a one-time affair that is conducted at the time of induction of a new Director. Such Familiarisation Programmes are also conducted during the year for the benefit of the Board Members. The Company presents in an informal manner programmes to familiarize the Board members with the strategy, operations and functions of the Company besides providing updates on relevant legislations to ensure that the Board Members are kept abreast of these Regulations.

These are normally done after conclusion of the Board and Committee Meetings.

The Familiarisation Programmes were imparted to the following Board Members during 2019-2020.

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

Web link where details regarding Familiarisation Programme for Board Members can be viewed: www.kakatiyacements.com

Performance Evaluation of Independent Directors

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

Stakeholders Relationship Committee:

Composition:

The Committee consists of the following Directors:

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

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

No. of shareholder complaints received : 1

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

No. of Pending complaints: NIL

Email ID of Investor grievances: shares@kakatiyacements.com

Terms of reference:

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



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

Audit Committee meetings and attendance during the financial year ended 31st March, 2020:

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

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

The Audit Committee meetings were held on 10-05-2019, 08-08-2019, 05-11-2019 and 30-01-2020.

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

Nomination and Remuneration Committee:

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

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

The Nomination and Remuneration committee met on 10.05.2019.

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

Corporate Social Responsibility (CSR) Committee:

The Company has constituted a committee to formulate a CSR Policy and to implement certain activities as envisaged in schedule VII of the Companies Act, 2013. The CSR Committee has met on 30.01.2020.

Name of the Director	Designation	Attendance
Shri K Venkat Rao	Chairman	1
Shri P Veeraiah	Member	1
Shri J S Rao	Member	1

Risk Management Committee:

Composition of the Risk Management Committee:

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

The Risk Management committee met once on 19.03.2020 in 2019-2020.

Payment of fee to the Statutory Auditors

Given below are the details of fee paid to M/s. Ramanatham & Rao, Chartered Accountants, Statutory Auditors of the Company during the financial year ended 31st March, 2020:

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

Disclosure under Sexual Harassment of Women at workplace (Prevention, Prohibition & Redressal) Act, 2013

The Company has in place a Policy for prevention of sexual harassment of women at workplace. Internal complaints Committee (ICC) has been setup to address complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy.



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

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

Code of Conduct:

The Board has laid down a Code of Conduct covering the ethical requirements to be complied with by all members of the Board and Senior Management personnel of the Company. An affirmation of the compliance with the code is received from them in respect of the financial year ending 31st March, 2020.

Code of conduct for prevention of Insider Trading:

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

Other Disclosures:

During the year ended 31st March, 2020, there were no materially significant related party transactions which had potential conflict with the interest of the Company at large. The transactions with related parties are disclosed in the notes to the Annual Accounts.

Details of non-compliances, if any:

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

No penalty of a material nature has been imposed by any Stock Exchange, SEBI or any other regulatory authority during the year under review. The Company's shares were not suspended at any point of time.

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

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



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

Certification by Chairman and Managing Director and CFO:

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

Disclosure of Material Events:

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

Adoption of Policy on Preservation of Documents:

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

Adoption of Discretionary Requirements

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

We have yet to adopt the Discretionary Requirements.

Means of Communication:

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

General Shareholder Information:

a)	Annual General Meeting	:	41 st Annual General Meeting
	Date	:	9 th September, 2020
	Time	:	11.00 A.M
	Venue	:	Through video conferencing (VC) for e-AGM
b)	Financial Calendar	:	1 st April to 31 st March
c)	Date of Book closure	:	3 rd September, 2020 to 9 th September, 2020 (both days inclusive)
d)	Dividend payment date	:	on or before 8 th October, 2020.
e)	Registered Office	:	KAKATIYA CEMENT SUGAR & INDUSTRIES LTD., 1-10-140/1, "GURUKRUPA", Ashok Nagar, HYDERABAD – 500 020. Phone:040-27637717/27633627 Fax No.27630172 CIN:L26942TG1979PLC002485 e-mail : shares@kakatiyacements.com
f)	Listing on Stock Exchanges	:	The National Stock Exchange of India Ltd., Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra – Kurla Complex, Bandra (E), MUMBAI – 400 051. BSE 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 AND INDUSTRIES LIMITED

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

Month and Year	High ₹	Low ₹	No. of Shares Traded
April 2019	191.40	168.05	375013
May 2019	224.00	152.55	1256229
June 2019	210.00	170.30	442060
July 2019	196.80	154.05	258047
August 2019	181.85	140.10	282895
September 2019	187.20	150.50	292661
October 2019	170.00	147.70	155606
November 2019	179.00	145.70	228207
December 2019	172.80	134.25	488602
January 2020	297.85	160.50	8595126
February 2020	210.05	167.40	1059628
March 2020	172.00	92.00	305046

(Source: BSE Limited Quotations)

Month and Year	High ₹	Low ₹	No. of Shares Traded
April 2019	191.00	166.05	40572
May 2019	226.00	153.35	217156
June 2019	218.00	167.05	95819
July 2019	197.00	155.50	42733
August 2019	182.25	140.60	46255
September 2019	190.00	150.50	46912
October 2019	169.95	147.40	27081
November 2019	178.35	146.00	28920
December 2019	172.95	132.30	66205
January 2020	298.00	161.50	1056103
February 2020	211.35	167.65	172436
March 2020	172.15	91.75	56923

i) Address of Registrars and Share Transfer Agents:

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

j) Share Transfer System:

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



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

k) Distribution of Shareholding and Shareholding Pattern:

Distribution of Shareholding as on 31.03.2020

Share Holding	Number of Shareholders	% to total	Number of Shares	% to total
Up to 500	27213	96.31	1459017	18.77
501 - 1000	573	2.03	453504	5.83
1001 - 2000	239	0.85	359609	4.63
2001 - 3000	89	0.31	222226	2.86
3001 - 4000	40	0.14	143584	1.85
4001 - 5000	27	0.10	124210	1.59
5001 - 10000	45	0.16	322776	4.15
10001 and above	30	0.11	4688932	60.32
Total	28256	100.00	7773858	100.00

Shareholding Pattern as on 31.03.2020:

Category	No. of Equity Shares	% of Paid-up Capital
Promoters	4205770	54.10
Other Corporate Bodies	159644	2.05
General Public	3367570	43.32
Non Resident Individuals	18153	0.23
Foreign Institutional Investors & OCBs	0	0.00
Indian Financial Institutions	0	0.00
Mutual Funds & Banks	22721	0.29
TOTAL	7773858	100.00

l) There are no outstanding GDRs / ADRs / Warrants or any Convertible instruments as on 31st March, 2020.

m) Dematerialisation of Shares:

As on 31st March 2020, 75,72,056 shares were dematerialised with the following depositories:

i)	National Securities Depositories Limited	-	22,72,678
ii)	Central Depository Services (India) Limited	-	52,99,378

n) Plant locations

CEMENT:

Srinivasa Nagar
Chintalapalem Mandal
Suryapet District.
Telangana State.

SUGAR & POWER:

Peruvancha Village
Kallur Mandal
Khammam District.
Telangana State.

o) Address for correspondence:

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

Place : Hyderabad

Date : 24th June, 2020

P Veeraiah

Chairman and Managing Director

DIN : 00276769

Declaration on Code of Conduct

This is to affirm that all Directors and Senior Management personnel of the company have complied with the code of conduct of the Company for the financial year ended 31st March, 2020 as envisaged under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place : Hyderabad

Date : 24th June, 2020

P Veeraiah

Chairman and Managing Director

DIN : 00276769



INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of Kakatiya Cement Sugar and Industries Limited

We have examined the compliance of conditions of Corporate Governance by **Kakatiya Cement Sugar and Industries Limited** ('the Company'), for the year ended on 31st March, 2020, as stipulated in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations").

