



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

BOARD OF DIRECTORS:

Shri P Venkateswarlu	Chairman & Managing Director
Shri P Veeraiah	Joint Managing Director
Shri J S R Prasad	Director
Shri J S Rao	Director
Shri C Madhusudana Rao	Director
Shri V B R Suryam	Director
Shri T R C Bose	Director
Shri B V Subbaiah	Director
Shri A Chengappa	Director
Smt. J Lakshmi Nalini	Director (up to 19.11.2011)

SENIOR EXECUTIVES

Dr. P Radha	Chief Executive
Shri K Sri Hari	General Manager (Cement Works)
Shri Y Venkataramaiah	General Manager (Sugar Works)
Shri R Ramakrishna	Company Secretary
Shri M Bhavani Dattu	General Manager (Finance)

AUDITORS

M/s. M. Anandam & Co.,
Chartered Accountants,
SECUNDERABAD

COST AUDITORS

M/s. Narasimha Murthy & Co.,
Cost Accountants,
HYDERABAD

BANKERS

State Bank of India
Industrial Finance Branch
Somajiguda, Hyderabad

Andhra Bank

Specialised Corporate Finance Branch
Somajiguda, Hyderabad

REGISTERED OFFICE

1-10-140/1, "GURUKRUPA"
Ashok Nagar,
HYDERABAD-500 020
Phone : 040-27637717

REGISTRARS

XL SOFTECH Systems Limited,
3, Sagar Society, Road No.2, Banjara Hills,
HYDERABAD-500 034
Phone : 040-23545913

FACTORIES

CEMENT:

Srinivasa Nagar
Mellacheruvu Mandal
Nalgonda Dist. A.P.

SUGAR & POWER:

Peruvancha Village
Kallur Mandal
Khammam Dist. A.P



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

NOTICE

NOTICE is hereby given that the **THIRTY THIRD ANNUAL GENERAL MEETING of KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED** will be held on Wednesday, the 26th day of September, 2012 at 11.00 A.M at Sri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad - 500 020 to transact the following Business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2012, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Sri J S Rao, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri C. Madhusudana Rao, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Sri T R C Bose, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s. M. ANANDAM & CO., Chartered Accountants, Firm Regn.No. 000125S as Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to fix their remuneration.

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

Place : Hyderabad
Date : 20.08.2012

R. Ramakrishna
Company Secretary



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll only instead of himself/herself. Such proxy need not be a member of the company.
2. The Register of Members and Share Transfer Books will remain closed from 21.09.2012 to 26.09.2012 (both days inclusive).
3. Members are requested to notify immediately any change in their addresses to the Company's Registered Office with their Folio Number(s).
4. The Dividend, after declaration, will be paid to those shareholders whose names stand on the Register of Members on 26th September 2012. 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 26th September 2012. The Dividend will be paid on or before October 24, 2012.
5. The Securities and Exchange Board of India (SEBI) has made it mandatory for all Companies to use the Bank Account details furnished by the Depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the Bank details, if available, on the payment instrument for distribution of dividend.
6. As per provisions of Section 205A of the Companies Act, 1956 the Company has already transferred to the Investors Education and Protection Fund, the amount of all unclaimed dividends declared up to and including the financial year ended 31st March 2004. The amount of unclaimed dividends for the financial year ended 31st March 2005 will be transferred to the Investors Education and Protection Fund by October 15th 2012.
7. As per the provisions of Section 205A, the Company is required to transfer dividend, which remains unpaid or unclaimed for a period of 7 years, to the Investors Education and Protection Fund set up by the Central Government. Shareholders, who have not claimed their dividend for any year from the financial year ended March 31, 2006 onwards, are requested to lodge their claim with the Company.
8. (a) The Company's shares are listed with the The National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited, Mumbai(BSE).
(b) The Annual Listing Fee for the year 2012-2013 has been paid to these two Stock Exchanges.
9. All the shareholders are requested to intimate their e-mail address to the Company or to the depository for sending by e-mail the Notice and Annual Report pursuant to the Circular 18/2011 issued by the Ministry of Corporate Affairs.

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

Place : Hyderabad
Date : 20.08.2012

R. Ramakrishna
Company Secretary



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting the 33rd Annual Report together with the Audited Accounts for the year ended 31st March 2012.

FINANCIAL RESULTS

The Financial Results for the year ended 31st March, 2012 are summarised below:

(₹ in Lakhs)

Particulars	2011-12	2010-11
Income (Sale and other Income)	17297.96	10308.69
Profit before Depreciation, Interest & Taxes	3680.52	1163.28
Depreciation	736.31	742.61
Interest	9.59	34.42
Provision for Taxation	1034.34	131.00
Provision for Deferred Taxation	(154.36)	(135.90)
Profit after Taxation	2054.64	391.15
Profit brought forward from Previous year	8762.62	8655.41
APPROPRIATIONS		
Transfer to General Reserve	210.00	40.00
Proposed Dividend	209.89	209.89
Corporate Tax on Dividend	34.05	34.05
Balance carried over to Balance Sheet	10363.32	8762.62

Segment-wise performance has been furnished under Financial Statements.

DIVIDEND

Your Directors are pleased to recommend for your consideration a Dividend of ₹ 2.70 per equity share for the year ended 31.03.2012, as against ₹ 2.70 per equity share in the previous year aggregating an amount of ₹ 243.94 lakhs including Dividend Distribution Tax.

PERFORMANCE OF THE YEAR UNDER REVIEW

Cement Division:

During the year under review, the Cement Division has produced 2,66,968 MT of cement as against

2,52,992 MT of cement for the previous year. The profit for the Division was ₹ 3114.05 lakhs as against ₹ 830.46 lakhs for the previous year.

Sugar Division:

The Sugar Division crushed 2,24,189 MT of sugarcane for the current season as against 1,24,458 MT for the previous season. The recovery rate was 9.50% compared to 9.53% for the previous season. The loss for the Division was ₹ 242.44 lakhs as against loss of ₹ 747.86 lakhs for the previous year.

Power Division:

During the year under review, the Power Division has generated 6,72,82,462 KWH against 6,11,34,753 KWH of power for the previous year. The Profit for the Division was ₹63.02 lakhs as against ₹303.65 lakhs for the previous year.

CURRENT YEAR OUTLOOK:

Cement Division:

In the first three months of the current year i.e. April - June 2012, the production of cement was 63,187 MT as against 62,020 MT of the first three months of the previous year. Your Directors expect that current price realisations will sustain during the remaining part of the current year.

Sugar Division:

Sugarcane crop in the factory zone is likely to improve and estimated to crush around 2,00,000 lakh MT during the crushing season 2012-13.

Power Division:

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

FIXED DEPOSITS:

The company has no fixed deposits. All Fixed deposits matured have been repaid in full and there are no unclaimed deposits as on 31.3.2012.

INSURANCE:

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



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PARTICULARS OF EMPLOYEES:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

1. In the preparation of annual accounts, the applicable accounting standards have been followed and there were no material departures therefrom.
2. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the status of the Company as on 31st March, 2012 and Profit & Loss Account of the Company for the year ended as on 31st March, 2012.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.
4. The accounts were prepared on a going concern basis.

ENVIRONMENTAL PROTECTION:

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

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

AUDITORS:

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

COST AUDIT:

For the year ended 31st March 2012, with the approval of Central Government, M/s. Narasimha Murthy & Co., Cost Accountants, Hyderabad have been appointed to conduct the Cost Audit. In respect of financial year 2010-2011 Cost Audit Report was filed on 14.09.2011. In respect of 2011-2012 it will be filed before the due date i.e. 30th September 2012.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

a. Industry Structure And Developments:

With the expansion of several cement units in AP and new entrants the gap between demand and supply is considerably narrowing, which is likely to put pressure on pricing. However, with efficient Management and sustained demand the outlook for next year is likely to be encouraging.

Sugar being an agro-based industry needs good rainfall and irrigation facilities. The lining work of Wyra canal continues to be in slow progress thereby affecting the irrigation facilities and this is likely to continue for another couple of years. However with the expectation of a reasonably good monsoon the area under sugar cultivation is likely to improve resulting in considerable improvement over last season crushing. As far as Power operations are concerned, with the improvement in sugar cane crushing, the availability of bagasse will also improve, resulting in higher generation of power.

b. Opportunities and threats:

With a stable scenario for infrastructure and the forecasted demand for cement for the year 2012-2013 outlook for cement industry appears positive.



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c. Segment or product-wise performance:

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

d. Outlook:

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

e. Risks and concerns:

The Cement, Sugar and Power industries being core industries, there is no risk of product obsolescence nor steep fall in demand by way of product substitution or otherwise and therefore, your Directors do not foresee any major risks and concerns, in the near future except as discussed elsewhere in this Report.

f. Internal control systems and their adequacy:

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

g. Financial Performance with respect to operational performance:

This has been already discussed elsewhere in this Report.

h. Human Resources / Industrial Relations:

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

i. Social Responsibility:

During the financial year ended 31st March 2012 your Company supplied cement at

concessional price to the State Government as part of its Indiramma Housing Welfare Scheme.

j. CAUTIONARY STATEMENT:

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

ACKNOWLEDGEMENTS:

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

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

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

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

For and on behalf of the Board

P. Venkateswarlu
Chairman &
Managing Director

Place : Hyderabad
Date : 20.08.2012



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ANNEXURE TO DIRECTORS' REPORT:

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

A. CONSERVATION OF ENERGY

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

B. TECHNOLOGY ABSORPTION

Efforts made in Technology Absorption FORM "B" Enclosed

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

FORM-A

Form for Disclosure of particulars with respect to Conservation of Energy

	CURRENT YEAR 2011-12			PREVIOUS YEAR 2010-11		
	CEMENT	SUGAR	POWER	CEMENT	SUGAR	POWER
A. POWER & FUEL CONSUMPTION						
1. ELECTRICITY						
(a) Purchased (KWH)	2,77,87,526	68,17,156	-	2,84,40,315	54,15,941	-
Total Amount (₹)	11,18,68,951	2,50,47,927	-	10,97,54,958	2,07,61,652	-
Rate per Unit (₹)	4.02	3.67	-	3.86	3.83	-
(b) OWN GENERATION						
Through Diesel						
Generators (Units)	14,389	-	-	97,477	-	-
Total Amount (₹)	3,34,262	-	-	13,13,852	-	-
Cost per Unit (₹)	23.23	-	-	13.47	-	-
2. FUEL						
(a) COAL						
Quantity (MT)	55,635	-	53,811	49,560	-	61,838
Total Cost (₹)	24,66,17,239	-	17,55,99,140	16,67,37,273	-	14,03,89,108
Average Rate (₹)	4,432.77	-	3,263.26	3,364.35	-	2,270.27
(b) Bagasse/Steam						
Quantity (MT)	-	87,717	67,238	-	68,154	37,337
Total Cost (₹)	-	2,57,88,798	6,05,14,200	-	2,41,26,516	3,36,03,813
Average Rate (₹)	-	294.00	900.00	-	354.00	900.00



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	CURRENT YEAR 2011-12			PREVIOUS YEAR 2010-11		
	CEMENT	SUGAR	POWER	CEMENT	SUGAR	POWER
B. CONSUMPTION PER UNIT OF PRODUCTION						
1. Electricity (KWH)						
Cement (MT)	105.900	-	-	112.805	-	-
Sugar (KGS)	-	0.314	-	-	0.456	-
Power (KWH)	-	-	0.103	-	-	0.098
2. Coal (MT)	0.220	-	-	0.216	-	-
(Per tonne of clinker)						

FORM - B

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

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

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

For and behalf of the Board

Place : Hyderabad
Date : 20.08.2012

P. Venkateswarlu
Chairman & Managing Director



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

CORPORATE GOVERNANCE REPORT

THE CORPORATE GOVERNANCE CODE & COMPANY'S PHILOSOPHY

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

BOARD OF DIRECTORS:

The Board of Directors of the Company effectively comprised of 10 Directors(9 with effect from 19.11.2011), out of which 2 are whole-time directors. The proportion of independent Directors is more than 50% as the Company has Executive Chairman. During the year under review, there were in all five (5) meetings of the Board of Directors and the maximum time gap between any two Board meetings was 95 days and the following is the attendance of the Directors:

Sl. No.	Name of the Director	No. of Board Meetings held	No. of Board Meetings Attended	Whether attended the last Annual General Meeting	No. of Directorships in other Boards	No. of Memberships in other Board Committees
01.	P. Venkateswarlu	5	5	YES	1	NIL
02.	P. Veeraiah	5	5	YES	1	NIL
03.	J.S.R. Prasad	5	4	YES	11	4
04.	T.R.C. Bose	5	5	NO	8	4
05.	J. S. Rao	5	4	NO	7	1
06.	J. Lakshmi Nalini*	5	2	NO	NIL	NIL
07.	C. Madhusudana Rao	5	2	NO	3	NIL
08.	V.B.R. Suryam	5	5	YES	NIL	NIL
09.	B.V.Subbaiah	5	5	YES	1	3
10.	A. Chengappa	5	3	YES	NIL	NIL

*Smt. J Lakshmi Nalini resigned w.e.f. 19.11.2011.

The dates of Board Meeting held during the year under review are: 12.05.2011, 11.08.2011, 24.08.2011, 05.11.2011 and 09.02.2012.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Sri J S Rao, Sri C Madhusudhana Rao and Sri T R C Bose, retire by rotation and are eligible for reappointment.

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

Smt. J. Lakshmi Nalini resigned as Director with effect from 19th November 2011. The Board takes this opportunity to thank her for her valuable contribution and guidance during the tenure as Director.

Sri J S RAO:

Sri J S Rao, aged 58 years, is Managing Director of Keerthi Industries Ltd. He was President of Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI). He has been associated with the Company since its inception.

Sri C MADHUSUDHANA RAO:

Sri C. Madhusudana Rao, aged 75 years, is Chartered Accountant by profession having vast experience in the field of finance and accounting.

Sri T R C BOSE:

Sri T.R.C. Bose, aged about 72 years is a former Director (Projects) of APTRANSCO. He is Managing Director of Athena Chhattisgarh Power Ltd., and also Director of IVRCL Infrastructure & Projects Ltd., Vijai Electricals Limited and Konaseema Gas Power Limited.



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

GENERAL BODY MEETINGS:

The last three Annual General Meetings were held as under:

Sl. No.	Location	Date and Time	Whether any special resolutions were passed	Postal Ballots
01	Surana Udyog Auditorium, FAPPCI Premises, Red Hills, Hyderabad	25.09.2009 11.00 A.M	NO	N.A.
02.	Surana Udyog Auditorium, FAPPCI Premises, Red Hills, Hyderabad	25.09.2010 03.00 P.M	No	N.A.
03.	Sri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad	29.09.2011 11.00 A.M	Yes	N.A.

SHAREHOLDERS / INVESTORS GRIEVANCES:

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

SHAREHOLDERS GRIEVANCE COMMITTEE:

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

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

Mr. R. Ramakrishna, Company Secretary is the Compliance Officer.

Email-id of Investor Grievances: shares@kakatyacements.com

Number of Shareholders complaints received so far.

During the year the Company has received 8 complaints and all have been resolved and there is no pending complaint.

AUDIT COMMITTEE:

The Board of Directors of the Company constituted Audit Committee consisting of the following Directors, with the role and responsibilities duly defined and in accordance with the applicable statutory and other requirements. During the year, in all, 5 meetings of the Committee took place and attendance thereat is as under:

Name of the Director	No. of Meetings Attended
Sri C Madhusudana Rao	2
Sri T R C Bose	5
Sri J S Rao	5
Sri B V Subbaiah	4

REMUNERATION OF DIRECTORS & REMUNERATION COMMITTEE:

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

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



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

CODE OF CONDUCT:

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

DISCLOSURES:

The pecuniary disclosure with regard to interested Directors

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

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

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

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

MEANS OF COMMUNICATION:

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

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

GENERAL SHAREHOLDER INFORMATION:

- a) Annual General Meeting : 33rd Annual General Meeting
Date : 26th September, 2012
Time : 11.00 A.M
Venue : Sri Thyagaraya Gana Sabha, Vivek Nagar,
Chikkadapally, Hyderabad - 500 020.
- b) Financial Calendar : 1st April to 31st March
- c) Date of Book closure : 21.09.2012 to 26.09.2012(both days inclusive)
- d) Dividend payment date : On or before 24th October 2012
- e) Registered Office : **KAKATIYA CEMENT SUGAR & INDUSTRIES LTD.,**
1-10-140/1, "GURUKRUPA", Ashok Nagar,
HYDERABAD - 500 020.
Phone:040-27637717/27633627 Fax No.27630172
e-mail : shares@kakatiyacements.com
- f) Listing on Stock Exchanges : The National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor, Plot No. C/1, G Block,
Bandra - Kurla Complex, Bandra (E), MUMBAI - 400 051.
Bombay Stock Exchange Limited,
Floor 25, P.J. Towers, Dalal Street, MUMBAI - 400 001.
- g) Code/Symbol : NSE - KAKATCEM, BSE - 500234
ISIN for NSDL & CDSL: INE437B01014



**KAKATIYA CEMENT SUGAR &
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h) Market Price Data: (Source: National Stock Exchange Quotations)

Month and Year		High ₹	Low ₹
April	2011	80.00	70.00
May	2011	75.00	65.50
June	2011	82.00	62.30
July	2011	72.50	65.25
August	2011	72.30	62.15
September	2011	75.95	67.35
October	2011	69.40	63.00
November	2011	75.00	62.50
December	2011	68.00	60.00
January	2012	74.60	58.00
February	2012	94.55	70.50
March	2012	86.90	76.00

i) Address of Registrars and Share Transfer Agents:

XL SOFTECH Systems Limited,
3, Sagar Society, Road No. 2, Banjara Hills,
HYDERABAD - 500 034.
Tel: 040-23545913, 14, 15
Fax: 040-23553214
Email: xlsoft@hd1.vsnl.net.in

j) Share Transfer System:

The Share Transfer work is being handled by the Company's R & T Agent. Transfer of shares are registered and duly transferred share certificates are dispatched within thirty (30) days of receipt, provided the transfer documents are in order.

k) Distribution of Shareholding & Shareholding Pattern:

Distribution of Shareholding as on 31.03.2012

Share Holding	Number of Shareholders	% to total	Number of Shares	% to total
Up to 500	41571	97.98	1177881	15.15
501 - 1000	453	1.07	358844	4.62
1001 - 2000	196	0.46	293336	3.77
2001 - 3000	80	0.19	197808	2.55
3001 - 4000	27	0.06	98581	1.27
4001 - 5000	21	0.05	99593	1.28
5001 - 10000	43	0.10	318320	4.09
10001 and above	39	0.09	5229495	67.27
TOTAL	42430	100.00	7773858	100.00

Shareholding Pattern as on 31.03.2012:

Category	No. of Equity Shares	% of Paid-up Capital
Promoters	4018745	51.70
Other Corporate Bodies	533657	6.86
General Public	2602662	33.48
Non Resident Individuals	611162	7.86
Foreign Institutional Investors & OCBs	100	0.00
Indian Financial Institutions	3000	0.04
Mutual Funds & Banks	4532	0.06
TOTAL	7773858	100.00



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

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

The Company has not issued any of these instruments.

- m) Dematerialisation of Shares:

As on 31st March 2012 out of the total shares 72,80,319 shares were dematerialised with the following depositories:

- | | | | |
|---|---|-----------|--------|
| i) National Securities Depositories Limited | - | 48,74,431 | Shares |
| ii) Central Depository Services Limited | - | 24,05,888 | Shares |

- n) Plant locations

CEMENT:

Srinivasa Nagar
Mellacheruvu Mandal
Nalgonda Dist. A.P.

SUGAR & POWER:

Peruvancha Village
Kallur Mandal
Khammam Dist. A.P.

- o) Address for correspondence:

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

DECLARATION ON CODE OF CONDUCT

This is to confirm that all Directors and Senior Management personnel of the company have affirmed compliance with the code of conduct of the Company for the financial year ended 31.03.2012 as envisaged in clause 49 of the listing agreement with Stock Exchanges.

Place : Hyderabad

Date : 20.08.2012

P. Venkateswarlu
Chairman & Managing Director

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To
The Members of
Kakatiya Cement Sugar & Industries Limited, Hyderabad.

We have read the report of board of directors on corporate governance and have examined the relevant records relating to the compliance of conditions of Corporate Governance by M/s. Kakatiya Cement Sugar & Industries Limited for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

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

We state that in respect of investor grievances received during the year ended 31st March, 2012, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Place : Hyderabad

Date : 20.08.2012

A.V. Sadasiva
PARTNER
M. No. 18404



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

AUDITORS' REPORT

To
The Members of
Kakatiya Cement Sugar & Industries Limited., Hyderabad.

1. We have audited the attached Balance Sheet of **Kakatiya Cement Sugar & Industries Limited**, as at 31st March, 2012 and the Statement of Profit & Loss and Cash Flow statement for the year ended on that date annexed there to. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above.
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statements dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable, except that the provision for leave encashment cash basis instead of actuarial valuation (Refer Note 1 (viii) (c) of the financial statements).
 - e) On the basis of written representations received from the Directors of the Company, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Director is disqualified as at 31st March, 2012 from being appointed as a Director in terms of Clause (g) of the Sub-Section (1) Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i. In the case of Balance Sheet, of the State of Affairs of the Company as at 31st March, 2012;
 - ii. In the case of the Statement of Profit & Loss, of the Profit of the Company for the year ended on that date; and
 - iii. In the case of the Cash Flow Statements, of the Cash Flows for the year ended on that date.

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

Place : Hyderabad
Date : 20.08.2012

A.V. Sadasiva
PARTNER
M. No. 18404



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

**RE: KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED
ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE.**

- 1) a. The company has maintained proper records showing full particulars including quantitative details, and situation of fixed assets.
b. The management has physically verified most of the fixed assets of the company and no material discrepancies were noticed on such physical verification.
c. No substantial part of the fixed assets has been disposed off during the year.
- 2) a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
b. The procedures of physical verification of inventories followed by the management are reasonable and adequate commensurate with the size of the company and nature of its business.
c. On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- 3) a. The Company has not granted any loans to the parties covered under section 301 of the Companies Act, 1956.
b. The company has taken an unsecured loan from one party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year is ₹ 2.30 Crore and closing balance outstanding is ₹30 Lakh. The Company has not granted loans to Companies, firms etc., listed in the register maintained under Section 301 of the Act.
c. The rate of interest and the terms and conditions of loan taken are prima facie not prejudicial to the interest of the Company. The payment of the principal amount and the interest are also regular.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. Further, on the basis of our examinations and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control systems.
- 5) a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.
b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements with companies, firms or other parties listed in the Register maintained under Section 301 of the Act do not exceed ₹5 lakhs in value, and the transactions made are at the prices which are reasonable and having regard to the prevailing market prices at the relevant time.
- 6) The company has complied with the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- 7) In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
- 8) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 9) a. According to the records of the Company, the undisputed statutory dues including Provident Fund, Employees State Insurance, service tax, excise duty, sales tax and cess have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2012 for a period of more than six months from the date they become payable.



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

b. According to the records of the company examined, there are no dues of Customs tax, Wealth tax, Excise duty / Cess, except in case of Income tax the details of which are given below:

Name of the Statute	Nature of dues	Amount (in Lakhs)	Period to which the amount relates	Forum where the Dispute is pending
Income Tax Act, 1961	Disallowance of unabsorbed depreciation/ business losses.	₹ 12.42	Assessment Years 1999-2000 2000-2001 2001-2002	High Court of Andhra Pradesh
Income Tax Act, 1961	Disallowance U/S 80 IA Exemption	₹ 456.45	Assessment Year 2009-2010	CIT (Appeals)

- 10) The company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- 11) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions & banks.
- 12) During the year, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- 14) In our opinion and according to the information and explanations given to us, the company is not dealing in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- 15) The company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16) The company has not raised new term loans during the year. The term loans outstanding were applied for the purposes for which they were taken.
- 17) According to the information and explanation given to us and on overall examination of balance sheet of the company, we are of the opinion that there are no funds raised for short term basis that have been used for long term investment.
- 18) During the year, the Company has not made any preferential allotment of shares to the parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19) The Company has not raised any money by way of issue of Debentures during the year, hence paragraph (ix) of the order is not applicable to the company.
- 20) According to the information and explanations given to us during the year the company has not raised any funds on public issue and hence this clause is not applicable to the company.
- 21) According to the information and explanations given to us no fraud on or by the company has been noticed or reported during the course of our audit.