Management's Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditor's Responsibility

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on certification of Corporate Governance Reports issued by the Institute of Chartered Accountants of India ('ICAI'), the Standard on Auditing specified under section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above-mentioned SEBI Listing Regulations as applicable during the year ended 31st March, 2020. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Ramanatham & Rao**
Chartered Accountants
(FRN: S-2934)

Place: Hyderabad
Date: 24th June, 2020

C. Kameshwar Rao
Partner
Membership No. 024363
UDIN: 20024363AAAABV7832



INDEPENDENT AUDITOR'S REPORT

To

The Members of Kakatiya Cement Sugar and Industries Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Kakatiya Cement Sugar and Industries Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the [Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and its Loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters in our audit of the Company for the year ended 31st March, 2020.



Sr. No.	Key Audit Matter	Auditor's Response
1	<p><u>Provision for Wheeling Charges</u></p> <p>Adequacy of the estimated provision made for wheeling charges for the energy generated at bagasse based cogen plant to the cement plant as per the orders of the Hon'ble Supreme Court of India. Refer Note 31(x) of the financial statements.</p> <p>Given the significance of the matter, there is a risk that provision made for wheeling charges could significantly vary from what is being estimated.</p>	<p><u>Principal Audit Procedures</u></p> <p>We have performed the following audit procedures:</p> <ul style="list-style-type: none"> • Reviewed the wheeling agreement entered by the Company with Electricity Companies. • Reviewed the wheeling charges tariff orders of State Electricity Regulatory Commission. • Verified the workings such as number of units generated by the bagasse based cogen, wheeling charges tariff considered etc. in the respective years. <p>Verified the adequate disclosures made as per Ind AS 1 and Schedule III of the Companies Act, 2013</p>
2	<p><u>Evaluation of uncertain tax positions</u></p> <p>The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p> <p>Refer Notes 31 to the Financial Statements</p>	<p><u>Principal Audit Procedures</u></p> <ul style="list-style-type: none"> • Obtained details of completed tax assessments and demands for the year ended 31st March, 2020 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. • Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2019 to evaluate whether any change was required to management's position on these uncertainties.



<p>3</p>	<p><u>Net Realizable Value of Finished Goods</u></p> <p>Finished goods inventory are valued at lower of cost and net realizable value (estimated selling price less estimated cost to sell). Considering that there is always volatility in the selling price of sugar which is dependent upon various market conditions, determination of the net realizable value involves significant management judgement and therefore has been considered as a key audit matter.</p> <p>The total value of finished goods of sugaras at 31stMarch, 2020 is Rs.3104.75lakhs.</p>	<p><u>Principal Audit Procedures</u></p> <ul style="list-style-type: none"> • Obtained an understanding of the determination of the net realizable values of the commodities and assessed and tested the reasonableness of the significant judgements applied by the management. • Evaluated the design of internal controls relating to the valuation of finished goods (including commodities) and also tested the operating effectiveness of the aforesaid controls. • Compared the actual realization after the year end / latest realization to assess the reasonableness of the net realisable value that was estimated and considered by the management. • Compared the actual costs incurred to sell after the year end / based on the latest sale transaction to assess the reasonableness of the cost to sell that was estimated and considered by the management. • Compared the cost of the finished goods with the estimated net realisable value and checked if the finished goods were recorded at net realisable value where the cost was higher than the net realisable value. • Assessed the appropriateness of the disclosure in the financial statements in accordance with the applicable financial reporting framework.
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Information Other than the Financial Statements(Other Information)

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

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



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

When we read the Directors Report and Corporate Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the year ended 31st March, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with Rule 7 of Companies (Accounts) Rules, 2014.



**KAKATIYA CEMENT SUGAR AND
INDUSTRIES LIMITED**

- (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us we further report that:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements(Refer note 31);
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016, ('the Order') issued by the Central Government in terms of Section 143 (11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Ramanatham & Rao
Chartered Accountants
(FRN: S-2934)

Place: Hyderabad
Date: 24th June, 2020

C. Kameshwar Rao
Partner
Membership No.024363
UDIN:20024363AAAABI7053



Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal Regulatory Requirements’ section of our report to the Members of the Company on the financial statements for the year ended 31st March, 2020):

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

We have audited the internal financial controls over financial reporting of Kakatiya Cement Sugar and Industries Limited (“the Company”) as of 31st March, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Ramanatham & Rao**
Chartered Accountants
(FRN: S-2934)

Place: Hyderabad
Date: 24th June, 2020

C. Kameshwar Rao
Partner
Membership No.024363
UDIN:20024363AAAABI7053



Annexure “B” to the Independent Auditor’s Report

With reference to Paragraph 2 under ‘Report on Other Legal Regulatory Requirements’ section of our report to the Members of the Company, on the financial statements for the year ended 31st March, 2020, we report that -

- (i) (a) The Company is in the process of updating proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, the fixed assets have been physically verified by the management in a periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its business. No material discrepancies were noticed on such physical verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventories have been physically verified during the year by the management. The discrepancies noticed on verification between the physical stocks and book records were not material.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3 (iii) (a) to (c) of the said Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to loans, investments, guarantees and securities made.
- (v) The company has not accepted deposits within the meaning of Sections 73 to 76 of the Act and the rules framed there under paragraph 3 (v) of the said Order is not applicable to the Company.
- (vi) We have broadly reviewed the cost records maintained by the Company as prescribed under sub-section (1) of section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company is regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, income-tax, goods and service tax and any other statutory dues as applicable with the appropriate authorities and there were no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

(b) According to the information and explanations given to us and records of the Company examined by us, the particulars of income tax, value added Tax, customs duties at 31st March, 2020 which have not been deposited on account of any dispute pending, are as under:

Name of the Statute	Nature of dues	Amount (Rs.in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income-Tax Act, 1961	Income Tax	12.42	Assessment Years 1999-2000 2000-2001 2001-2002	High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh
Income-Tax Act, 1961	Income Tax	969.26	Assessment Year 2016-2017	ITAT Hyderabad
VAT Act, 2005	Sales Tax	29.53	Financial Year 2012-13	Appellate Tribunal, Hyderabad
VAT Act, 2005	Sales Tax	27.52	Financial Year 2013-14	Appellate Tribunal, Hyderabad
VAT Act, 2005	Sales Tax	173.33	Financial Year 2014-15	Additional Joint Commissioner Hyderabad
Customs Act, 1962	Customs Duty	65.77	Financial year 2012-2013	Additional Commissioner Customs

- (viii) The Company has not defaulted in repayment of loans or borrowing to a financial institution, banks, Governments and dues to debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer during the year. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained other than amounts temporarily invested pending utilization of the funds for the intended use.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.



**KAKATIYA CEMENT SUGAR AND
INDUSTRIES LIMITED**

- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.