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

Place : Hyderabad
Date : 20.08.2012

A.V. Sadasiva
PARTNER
M. No. 18404



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

BALANCE SHEET AS AT 31 st MARCH, 2012

(₹ in Lac)

Particulars	Note	2011-12	2010-11
I. EQUITY & LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	2	777.39	777.39
(b) Reserves and surplus	3	14,437.45	12,626.75
(2) Share application money pending allotment	4	14.69	14.69
(3) Non-Current Liabilities			
(a) Long-term borrowings		-	41.09
(b) Deferred tax liabilities (net)	5	401.77	556.13
(c) Other Long term liabilities	6	142.68	143.68
(d) Long Term Provisions	7	280.85	309.96
(4) Current Liabilities			
(a) Trade payables	8	1,004.45	691.05
(b) Other current liabilities	9	695.92	1,138.15
(c) Short-term provisions	10	214.40	104.90
TOTAL		17,969.60	16,403.79
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	7,123.07	7,823.61
(ii) Capital work-in-progress		37.83	92.75
(b) Non-current investments	12	5.07	5.07
(c) Long term Loans and advances	13	372.51	361.83
(2) Current assets			
(a) Inventories	14	5,682.36	3,383.62
(b) Trade receivables	15	1,424.36	1,167.82
(c) Cash and cash equivalents	16	1,672.93	2,310.03
(d) Short-term loans and advances	17	1,651.47	1,259.06
TOTAL		17,969.60	16,403.79
Significant Accounting Policies	1		

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

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

for and on behalf of the Board

P. Venkateswarlu
Chairman & Managing Director

A.V. Sadasiva
Partner
M. No. 18404

Place : Hyderabad
Date : 20.08.2012

P. Veeraiah
Joint Managing Director

R. Ramakrishna
Company Secretary



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lac)

Particulars	Note	2011-12	2010-11
I. Revenue from operations	18	16,906.36	10,077.80
II. Other Income	19	391.60	230.89
III Total Revenue (I +II)		17,297.96	10,308.69
IV. Expenses:			
Cost of Materials Consumed	20	5,470.26	3,296.95
Changes in inventories	21	(1,739.08)	(2,339.03)
Employee benefit expense	22	1,370.92	1,273.10
Finance costs	23	9.59	34.42
Depreciation	11	736.31	742.61
Other Expenses	24	8,515.34	6,914.39
Total Expenses		14,363.34	9,922.44
V. Profit before tax (III - IV)		2,934.62	386.25
VI. Tax expense:			
(1) Current tax		1,034.34	131.00
(2) Deferred tax		(154.36)	(135.90)
VII. Profit for the year (V-VI)		2,054.64	391.15
VIII. Earning per equity share:			
(1) Basic	26	26.43	5.03
(2) Diluted		25.94	4.94
Significant Accounting Policies	1		

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

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

for and on behalf of the Board

P. Venkateswarlu
Chairman & Managing Director

A.V. Sadasiva
Partner
M. No. 18404

Place : Hyderabad
Date : 20.08.2012

P. Veeraiah
Joint Managing Director

R. Ramakrishna
Company Secretary



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lac)

Particulars	2011-12	2010-11
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax	2,934.62	386.25
Adjustments for:		
Depreciation	736.31	742.61
Finance cost	9.59	34.42
Interest Income	(222.03)	(199.64)
Dividend Income	(0.31)	(0.28)
Operating Profit before working capital changes	3,458.18	963.36
Working Capital Changes:		
(Increase) / Decrease in Inventories	(2,240.37)	(2,137.65)
(Increase) / Decrease in Trade and Other receivables	(659.63)	385.42
Increase / (Decrease) in Trade payable and other liabilities	335.38	702.50
	(2,564.62)	(1,049.73)
Cash Generated from Operations	893.56	(86.37)
Direct Taxes paid	(924.84)	(260.00)
Cash Flow from Operating Activities	(31.28)	(346.37)
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets/Capital WIP	(39.22)	(406.12)
Interest Income	222.03	199.64
Dividend Income	0.31	0.28
Cash Flow from Investing Activities	183.12	(206.20)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend paid Including Corporate Dividend Tax	(243.94)	(244.75)
Interest Paid	(9.59)	(34.42)
Repayment of Term Loans	(315.35)	(301.62)
Repayment of Cash credit utilization	-	(28.20)
Repayment of Unsecured Loans	(220.06)	(147.78)
Cash Flow from Financing Activities	(788.94)	(756.77)
D) NET INCREASE IN CASH AND CASH EQUIVALENTS	(637.10)	(1309.34)
Cash and Cash equivalents as on 31.03.2011	2,310.03	3,619.37
Cash and Cash equivalents as on 31.03.2012	1,672.93	2,310.03

Note : The Cash Flow Statement has been prepared as per indirect method as set out in Accounting Standard-3

"Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
As per our report attached for and on behalf of the Board
for **M. ANANDAM & CO.**
Chartered Accountants

P. Venkateswarlu
Chairman & Managing Director

A.V. Sadasiva
Partner
M. No. 18404

Place : Hyderabad
Date : 20.08.2012

P. Veeraiah
Joint Managing Director

R. Ramakrishna
Company Secretary



Note 1 : Significant Accounting Policies

i) Basis of Accounting:

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

ii) Presentation and disclosure of financial statements:

During the year ended 31 March, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable for the current year.

iii) Revenue Recognition:

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

iv) Fixed Assets:

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

V) Treatment of Expenditure During Construction Period:

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

vi) Depreciation:

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

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

vii) Inventories:

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

viii) Employee Benefits:

- a) Provident Fund is administered through Regional Provident Fund Commissioner. The contribution to the Provident Fund is charged against revenue.
- b) Gratuity Liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on Projected unit credit method. The company has created an approved gratuity



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

fund, which has taken a group gratuity cum insurance policy with life Insurance Corporation of India (LIC) for future payment of gratuity to the employees. The company accounts for gratuity liability of its employees on the basis of Actuarial valuation carried out at the year end by LIC

c) Leave Encashment is accounted for on Cash basis

ix) Borrowing Cost

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

x) Taxes on Income:

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

xi) Investments:

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

xii) Provisions, Contingent Liabilities and Contingent Assets:

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



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

Note 2 : SHARE CAPITAL

(₹ in Lac)

Particulars	2011-12	2010-11
AUTHORIZED CAPITAL:		
90,00,000 Equity Shares of ₹ 10/- each	900.00	900.00
ISSUED, SUBSCRIBED & PAID-UP CAPITAL		
77,73,858 Equity Shares of ₹ 10/- each fully paid up (Including 37,00,000 Bonus Shares at ₹ 10 issued during the year 1994.)	777.39	777.39

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

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

Particulars	2011-12		2010-11	
	Number of Shares	% of Shares	Number of Shares	% of Shares
a) P Venkateswarlu	1994336	25.65	1642836	21.13
b) P Veeraiah	799122	10.28	764011	9.83
c) Kakatiya finance & Leasing Co.Pvt. Ltd	350000	4.50	700000	9.00

Note 3 : RESERVES AND SURPLUS

Particulars	2011-12	2010-11
1. Security Premium Reserve	1,391.62	1,391.62
2. Amalgamation Reserve	1,251.12	1,251.12
3. General reserve		
i) Opening balance	1,221.39	1,181.39
ii) Transfer from Statement of Profit and Loss account	210.00	40.00
Closing balance	1,431.39	1,221.39
4. Surplus		
Opening Balance	8,762.62	8,655.41
Add : Net profit transferred from Profit & Loss	2,054.64	391.15
	10,817.26	9,046.56
Less : Appropriations:		
a) Proposed dividend	209.89	209.89
b) Corporate dividend tax	34.05	34.05
c) Amount transferred to General reserve	210.00	40.00
	453.94	283.94
Closing balance	10,363.32	8,762.62
TOTAL (1+2+3+4)	14,437.45	12,626.75



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

Note 4 : SHARE APPLICATION MONEY PENDING ALLOTMENT

(₹ in Lac)

Particulars	2011-12	2010-11
1,46,862 Equity shares of ₹ 10 to be allotted to the shareholders.	14.69	14.69
	14.69	14.69

4.1 Equity Shares of 146862 of ₹ 10 each to be allotted to Shareholders of Sree Kailash Sugars and Chemicals Limited based on the outcome of the case pending with the Honorable Andhra Pradesh High Court.

Note 5 : DEFERRED TAX LIABILITY (NET)

1. Deferred tax asset

For Bonus

13.92

-

TOTAL

13.92

-

2. Deferred tax Liability

Opening Balance

556.13

692.03

Less: Reversal during the year - Depreciation

140.44

135.90

415.69

556.13

Deferred tax Liability (Net) (2-1)

401.77

556.13

Note 6 : OTHER LONG TERM LIABILITIES

Security Deposits from stockists

13.43

14.43

Other Liabilities

129.25

129.25

TOTAL

142.68

143.68

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

Note 7 : LONG TERM PROVISIONS

Provision for Gratuity

280.85

309.96

280.85

309.96



**KAKATIYA CEMENT SUGAR &
INDUSTRIES LIMITED**

Note 8 : TRADE PAYABLES

(₹ in Lac)

Particulars	2011-12	2010-11
Due to MSMED suppliers	-	-
Others	1,004.45	691.05
TOTAL	1,004.45	691.05

NOTE 9 : OTHER CURRENT LIABILITIES

Current maturities of Longterm debts	41.09	315.35
Unsecured Loans Promoters	30.00	230.00
Unsecured Loans Public	-	20.06
Sales tax deferred	7.97	173.13
Unclaimed Dividend	34.16	34.94
Interest accrued but not due on Fixed deposits	-	1.42
Statutory Liabilities	582.70	363.25
TOTAL	695.92	1138.15

9.1. The Rupee Term Loans are secured by joint equitable mortgage by way of deposit of title deeds of the Company's all Immovable properties both present and future and by way of hypothecation of all movable assets (Other than book debts), ranking pari-pasu interse, subject to prior charges on movable assets in favour of the company's Bankers for Working Capital facility. There are no amounts repayable outstanding beyond 12 months from the balance sheet date.

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

Note 10 : SHORT TERM PROVISIONS

Proposed Dividend	243.94	243.94
Provision for Tax (Net of Advance tax)	(29.54)	(139.04)
TOTAL	214.40	104.90



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

(₹ in lakhs)