For Ramanatham & Rao
Chartered Accountants
(FRN:S-2934)

Place: Hyderabad
Date: 24th June, 2020

C.Kameshwar Rao
Partner
Membership No.024363
UDIN:20024363AAAABI7053



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

Balance Sheet As At 31st March, 2020

(All amount ₹. in lakhs, unless otherwise stated)

Particulars	Note	As at 31 st March, 2020	As at 31 st March, 2019
I. ASSETS			
(1) Non-Current Assets			
(a) Property, Plant and Equipment	2	5,095.77	5,298.62
(b) Financial Assets			
(i) Investments	3	0.51	1.50
(c) Other Non-Current Assets	4	194.00	193.85
(2) Current Assets			
(a) Inventories	5	5,682.55	8,193.84
(b) Financial Assets			
(i) Trade Receivables	6	1,242.49	1,067.79
(ii) Cash & Cash Equivalents	7	77.66	159.72
(iii) Other Bank Balances other than (ii) above	8	16,177.92	15,763.15
(iv) Other Financial Assets	9	460.58	376.87
(c) Current Tax Assets (net)	10	1,562.46	1,067.18
(d) Other Current Assets	11	954.68	1,156.20
TOTAL ASSETS		31,448.62	33,278.73
II. EQUITY & LIABILITIES			
EQUITY			
(a) Equity Share Capital	12	777.39	777.39
(b) Other Equity	13	21,185.23	21,388.99
LIABILITIES			
(1) Non-Current Liabilities			
(a) Provisions	14	9.75	97.67
(b) Deferred Tax Liability (Net)	15	978.63	1,018.37
(c) Other Non-current liabilities	16	-	1.38
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	5,017.42	7,901.59
(ii) Trade payables	18		
(a) Total outstanding dues of Micro & Small Enterprises		-	-
(b) Total outstanding dues of creditors other than Micro & Small Enterprises		689.32	279.94
(iii) Other Financial Liabilities	19	272.17	317.70
(b) Other Current Liabilities	20	2,518.72	1,495.71
Total Equity and Liabilities		31,448.62	33,278.73

Significant Accounting Policies 1

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

As per our Report of even date

For and on behalf of the Board of Directors

For Ramanatham & Rao

Chartered Accountants

FR NO. S - 2934

C.Kameshwar Rao

Partner

M.No: 024363

Place: Hyderabad

Date : 24.06.2020

P.Veeraiah

Chairman & Managing Director

DIN: 00276769

M.Bhavani Dattu
Chief Financial Officer

B.Kameswara Prasad
General Manager and
Company Secretary



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

Statement of Profit and Loss for the Year ended 31st March, 2020

(All amount ₹. in lakhs, unless otherwise stated)

Particulars	Note	Year ended 31 st March, 2020	Year ended 31 st March, 2019
I Revenue from Operations	21	15,646.80	11,061.43
II Other Income	22	1,150.93	1,283.28
III Total Income (I+II)		16,797.73	12,344.71
IV Expenses			
Cost of Materials Consumed	23	4,435.12	6,038.23
Changes in Inventories of Finished Goods and Work-in-Progress	24	2,264.83	(1,872.31)
Employee Benefits Expense	25	1,903.34	1,842.03
Finance Cost	26	312.65	565.08
Depreciation Expense	27	242.94	242.26
Other Expenses	28	7,005.12	5,159.22
Total Expenses (IV)		16,163.99	11,974.51
V Profit before exceptional items and tax (III - IV)		633.74	370.20
VI Exceptional items			
Wheeling charges		650.00	
VII Profit Before Tax (V-VI)		(16.26)	370.20
VIII Tax Expenses:			
1) Current Tax		150.00	97.33
2) Previous Year's Tax		7.70	
3) Deferred Tax		(101.36)	(242.87)
IX Profit / (Loss) for the Year (VII-VIII)		(72.60)	515.74
X Other Comprehensive Income (OCI)			
Items that will not be reclassified to profit or loss "			
(a) Remeasurement of defined benefit plans		211.62	(130.33)
(b) Income tax relating to the item (a) above		(61.62)	37.95
Other comprehensive income for the year (net of tax) "		150.00	(92.38)
XI Total Comprehensive Income for the year (IX+X)		77.40	423.36
Earning per equity share (Face Value of Rs.10/- each)			
(i) Basic	29	(0.93)	6.63
(ii) Diluted		(0.93)	6.63

Significant Accounting Policies

1

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

As per our Report of even date

For Ramanatham & Rao

Chartered Accountants

FR NO. S - 2934

C.Kameshwar Rao

Partner

M.No: 024363

Place: Hyderabad

Date : 24.06.2020

For and on behalf of the Board of Directors

P.Veeraiah

Chairman & Managing Director

DIN: 00276769

M.Bhavani Dattu
Chief Financial Officer

B.Kameswara Prasad
General Manager and
Company Secretary



Cash Flow Statement for the Year ended 31st March, 2020

(All amount ₹. in lakhs, unless otherwise stated)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
A Cash flow from operating activities		
Profit before adjustments	(16.26)	370.20
Adjustments for:		
Depreciation and amortisation expense	242.94	242.27
Finance costs	312.65	565.08
(Gain)/Loss in the value of investmets	0.99	0.84
Interest income	(1,150.93)	(1,283.28)
Remeasurement of defined benefit plans	(211.62)	130.33
Operating Profit before working capital changes	(822.23)	25.43
Change in operating assets and liabilities		
(Increase)/ Decrease in Inventories	2511.29	(1947.73)
(Increase)/ Decrease in Trade Receivables	(174.70)	141.26
(Increase)/ Decrease in other financial assets	(83.71)	131.74
(Increase)/ Decrease in Current Tax assets	(95.28)	(614.33)
(Increase)/ Decrease in Other Current assets	201.52	12.67
Increase/ (Decrease) in Trade payables	409.38	9.30
Increase / (Decrease) in other financial liabilities	289.78	(198.24)
Increase/ (Decrease) in Other Current liabilities	1023.02	293.16
Cash Generated from Operations	3259.07	(2146.74)
Less:Income taxes paid	(557.71)	(500.00)
Net cash inflow (outflow) from operating activities	2701.36	(2646.74)
B Cash flows from investing activities		
Payments for property plant and equipment	(40.08)	(78.19)
(Increase)/ Decrease in Fixed deposits	(414.77)	318.80
Interest received	1150.93	1283.28
(Increase)/ Decrease in Other Non-Current Assets	(0.15)	-
Capital work in progress	-	(29.26)



**KAKATIYA CEMENT SUGAR AND
INDUSTRIES LIMITED**

(All amount ₹. in lakhs, unless otherwise stated)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Net cash inflow (outflow) from investing activities	695.93	1494.64
C. Cash flow from financing activities		
Repayment of current borrowings including interest	(3198.19)	(205.65)
Proceeds from current borrowings	-	1,602.92
Dividend paid to company's shareholders (Including corporate dividend tax)	(281.16)	(281.15)
Net cash inflow (outflow) from financing activities	(3479.35)	1116.12
Net increase (Decrease) in cash and cash equivalents	(82.06)	(36.00)
Cash and Cash equivalents at the beginning of the year	159.72	195.72
Cash and Cash equivalents at the end of the year	77.66	159.72
Notes to cash flow statement		
1 Components of cash and cash equivalents		
Balances with banks	73.29	156.62
Cash on hand	4.37	3.10
Cash and cash equivalents considered in the cash flow statement	77.66	159.72

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

Significant Accounting Policies

Note 1

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

As per our Report of even date

For Ramanatham & Rao

Chartered Accountants

FR NO. S - 2934

For and on behalf of the Board of Directors

C.Kameshwar Rao

Partner

M.No: 024363

P.Veeraiah

Chairman & Managing Director

DIN: 00276769

Place: Hyderabad

Date : 24.06.2020

M.Bhavani Dattu
Chief Financial Officer

B.Kameswara Prasad
General Manager and
Company Secretary



Statement of Changes in Equity for the year ended 31st March, 2020

A Equity Share Capital

(All amount ₹. in lakhs, unless otherwise stated)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Balance at the beginning of the year	777.39	777.39
Changes in equity share capital during the year	-	-
Balance at the end of the reporting period	777.39	777.39

B Other Equity

Particulars	Reserves and Surplus				Total
	Securities Premium	General Reserve	Amalgamation Reserve	Retained Earnings	
Balance as at 1st April, 2018	1391.62	2092.73	1075.89	16686.37	21246.61
Profit / (Loss) for the Year				515.74	515.74
Dividends (including corporate dividend tax)				(281.00)	(281.00)
Transfer to General Reserve		287.19		(287.19)	-
Other Comprehensive Income					
- Remeasurement of defined benefit plans				(92.37)	(92.37)
Balance as at 31st March, 2019	1391.62	2379.92	1075.89	16541.55	21388.99
Profit / (Loss) for the Year				(72.60)	(72.60)
Dividends (including corporate dividend tax)				(281.16)	(281.16)
Other Comprehensive Income					
- Remeasurement of defined benefit plans				150.00	150.00
Balance as at 31st March, 2020	1391.62	2379.92	1075.89	16337.79	21185.23

As per our Report of even date

For Ramanatham & Rao

Chartered Accountants

FR NO. S - 2934

For and on behalf of the Board of Directors

P.Veeraiah

Chairman & Managing Director

DIN: 00276769

C.Kameshwar Rao

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M.No: 024363

M.Bhavani Dattu
Chief Financial Officer

B.Kameswara Prasad
General Manager and
Company Secretary

Place: Hyderabad

Date : 24.06.2020



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2020

1. Significant Accounting Policies

1. Background

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

2. Significant Accounting Policies

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

2.1 Statement of Compliance with Ind AS and Basis of Preparation

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

These Financial Statements of the Company as at and for the year ended 31st March, 2020 (including comparatives) were approved and authorised for issue by the Board of Directors of the Company on 24th June, 2020.

New and amended standards adopted by the Company

The company has applied the following standards and amendments for the first time for their annual reporting period commencing 1st April, 2019:

- Ind AS 115, Revenue from contracts with customers
- Uncertainty over Income Tax Treatments- Appendix C to Ind As 12, Income Taxes
- Amendment to Ind As 12, Income Taxes
- Plan Amendment, Curtailment or Settlement- Amendments to Ind As 19, Employee benefits

The amendments listed above did not have any material impact on the amounts recognised in prior periods and to the current period.

2.2 Functional and Presentation Currency

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

2.3 Basis of Preparation

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

Employee Defined Benefit Plans :

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

Certain Financial Assets and Liabilities : Fair Value

2.4 Revenue from contracts with customers

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

i) Sale of products

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

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

ii) Interest, Dividends and Other Income

Interest and dividend income is recognised when the right to receive payment has been



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

2.5 Property, Plant and Equipment

Tangible Assets

i) Recognition and Measurement

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

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

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

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

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

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

ii) Subsequent Expenditure

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

iii) Derecognition

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

iv) Depreciation/ Amortization

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

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

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

v) Impairment of Assets

Intangible assets and Property, Plant and Equipment (PPE)

Intangible assets and PPE are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.



If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit or loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

Capital work-in-progress

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

Intangible Assets

i) Initial Recognition and Classification

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

ii) Subsequent Expenditure

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

iii) Amortization

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

iv) Derecognition

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

Impairment of Non-Financial Assets.

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

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

2.6 Borrowing Costs

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



2.7 Current versus Non Current Classification

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

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

- Expected to be realised or intended to be sold or consumed or settled in normal operating cycle
- Held primarily for the purpose of trading.
- Expected to be realised/ settled within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

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

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

2.8 Inventories

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

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

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

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

Material in Transit

Valuation of inventories of Material in Transit is done at cost

2.9 Taxes on Income

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

1) Current Tax

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



II) Deferred Tax

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax liabilities are generally recognized in full. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date. Tax relating to items recognised directly in equity/ other comprehensive income is recognised in respective head and not in the Statement of Profit & Loss.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.10 Cash and Cash Equivalents

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

2.11 Cash Flow Statement

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

2.12 Provisions, Contingent Liabilities and Contingent Assets

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

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

Contingent liability is disclosed in the case of :

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are neither recognised nor disclosed in the Financial Statements.



2.13 Earnings Per Share

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

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

2.14 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease transaction. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in Finance Costs in the Statement of Profit and Loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Company as a lessor:

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

2.15 Employee Benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined Contribution Plans

The Company's contribution to provident fund is considered as defined contribution plan and is charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees. The Company has no legal or constructive obligation to pay contribution in addition to its fixed contribution.

Defined Benefit Plans

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



Profit and Loss in subsequent periods. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

Short-term Employee Benefits

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

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

Long-term Employee Benefits

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

Bonus Plans

The company recognizes a liability and expenses for business. The company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.16 Equity, Reserves and Dividend Payments

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

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

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

2.17 Significant Judgments, Estimates and Assumptions

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

In particular, the Company has identified the following areas where significant judgments, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

Judgments

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



a) Contingencies

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

b) Estimates and Assumptions

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

c) Impairment of Non-financial Assets

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

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

d) Estimation of Defined Benefit Obligations

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

e) Financial Instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.



Fair Value Measurement of Financial Instruments

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

f) Estimation of Current Tax and Deferred Tax

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

g) Impairment of Financial Assets

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

The company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivable with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12 months ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowances at the reporting date to the amount that is required is recognised as an impairment gain or loss in statement of profit or loss.

2..18 Fair Value Measurement

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

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

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

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

Segment Reporting:

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's chief operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind As 108, the chief operating decision maker evaluates the company's performance and allocates resources based on analysis of various performance indicators by business segments and geographic segments.

Standards issued but not yet effective:

There is no such notification which would have been applicable from April 1, 2020



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

2 Property, Plant and Equipment

Changes in the carrying value of property, plant and equipment for the year ended 31.03.2020 (All amount ₹. in lakhs, unless otherwise stated)

Particulars	Gross carrying amount			Accumulated depreciation			Net carrying amount	
	As at 01.04.2019	Additions	Deletions	31.03.2020	As at 01.04.2019	For the Year	On Disposals	As at 31.03.2020
Owned Assets								
Cement Division								
Freehold Land	101.23	-	-	101.23	-	-	-	0.00
Buildings	326.21	-	-	326.21	30.38	9.58	-	39.96
Plant & Equipment	1560.59	-	-	1560.59	164.00	65.96	-	229.96
Other Equipment	5.87	-	-	5.87	5.87	-	-	5.87
Furniture and Fixtures	1.33	-	-	1.33	0.16	0.03	-	0.19
Office Equipment	14.60	-	-	14.60	5.26	2.19	-	7.45
Vehicles	18.24	-	-	18.24	11.76	3.05	-	14.81
Total	2028.07	-	-	2028.07	217.43	80.80	-	298.23
Sugar Division								
Freehold Land	156.82	-	-	156.82	-	-	-	-
Buildings	1066.65	-	-	1066.65	171.21	57.07	-	228.28
Plant & Equipment	869.53	0.62	-	870.15	102.14	34.79	-	136.93
Other Equipment	0.99	36.64	-	37.63	0.00	1.24	-	1.24
Furniture and Fixtures	0.84	0.09	-	0.93	0.04	0.04	-	0.08
Office Equipment	4.43	0.84	-	5.27	0.93	0.78	-	1.71
Vehicles	1.83	-	-	1.83	-7.33	1.86	-	-5.47
Total	2101.09	38.19	-	2139.28	266.99	95.78	-	362.77
Power Division								
Factory Buildings	247.50	-	-	247.50	40.72	13.58	-	54.30
Plant & Equipment	1604.51	1.89	-	1606.40	157.41	52.77	-	210.18
Total	1852.01	1.89	-	1853.90	198.13	66.35	-	264.48
Grand Total	5981.17	40.08	-	6021.25	682.55	242.93	-	925.48



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

2 (a) Property, Plant and Equipment

Changes in thh carrying value property, plant and equipment for the year ended 31.03.2019 (All amount ₹. in lakhs, unless otherwise stated)