Note 11 : FIXED ASSETS TANGIBLE

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	AS AT	ADDITIONS	DEDU-	AS AT	AS AT	FOR THE	AS AT	AS AT	AS AT
	01.04.2011		CTIONS	31.03.2012	01.04.2011	YEAR	31.03.2012	31.03.2012	31.03.2011
CEMENT DIVISION									
FREEHOLD LAND	101.23	0.00	0.00	101.23	0.00	0.00	0.00	101.23	101.23
BUILDINGS	537.74	2.64	0.00	540.38	215.38	10.71	226.09	314.29	322.36
PLANT & MACHINERY	6691.01	27.19	0.00	6718.20	4699.04	204.55	4903.59	1814.61	1991.97
OTHER EQUIPMENT	140.27	5.36	0.00	145.63	113.36	4.93	118.29	27.34	26.91
FURNITURE & FIXTURES	18.21	0.00	0.00	18.21	17.00	0.10	17.10	1.11	1.21
OFFICE EQUIPMENT	5.18	0.58	0.00	5.76	4.88	0.06	4.94	0.82	0.30
VEHICLES	54.29	0.00	0.00	54.29	42.97	2.70	45.67	8.62	11.32
TOTAL	7547.93	35.77	0.00	7583.70	5092.63	223.05	5315.68	2268.02	2455.30
SUGAR DIVISION									
FREEHOLD LAND	152.08	0.00	0.00	152.08	0.00	0.00	0.00	152.08	152.08
BUILDINGS	2211.47	0.00	0.00	2211.47	857.01	57.89	914.90	1296.57	1354.46
PLANT & MACHINERY	3629.05	0.00	0.00	3629.05	2511.43	191.61	2703.04	926.01	1117.62
OTHER EQUIPMENT	88.26	0.00	0.00	88.26	74.70	4.19	78.89	9.37	13.56
FURNITURE & FIXTURES	12.15	0.00	0.00	12.15	11.50	0.00	11.50	0.65	0.65
OFFICE EQUIPMENT	45.62	0.00	0.00	45.62	22.74	4.41	27.15	18.47	22.88
VEHICLES	49.09	0.00	0.00	49.09	49.08	0.00	49.08	0.01	0.01
TOTAL	6187.72	0.00	0.00	6187.72	3526.46	258.11	3784.57	2403.15	2661.26
POWER DIVISION									
Buildings - Factory	420.82	0.00	0.00	420.82	126.10	14.06	140.16	280.66	294.72
Plant & Machinery	4566.19	0.00	0.00	4566.19	2153.86	241.09	2394.95	2171.24	2412.33
TOTAL	4987.01	0.00	0.00	4987.01	2279.96	255.15	2535.11	2451.90	2707.05
GRAND TOTAL	18722.66	35.77	0.00	18758.43	10899.05	736.31	11635.36	7123.07	7823.61
PREVIOUS YEAR	18392.55	330.11	0.00	18722.26	10156.43	742.61	10899.05	7823.61	8550.33



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

(₹ in Lac)

Particulars	2011-12	2010-11
Long term - Quoted		
Investments in Equity Instruments of Andhra Bank 5,631 Equity Shares of ₹ 10/- with a Premium of ₹ 80 per share, Fully paid.	5.07	5.07

Note 12.1 : Aggregate market value of Quoted Investments ₹ 6.33 Lakhs as against (P.Y 8.48Lakhs)

Note 13 : LONGTERM LOANS AND ADVANCES

Unsecured considered good

a) Deposits - Government	132.27	132.27
b) Deposits - Others	240.24	229.56
TOTAL	372.51	361.83

13.1. Deposits Others includes amount retained in Fixed deposit with Andhra Bank amounting to ₹ 129.25 liable to Sri S.R. Kailash against the orders of AP High Court (Refer Note No. 6.1).

Note 14 : INVENTORIES

(Valued at lower of cost or net realizable value)

Finished Goods	4,217.19	2,417.55
Work-in-Progress	125.67	184.67
Raw Materials	27.04	31.22
Banked Energy	115.03	116.59
Packing Materials	38.62	13.73
Stores Spares and Consumables	1,158.81	619.86
TOTAL	5,682.36	3,383.62

Note 15 : TRADE RECEIVABLES

Unsecured, considered good

Over six months	1,091.79	908.90
Others	332.57	258.92
TOTAL	1,424.36	1,167.82

Note 16 : CASH AND BANK BALANCES

Balances with banks in Current Accounts	462.57	1,224.08
Balances with banks in Deposit Accounts	1,206.12	1,073.69
Cash on hand	4.24	12.26
TOTAL	1,672.93	2,310.03

Note 16.1 : Balances with banks includes-

Unclaimed dividend	34.16	23.55
Margin Money against Bank Guarantee	81.50	81.50



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Note 17 : SHORT TERM LOANS & ADVANCES

(₹ in Lac)

Particulars	2011-12	2010-11
Unsecured Considered good		
Advances towards Goods and Services.	596.69	344.61
Employees Advances	5.64	6.44
Other Advances	1,017.81	879.32
Prepaid expenses.	16.10	17.51
Interest Accrued on Deposits.	15.23	11.18
TOTAL	1,651.47	1,259.06

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

Note18 : REVENUE FROM OPERATIONS

Revenue from operations		
Sale of products (Gross)	19,973.72	12,079.67
Less: Excise Duty	1,471.83	1,014.83
Less: VAT	1,595.53	987.04
Revenue from operations (Net)	16,906.36	10,077.80

18.1 : Details of products sold

Cement	9,373.53	6,425.71
Sugar	4,654.88	1,164.20
Power	2,877.95	2,487.89
TOTAL	16,906.36	10,077.80

Note 19 : OTHER INCOME

Interest Income	222.03	199.64
Insurance Income	63.48	-
Sale of scrap	4.90	-
Sale of Export Obligation	101.19	31.25
TOTAL	391.60	230.89

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

Note 20 : COST OF MATERIALS CONSUMED

Cemene Division

- Limestone	371.51	372.45
- Gypsam	186.18	231.91
- Others	83.53	101.27

Sugar Division

- Sugar Cane	4,829.04	2,591.32
TOTAL	5,470.26	3,296.95



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Note 21 : CHANGES IN INVENTORIES

(₹ in Lac)

Particulars	2011-12	2010-11
Finished Goods		
Closing Stock	4,332.22	2,534.14
Opening Stock	2,534.14	117.36
(A)	1,798.08	2,416.78
Work in Progress		
Closing Stock	125.67	184.67
Opening Stock	184.67	262.42
(B)	(59.00)	(77.75)
Changes in inventories (A+B)	(1,739.08)	(2,339.03)
Details of Closing Inventory		
Finished Goods		
Cement	35.16	29.66
Sugar	4,182.03	2,387.89
Banked Energy	115.03	116.59
TOTAL	4,332.22	2,534.14
Work in Progress		
Cement	125.67	184.67
TOTAL	4,457.89	2,718.81
Details of Opening Inventory		
Finished Goods		
Cement	29.66	20.33
Sugar	2,387.89	54.62
Banked Energy	116.59	42.41
Total	2,534.14	117.36
Work in Progress		
Cement	184.67	262.42
TOTAL	2,718.81	379.78
Note 22 : EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus	1,239.55	1,138.29
Contribution to Provident fund	47.15	48.22
Staff Welfare Expenses	84.22	86.59
TOTAL	1,370.92	1,273.10
Note 23 : FINANCE COST		
Interest expense	9.59	34.42
TOTAL	9.59	34.42