Particulars	Gross carrying amount			Accumulated depreciation			Net carrying amount
	As at 01.04.2018	Additions	Deletions	31.03.2019	As at 01.04.2018	For the Year On Disposals	As at 31.03.2019
Owned Assets							
Cement Division							
Freehold Land	101.23	-	-	101.23	0.00	-	101.23
Buildings	326.21	-	-	326.21	20.56	-	295.83
Plant & Equipment	1492.72	67.87	-	1560.59	99.49	-	1396.59
Other Equipment	5.87	-	-	5.87	3.74	-	0.00
Furniture and Fixtures	1.33	-	-	1.33	0.12	-	1.17
Office Equipment	11.12	3.48	-	14.60	3.16	-	9.34
Vehicles	18.24	-	-	18.24	8.71	-	6.48
Total	1956.72	71.35	-	2028.07	135.78	81.65	1810.64
Sugar Division							
Freehold Land	156.82	-	-	156.82	-	-	156.82
Buildings	1066.65	-	-	1066.65	114.14	-	895.44
Plant & Equipment	865.66	3.87	-	869.53	67.42	-	767.39
Other Equipment	0.99	-	-	0.99	0.00	-	0.99
Furniture and Fixtures	0.84	-	-	0.84	0.02	-	0.80
Office Equipment	3.93	0.50	-	4.43	0.23	-	3.50
Vehicles	1.83	-	-	1.83	-9.19	-	9.16
Total	2096.72	4.37	-	2101.09	172.62	94.37	1834.10
Power Division							
Factory Buildings	247.50	-	-	247.50	27.15	-	206.78
Plant & Equipment	1602.05	2.46	-	1604.51	104.74	-	1447.10
Total	1849.55	2.46	-	1852.01	131.89	66.24	1653.88
Grand Total	5902.99	78.18	-	5981.17	440.29	242.26	5298.62



**KAKATIYA CEMENT SUGAR AND
INDUSTRIES LIMITED**

Notes to the financial statements for the year ended 31st March, 2020

3 Investments

(All amount ₹. in lakhs, unless otherwise stated)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Investments in Equity Instruments (Quoted)		
Fair value through Profit and Loss (FVTPL)		
Andhra Bank	0.51	1.50
5631 (Previous Year 5631) shares of INR 10 each face value		
Total	0.51	1.50
Aggregate market value of quoted investments	0.51	1.50
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

4 Other Non Current assets

Particulars	As at 31st March, 2020	As at 31st March, 2019
(i) Advances other than Capital Advances		
- Deposits with Government	189.79	189.79
- Deposits with others	4.21	4.06
Total	194.00	193.85

5 Inventories

Particulars	As at 31st March, 2020	As at 31st March, 2019
(i) Raw materials	105.34	40.32
(ii) Work-in-progress	732.76	533.84
(iii) Finished goods	3,838.51	6,302.26
(iv) Stores & Spares	1,056.10	1,367.58
(includes Material in Transit of Rs.3.14 Lakhs(P.Y.Nil)		
Less: Provision for obsolete Items of Stores and Spares	(50.16)	(50.16)
Net Stores and Spares	1,005.94	1,317.42
Total	5,682.55	8,193.84

6 Trade receivables

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured, Considered Good	2010.25	1716.98
Less: Allowance for expected credit loss	(767.76)	(649.19)
Total	1,242.49	1,067.79



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

7 Cash and cash equivalents

(All amount ₹. in lakhs, unless otherwise stated)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
a) Balances with banks		
- in current accounts	73.29	156.62
b) Cash on hand	4.37	3.10
Total	77.66	159.72

8 Other Bank Balances

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
a) Earmarked balances with banks		
Unpaid dividend account	69.24	64.01
b) Balances with banks		
In deposit accounts	3,785.52	2,817.92
Margin money deposit	12,323.16	12,881.22
Total	16,177.92	15,763.15

Note 8.a): The Company has transferred unclaimed dividend of INR 8.77 lakhs pertaining to year 2011-12 to the Investor Education Protection Fund on expiry of seven years

9 Other Financial Assets (Current)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Employees Advances	2.91	-
Interest Accrued on Deposits.	457.66	376.87
Total	460.58	376.87

10 Current Tax Assets (Net)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Opening balance	1,067.18	599.83
Add: Taxes paid	645.28	564.69
Less: Current tax expense for the year	(150.00)	(97.34)
Total	1,562.46	1,067.18

11 Other Current Assets

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Prepaid Expenses	14.66	18.59
Advances to suppliers	349.25	561.89
Other Advances	590.77	575.72
Total	954.68	1,156.20



12. Equity share capital

(All amount ₹. in lakhs, unless otherwise stated)

Particulars	31-Mar-20	31-Mar-19
AUTHORIZED:		
90,00,000 (2019 - 90,00,000) Equity Shares of 10/- each	900.00	900.00
TOTAL	900.00	900.00
ISSUED, SUBSCRIBED & PAID-UP CAPITAL		
77,73,858(2019- 77,73,858,) Equity Shares of 10/- each	777.39	777.39
Changes in equity share capital	-	-
TOTAL	777.39	777.39

12.1 Movement in Equity Share Capital

(All amount ₹. in lakhs, unless otherwise stated)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	Rs. In Lakh	Number of shares	Rs. In Lakh
Shares outstanding at the beginning of the year	77,73,858	777.39	77,73,858	777.39
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	77,73,858	777.39	77,73,858	777.39

12.2 Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at 31 March 2020		As at 31 Mar 2019	
	No. of Shares	% holding	No. of Shares	% holding
P/Veeriah.	35,67,873	45.89	34,93,638	44.94

12.3 Terms/Rights attached to equity shares

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



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

13. Other equity

(All amount ₹. in lakhs, unless otherwise stated)

Particulars	31-03-2020	31-03-2019
Reserves and surplus		
Securities Premium	1391.62	1391.62
General reserve	2379.92	2379.92
Amalgamation Reserve	1075.89	1075.89
Retained earnings	16337.79	16541.56
TOTAL	21,185.23	21,388.99

(a) Securities Premium

Particulars	31-03-2020	31-03-2019
Opening balance	1391.62	1391.62
Movement during the year	-	-
Closing balance	1391.62	1391.62

(b) General Reserve

Particulars	31-03-2020	31-03-2019
Opening balance	2379.92	2092.73
Movement during the year		287.19
Closing balance	2379.92	2379.92

(c) Amalgamation Reserve

Particulars	31-03-2020	31-03-2019
Opening balance	1075.89	1075.89
Movement during the year	-	-
Closing balance	1075.89	1075.89

(d) Retained earnings

Particulars	31-03-2020	31-03-2019
Opening balance	16,541.55	16686.37
Profit for the year	(72.60)	515.74
Dividends & Corporate dividend tax	(281.16)	(281.00)
Other comprehensive income	150.00	(92.37)
Transfer to General Reserve		(287.19)
Closing balance	16,337.79	16,541.55

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



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

14 Provisions (Non-current)

(All amount ₹. in lakhs, unless otherwise stated)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Provision for employee benefits		
- Leave Encashment	14.10	43.73
- Gratuity	(4.35)	53.94
Total	9.75	97.67

15 Deferred tax liabilities (net)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Deferred tax assets		
Expenses allowable on payment basis	5.90	5.70
Deferred tax liabilities		
On WDV Difference and Actuarial post employment benefits	984.53	1024.07
Deferred tax liabilities (net)	978.63	1018.37

16 Other non-current liabilities

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Others		
-Deferred Revenue Grant		1.38
Total	-	1.38

17 Borrowings

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
a) Secured loans		
Repayable on Demand		
Working capital loans from banks	5,017.42	7,901.59
Total	5,017.42	7,901.59

Note 17.1: The Company has taken overdraft facilities from Andhra Bank and State Bank of India against pledge of fixed deposits valuing INR 12,472.80 lakhs (Previous year INR 12,492.03 lakhs) of the company at an average rate of 7.43% p.a.

17.2 Net Debt Reconciliation

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Opening balance of borrowings	7901.59	6579.51
Add:- Proceeds from non-current borrowings		-
Less:- Repayment of non-current borrowings	(2884.17)	(205.65)
Proceeds/ (repayment) from current borrowings		1545.22
Fair Value Adjustment		(17.49)
Closing balance of borrowings	5017.42	7901.59



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

18 Trade payables

(All amount ₹. in lakhs, unless otherwise stated)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Dues to micro enterprises and small enterprises		-
Dues to creditors other than micro enterprises and small enterprises	689.32	279.94
Total	689.32	279.94

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

19 Other financial liabilities (Current)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Employee benefits payable	190.68	183.60
Current maturities of long term debt	-	57.84
Unpaid dividends*	69.24	64.01
Deposits from stockists	12.26	12.26
Total	272.17	317.71

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

20 Other Current Liabilities

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Provisions	3.70	91.49
Statutory Liabilities and others	2,220.30	1,308.65
Advance from customers	294.72	95.57
Total	2,518.72	1,495.71

Note 20.1: The Company filed an appeal before the Hon'ble High Court of Andhra Pradesh vide W.P.no. 20536 of 2009 for levy of Duty @0.25 per unit of captive consumption of the electricity generated by the company. The appeal was dismissed by the Hon'ble High Court of judicature of Telangana and Andhra Pradesh on 19.05.2016 and accordingly a provision of ₹ 934.29 lakhs has been made upto 31.03.2020 (Previous year ₹ 909.54 lakhs) and the same is shown under Statutory liabilities.

21 Revenue from operations

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Revenue from contracts with customers		
Sale of products	15,646.80	11,061.43
Total	15,646.80	11,061.43



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

Details of Products Sold

(All amount ₹. in lakhs, unless otherwise stated)

Cement	8,749.16	6,528.30
Sugar	6,600.20	3,939.64
Power	297.44	593.49
Total	15,646.80	11,061.43

22 Other income

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Interest income on deposits with banks	1,150.93	1,283.28
Total	1,150.93	1,283.28

23 Cost of Material consumed

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Cost of Raw materials consumed:		
(i) Limestone	641.40	508.16
(ii) Gypsum	158.77	133.57
(iii) Others	50.78	27.99
(iv) Sugar cane	3,121.52	4,797.13
(v) Laterite	241.83	158.31
(vi) Coal	220.81	413.07
Total	4,435.12	6,038.23

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

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Opening balance		
Finished goods	6,302.26	4,753.93
Work-in-progress	533.84	209.86
(A)	6,836.10	4,963.79
Closing balance		
Finished goods	(3,838.51)	(6,302.26)
Work-in-progress	(732.76)	(533.84)
(B)	(4,571.27)	(6,836.10)
Total (A-B)	2,264.83	(1,872.31)

25 Employee benefits expense

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Salaries, wages and bonus	1,663.39	1,615.29
Contribution to provident and other funds	99.57	57.64
Staff welfare expenses	140.38	169.10
Total	1,903.34	1,842.03



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

26 Finance costs

(All amount ₹. in lakhs, unless otherwise stated)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Interest and finance charges on financial liabilities calculated using effective interest rate	312.65	565.08
Total	312.65	565.08

27 Depreciation

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Depreciation on Property, Plant and Equipment	242.94	242.26
Total	242.94	242.26

28 Other expenses

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Consumption of Stores & Spares	526.49	476.01
Consumption of packing materials	467.89	410.10
Power & Fuel	5,222.58	3,258.49
Repairs and Maintenance		
- Building	0.60	-
- Plant & Machinery	9.96	34.25
- Others	31.72	33.32
Other Manufacturing Expenses	232.23	198.67
Donations	35.36	43.58
Travelling & Conveyance	28.40	29.42
Professional Fee	14.99	13.85
Payment to Auditors (See note below) *	6.55	6.55
Insurance	6.80	6.55
Communication & Printing Expenses	13.27	20.37
Advertisement & Sales Promotion	13.43	22.07
Selling & Marketing Expenses	23.82	24.31
Rent, Rates & Taxes	99.60	65.77
Provision for Bad and Doubtful debts	-	260.57
Miscellaneous Expenses	203.11	225.97
Corporate social responsibility expenditure (Refer 28 b below)	68.30	29.39
Total	7,005.12	5,159.22



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

28 a. Payment to auditor

(All amount ₹. in lakhs, unless otherwise stated)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
(a) To statutory auditors		
-Statutory audit fee	3.90	3.90
-For other services (including fees for quarterly audits)	1.20	1.20
(b) To others		
-Cost audit fee	1.45	1.45
Total	6.55	6.55

28 b. Corporate Social Responsibility expenditure

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Amount required to be spent as per Section 135 of the Act	42.52	59.92
Amount spent during the year on :		
1. Construction/ acquisition of any assets	67.30	28.39
2. On purposes other than (1) above**	1.00	1.00

29 Earnings Per share

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

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

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

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Net Profit/(Loss) attributable to the equity Shareholders (A)	(72.60)	515.74
Weighted average number of Equity Shares outstanding during the period (B)	77.73	77.73
Nominal value of Equity Shares (Rs.)	10.00	10.00
Basic/Diluted Earnings per Share (Rs.) (A/B)	(0.93)	6.63

30. Notes to Employee Benefits

Defined Benefit Plans

Gratuity:

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

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



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

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

(All amount ₹. in lakhs, unless otherwise stated)

Particulars	31 st March, 2020	31 st March, 2019
Defined benefit obligation at the beginning	376.72	239.25
Current service cost	14.35	21.49
Interest expense	28.63	17.91
Benefits paid	(16.50)	(30.71)
Actuarial (gain)/ loss on obligations - OCI	(165.52)	128.78
Defined benefit obligation at the end	237.68	376.72

Components of Other Comprehensive Income

Particulars	31 st March, 2020	31 st March, 2019
Actuarial (gain) / loss on employee benefits	(165.52)	128.78
Less: Deferred Tax @ 29.12%	48.20	(37.50)
Actuarial (gain) / loss on employee benefits (net of tax)	(117.32)	91.28

Reconciliation of fair value of plan assets and defined benefit obligation

Particulars	31 st March, 2020	31 st March, 2019
Fair value of plan assets at the beginning	242.44	205.76
Defined benefit obligation at the beginning	376.72	239.25
Amount recognised in the Balance Sheet at the beginning	(134.28)	(33.49)
Fair value of plan assets at the end	242.03	242.44
Defined benefit obligation at the end	237.68	376.72
Amount recognised in the Balance Sheet at the end	4.35	(134.28)

The principal assumptions used in determining gratuity are shown below:

Particulars	31 st March, 2020	31 st March, 2019
Discount rate	6.62%	7.77%
Salary escalation rate	4%	4%

Economic and Demographic Assumptions

Economic Assumptions

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

Discount rate is based on the prevailing market yields of Indian Government securities as at 31st March 2020 for the estimated term of the obligations.

Demographic Assumptions

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Retirement Age	58	58
Mortality table	IALM (2012-14)	IALM (2012-14)
Attrition rate	3%	3%



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

Amount recognised in Statement of Profit and Loss

(All amount ₹. in lakhs, unless otherwise stated)

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Current service cost	14.35	21.49
Net interest expense	28.63	17.91
Remeasurement of Net Benefit Liability/ Asset	(179.57)	110.77
Amount recognised in Statement of Profit and Loss for year ended	(136.59)	150.18

Amount recognised in Other Comprehensive Income

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Actuarial (gain)/ loss on obligations	(165.52)	128.78
“Return on plan assets (excluding amounts included in net interest expense)”	-	-
Amount recognised in Other Comprehensive Income for year ended	(165.52)	128.78

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

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Discount rate (in %)	6.62	7.77
Salary Escalation (in %)	4.00	4.00
Rate of return in plan assets (in %)	-	-
Expected average remaining working lives of employees (in years)	10.20	9.59

A quantitative sensitivity analysis for significant assumption as at 31st March, 2020 is as shown below:

Particulars	As at 31 st March, 2020		As at 31 st March, 2020		As at 31 st March, 2020	
Assumptions	Discount rate		Salary escalation		Assumed Attrition Rate	
Sensitivity Level	1%	1%	1%	1%	1%	1%
	increase	increase	increase	decrease	increase	decrease
Impact on defined benefit obligation	225.93	250.72	250.13	226.29	239.47	235.69



A quantitative sensitivity analysis for significant assumption as at 31st March, 2019 is as shown below:

(All amount ₹. in lakhs, unless otherwise stated)

Particulars	As at 31 st March, 2019		As at 31 st March, 2019		As at 31 st March, 2019	
Assumptions	Discount rate		Salary escalation		Assumed Attrition Rate	
Sensitivity Level	1% increase	1% increase	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	358.86	396.54	395.59	359.39	381.39	371.61

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

Risk exposure

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

Interest rate risk:

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

Salary inflation risk:

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

Demographic risk:

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



Note.31 Provisions, Contingent Liabilities and Contingent Assets:

Disclosures required by Ind AS-37 "Provisions, Contingent Liabilities and Contingent Assets"

- i) The Company had filed an appeal before the Appellate Tribunal (CT) against order of ADC on restriction of ITC for the Year 2012-13 of ₹ 29,52,639 and for the year 2013-14 of ₹ 27,52,164 pending with Appellate Tribunal. For the year 2014-15 the Assessing Officer has raised a demand for an amount of ₹ 198.09 Lakhs for non submission of C-Forms and Way Bills against which the company filed an appeal against the above demand before AJC(A) and paid an amount of ₹ 24.76 Lakhs being 12.5% on the disputed Tax.
- ii) The Company had filed a Writ Petition registered as W.P.No.20536 of 2009 before the Hon'ble High Court of Telangana questioning levy of Electricity Duty @ 0.25 per unit by the State Government on captive consumption of the electricity generated by the company. The Writ Petition was dismissed by the Hon'ble High Court on 19.05.2016. The Company preferred a Special Leave Petition before the Hon'ble Supreme Court of India registered as SLP No.22936 of 2016. As per the Interim Orders of the Supreme Court, the Company had paid an amount of ₹ 481.32 Lakhs to the Credit of Government of Telangana & Andhrapradesh. The Appeal before the Supreme Court is yet to come up for hearing and accordingly a provision of ₹ 934.29 lakhs has been provided upto 31.03.2020 (Provision made upto 31.03.2019 is ₹ 909.54 Lakhs).
- iii) For the Asst. years 1999-00, 2000-01 and 2001-02 Income tax paid ₹ 123.98 lakhs under protest against the demand of ₹ 136.40 lakhs towards disallowance of un-absorbed depreciation / losses. The matter is pending in appeal before the High Court of Telangana.
- iv) For the Asst. Year 2012-13 there was a demand of ₹ 120.68 lakhs towards denial of exemption u/s. 80-IA to Company's Power Division and the same was adjusted against refund due. The matter is pending before ITAT, Hyderabad.
- v) For the Asst. Year 2009-10 penalty has been imposed and the same was adjusted against the refund due and pending in ITAT Hyderabad. for the Asst. Year 2014-15, CIT(A) disposed of the case in favour of the company allowing 80IA deduction, against which the IT department had filed an appeal in ITAT, Hyderabad, Which is pending.
- vi) Sales tax paid under protest for the Asst. years 2001-02,2002-03 of ₹ 188.56 lakhs against a demand of ₹ 188.56 lakhs regarding disputed sales tax on Molasses sales. The matter is under appeal before the High Court of Telangana.
- vii) The Company had paid ₹ 1.00 crore as per the directions of Hon'ble High Court against demand of ₹ 850.22 lakhs from the forest department towards Net Present Value (NPV) in respect of diverted forest land for renewal of Mining lease under Forest (Conservation) Act, 1980. The matter is pending in appeal before the High Court of Telangana.
- viii) Company had appealed to Addl. Commissioner of Customs vide appeal no.72/2014 dated 05/06/2014 and 28/2014 dated 25/06/2014 against the demand of the department amounting to ₹ 65.77 Lakhs excluding interest and Penalty for the year 2012-13.
- ix) For the A.Y.2016-17, the company had filed an appeal before the CIT(A) against the orders passed by the Assessing Officer disallowing 80IA deduction under IT Act. The tax amount is in dispute is ₹ 969.26 Lakhs. The CIT(A) disposed of the case in favour of the company allowing 80IA deduction, against which the IT department had filed an appeal in ITAT, Hyderabad, Which is pending.
- x) During the year , the company has received a judgement order from the Hon'ble Supreme Court for the payment of differential wheeling charges on the power generated by the company's bagasse based cogen plant due to which the company had provided an estimated a liability of ₹ 650 Lakhs and the same was shown as exceptional item. The company has filed a review petition on 07-03-2020 before the Hon'ble Supreme Court.

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



33. Related party transactions

Names of related parties and nature of relationships:

Names of the related parties	Nature of relationship
i) Key Managerial Personnel (KMP)	
Sri P.Veeraiah	Managing director
Sri B K Prasad	General Manager & Company Secretary
Sri M Bhavani Dattu	Chief Financial Officer
Dr.P.Anuradha	Chief Executive Officer
ii) Non-whole-time Directors	
Sri J S Rao	Director
Sri TRC Bose	Director
Sri BV Subbaiah	Director
Sri K Venkata Rao	Director
Smt. M Varalaxmi	Director
iii) Relatives of key managerial personnel	
Smt. P.Samrajyam	Mother of Sri P.Veeraiah
Dr.P.Anuradha	Wife of Sri P.Veeraiah

Details of transactions during the year where related party relationship existed:

(All amount ₹. in lakhs, unless otherwise stated)

Particulars	Nature of Transactions	Year ended 31 st March 2020	Year ended 31 st March 2019
Sri P.Veeraiah	Remuneration	130.08	130.52
Dr.P.Anuradha	Remuneration	28.98	24.51
Sri B K Prasad	Remuneration	10.91	11.01
Sri M Bhavani Dattu	Remuneration	9.87	10.16
Sri P.Veeraiah (HUF)	Rent paid	24.00	24.00
Sri T R C Bose	Sitting fees	0.04	0.04
Sri B V Subbaiah	Sitting fees	0.04	0.03
Sri J S Rao	Sitting fees	0.02	0.03
Sri K Venkat Rao	Sitting fees	0.02	0.02
Sri M Varalakshmi	Sitting fees	0.01	0.01
Sri T R C Bose	Reimbursement of expenses	0.87	0.87
Sri B V Subbaiah	Reimbursement of expenses	0.91	0.63
Sri J S Rao	Reimbursement of expenses	0.63	0.72
Sri K Venkat Rao	Reimbursement of expenses	0.58	0.63
Smt. M Varalakshmi	Reimbursement of expenses	0.34	0.24
Sri P.Veeraiah	Dividend paid	105.05	104.81
Smt. P.Samrajyam	Dividend paid	9.70	9.70



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

34 Fair values

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

(All amount ₹. in lakhs, unless otherwise stated)

Particulars	Carrying value		Fair value	
	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
Financial Assets				
Other financial assets	460.58	376.87	460.58	376.87
Trade receivables	1,242.49	1,067.79	1,242.49	1,067.79
Cash and cash equivalents	77.66	159.72	77.66	159.72
Other Bank Balances	16,177.92	15,763.15	16,177.92	15,763.15
Total	17,958.65	17,367.53	17,958.65	17,367.53
Financial Liabilities				
Long term borrowings	-	-	-	-
Short term borrowings	5,017.42	7,901.59	5,017.42	7,901.59
Trade Payables	689.32	279.94	689.32	279.94
Current Maturities of long term borrowings	-	57.84	-	57.84
Other Financial liabilities	272.17	259.86	272.17	259.86
Total	5,978.91	8,499.23	5,978.91	8,499.23



Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

(All amount ₹. in lakhs, unless otherwise stated)

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2020

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at amortised cost:					
Other financial assets	March 31, 2020	460.58	-	-	460.58
Trade receivables	March 31, 2020	1,562.46	-	-	1,562.46
Cash and cash equivalents	March 31, 2020	77.66	-	-	77.66
Other Bank Balances	March 31, 2020	16,177.92	-	-	16,177.92

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2019

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at amortised cost:					
Other financial assets	March 31, 2019	376.87	-	-	376.87
Trade receivables	March 31, 2019	1,067.79	-	-	1,067.79
Cash and cash equivalents	March 31, 2019	159.72	-	-	159.72
Other Bank Balances	March 31, 2019	15,763	-	-	15,763.15

Quantitative disclosures fair value measurement hierarchy for liabilities as at March 31, 2020:

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at amortised cost:					
Long term borrowings	March 31, 2020	-	-	-	-
Short term borrowings	March 31, 2020	5,017.42	-	-	5,017.42
Trade Payables	March 31, 2020	689.32	-	-	689.32
Current Maturities of long term borrowings	March 31, 2020	-	-	-	-
Other Financial liabilities	March 31, 2020	272.17	-	-	272.17



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

(All amount ₹. in lakhs, unless otherwise stated)

Particulars	Date of valuation	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Liabilities measured at amortised cost:					
Long term borrowings	March 31, 2019	-	-	-	-
Short term borrowings	March 31, 2019	7,901.59	-	-	7,901.59
Trade Payables	March 31, 2019	279.94	-	-	279.94
Current Maturities of long term borrowings	March 31, 2019	57.84	-	-	57.84
Other Financial liabilities	March 31, 2019	317.70	-	-	317.70

The management assessed that fair value of financial assets and liabilities significantly approximate their carrying amounts largely due to the short term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

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

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

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

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

Fair value of financial assets and financial liabilities

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



36. Financial risk management objectives and policies

Financial Risk Management Framework

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

The Company is exposed primarily to Credit Risk, Liquidity Risk and Market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

A. Credit Risk

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

Exposure to credit risk:

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

(All amount ₹. in lakhs, unless otherwise stated)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Other financial assets	460.58	376.87
Trade receivables	1,242.49	1,067.79
Cash and cash equivalents	77.66	159.72
Other bank balances	16,177.92	15,763.15

Trade receivables:

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of statements of financial position whether a financial asset or a Company of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The company is not expecting any credit loss allowance which is calculated on life time expected credit losses for trade receivables. Credit loss provision on security deposits is taken as 12 months expected credit loss and no loss is expected as at 31st March, 2020, 31st March, 2019.

Financial instruments and cash deposits

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



B. Liquidity Risk

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

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

(All amount ₹. in lakhs. unless otherwise stated)

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Year ended 31st March, 2020						
Borrowings						
Trade and other payables	-	-	689.32	-	-	689.32
Other financial liabilities	272.17	-	-	-	-	272.17
Year ended 31st March, 2019						
Borrowings		-	-	-	-	-
Trade and other payables	-	-	279.94	-	-	279.94
Other financial liabilities	317.70	-	-	-	-	317.70

Excessive risk concentration

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

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

Collateral : Nil

C. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits etc.

Interest rate risk:

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

Foreign currency risk

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



37 Capital Management

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

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

(All amount ₹. in lakhs, unless otherwise stated)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Non-current Borrowings		
Current Borrowings	5,017.42	7,901.59
Current Maturities of Long-term borrowings		57.84
Less: Cash & Bank balances	(16,255.58)	(15,922.87)
Net Debt	(11,238.17)	(7,963.44)
Equity	777.39	777.39
Other Equity	21,185.23	21,388.99
Total Capital	21,962.61	22,166.38
Capital and net debt	10,724.45	14,202.94
Gearing ratio (%)	-104.79%	-56.07%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March, 2020 and 31st March, 2019.

38. Dues to Micro and Small Enterprises

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

(All amount ₹. in lakhs, unless otherwise stated)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Principal amount due and remaining unpaid	-	-
Interest due on above and the unpaid interest	-	-
Interest Paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding years	-	-



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

39. Segment information

The Company's activities are organised into three operating segments namely Cement, Sugar and Power. The Segments are the basis on which the company reports its segment information

Cement division - produce, manufacture, refine and prepare the portland cement

Sugar division - It deals mainly with the crushing of sugar-cane

Power division - It generates and distributes the power

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

Information about Products:

Revenue from external customers- sale of cement sugar and Power is ₹ 15,646.80 lakhs

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

Segment revenue and expenses:

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

Segment assets and liabilities:

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

Inter segment transfers:

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

Summary of segment information (All amount ₹. in lakhs, unless otherwise stated)

Particulars	31 st March, 2020	31 st March, 2019
A.Revenue		
Segment revenue		
Cement	8749.16	6528.30
Sugar	7058.38	4652.15
Power	1014.93	2058.69
	16822.48	13239.14
Less: Inter Segment sales	1175.67	2177.71
Total revenue	15646.80	11061.43
B.Segment profit		
Cement	1168.43	721.59
Sugar	(662.30)	(703.77)
Power	(209.74)	917.46



KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

(All amount ₹. in lakhs, unless otherwise stated)

Particulars	31 st March, 2020	31 st March, 2019
Segment operating profit	296.39	935.28
Operating profit	296.39	935.28
Finance costs	312.65	565.08
Profit before tax	(16.26)	370.20
Income tax expense	56.34	(145.53)
Profit/(Loss) after tax	(72.60)	515.74
Particulars	31 st March, 2020	31 st March, 2019
Segment Assets		
Cement	9937.57	9775.86
Sugar	11824.62	14226.39
Power	9686.43	9276.48
Total assets	31448.62	33278.73
Segment liabilities		
Cement	2094.20	1752.91
Sugar	5507.02	8450.97
Power	1884.78	908.47
Total liabilities	9486.00	11112.35
Particulars	31 st March, 2020	31 st March, 2019
Geographical segment revenue by location of customers		
India	15,646.80	11,061.43
Outside India	-	-
TOTAL	15646.80	11061.43
Particulars	31 st March, 2020	31 st March, 2019
Geographical segment assets		
India	31448.62	33278.73
Outside India	-	-
TOTAL	31448.62	33278.73

As per our Report of even date

For Ramanatham & Rao

Chartered Accountants

FR NO. S - 2934

C.Kameshwar Rao

Partner

M.No: 024363

Place: Hyderabad

Date : 24.06.2020

For and on behalf of the Board of Directors

P.Veeraiah

Chairman & Managing Director

DIN: 00276769

M.Bhavani Dattu
Chief Financial Officer

B.Kameswara Prasad
General Manager and
Company Secretary

If undelivered, please return to:



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

1-10-140/1, "GURUKRUPA"

ASHOKNAGAR,

HYDERABAD - 500 020.

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