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Note 24 : OTHER EXPENSES

(₹ in Lac)

Particulars	2011-12	2010-11
Stores & Spares Consumed	685.75	661.90
Consumption of packing material	562.74	446.81
Power & Fuel	6,457.70	4,966.87
Repairs to Buildings	8.77	1.92
Repairs to Machinery	17.44	66.53
Repairs to Others	35.88	32.87
Other Manufacturing Expenses	141.38	129.02
Excise Duty on Closing Stocks	97.09	107.17
Advertisement and sales promotion	29.26	13.64
Other selling expenses	128.00	134.67
Donations	39.62	21.84
Baddebts Written Off	4.49	-
Miscellaneous Expenses	307.22	331.15
TOTAL	8,515.34	6,914.39

Note 25 : PAYMENT TO AUDITOR

As Auditor

For Statutory Audit	2.50	2.50
For Tax Audit	0.50	0.50
For Quarterely review	1.00	1.00
TOTAL	4.00	4.00

Note 26 : EARNINGS PER SHARE (EPS)

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

Profit after tax	2,054.64	391.15
Weighted average number of equity shares in calculating basic EPS	77.74	77.74
Weighted average number of equity shares in calculating Diluted EPS	79.21	79.21
Basic Earnings per Share (₹)	26.43	5.03
Diluted Earnings per Share (₹)	25.94	4.94



**KAKATIYA CEMENT SUGAR &
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Note 27 : RELATED PARTY DISCLOSURES

i) Key management personnel:

P.Venkateswarlu.

P.Veeraiah.

ii) Relatives of key management personnel:

P.Samrajyam.

P.Radha.

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

Standard Construction Co. (Partnership Company).

Kakatiya Finance and Leasing Company Pvt Limited.

iv) Aggregated Related Party Disclosures:

(₹ in Lacs)

Nature of Transaction	Key Management personnel	Relatives of Key Management personnel	Enterprises Controlled By relatives of key management personnel	Total
Remuneration	179.42 (112.26)	6.81 (8.66)	- -	186.23 (120.92)
Dividend paid	75.42 (60.57)	8.67 (8.66)	- -	84.09 (69.23)
Rent Paid		2.40 (1.40)	- -	2.40 (1.40)
Truck hire charges			2.16 (2.16)	2.16 (2.16)

*Figures in bracket represents previous year.

Note 28 : EMPLOYEE BENEFITS

Gratuity

The company operates post retirement gratuity plan with LIC the details of plan is as follows

I. Actuarial Assumptions

(₹ in Lacs)

Particulars	2011-12	2010-11
Discount rate	8.00%	-
Salary Escalation	3.50%	-

II Net Asset/(Liability) recognized in the Balance sheet

Particulars	2011-12	2010-11
Present value of Defined benefit obligations	190.30	-
Fair value of plan assets as at the end of the year	10.56	-
Funded status Surplus/Deficit	179.75	-
Liability recognized at the end of the year	280.85	-



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III Changes in Fair value of the assets (₹ in Lacs)

Particulars	2011-12	2010-11
Fair value of plan assets at the beginning of the year	-	-
Contributions	10.56	-
Fair value of plan assets at the end of the year	10.56	-

* As company taken Group Gratuity Policy for the first time comparative figures are not given.

Note 29 : CONSUMPTION OF RAW MATERIALS AND OTHER MATERIALS

Particulars	2011-12		2010-11	
	₹ in Lacs	%	₹ in Lacs	%
a) Raw Materials				
i) Imported	-	-	-	-
ii) Indigenous	5,470.26	100	3,296.95	100
TOTAL	5,470.26	100	3,296.95	100
b) Components, Spares, Consumables & Packing Materials				
i) Imported	-	-	-	-
ii) Indigenous	1,248.49	100	1,108.71	100
TOTAL	1,248.49	100	1,108.71	100

Note 30 : PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

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

- i) Disputes with regard to Power purchase Tariff and PLF with regard to sale of power to APTRANSCO amounting to ₹ 1245.28 lakhs, out of which ₹ 1038.89 lakhs was considered as income, matter is pending before APERC.
- ii) Claims against the company by APCPDCL/APSPDCL amounting to ₹ 651.58 lakhs towards wheeling charges for energy wheeled from company's bagasse based co-generation unit to cement division for which writ petition filed in the High court of Andhra Pradesh and stay obtained.
- iii) Duty on Electricity generated and consumed was levied by the A.P.Govt. at ₹ 0.25 paise per unit from 17.07.2003. The High Court has stayed the operation of A.P. Electricity Duty Amendment Act, but asked to submit monthly returns of generation. The duty amount as on 31.03.2012 was ₹ 873.56 lakhs.
- iv) For the Asst. years 1999-00, 2000-01 and 2001-02 Income tax paid ₹ 123.98 lakhs under protest against the demand of ₹ 136.40 lakhs towards disallowance of un-absorbed depreciation / losses. The matter pending in appeal before the High Court of Andhra Pradesh.
- v) For the Asst. Year 2009-10 there was a demand of ₹ 456.45 lakhs towards denial of exemption u/s. 80-IA to Company's Power Division and other disallowances in Sugar and Cement Divisions. The matter is pending before CIT (Appeals).
- iv) Sales tax paid under protest for the Asst. years 2001-02,2002-03 of ₹ 188.56 lakhs against a demand of ₹ 188.56 lakhs regarding disputed sales tax on Molasses sales. The matter is under appeal before the High Court of Andhra Pradesh.
- vii) The Company has paid ₹ 1.00 crore as per the directions of Hon'ble High Court against demand of ₹ 850.22 lakhs from the forest department towards Net Present Value (NPV) in respect of diverted forest land for renewal of Mining lease under Forest (Conservation) Act, 1980. The matter is pending



**KAKATIYA CEMENT SUGAR &
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Note 31 : SEGMENT REPORTING

(₹ In Lakhs)

Particulars	2011-12				2010-11			
	Cement	Sugar	Power	Consolidated	Cement	Sugar	Power	Consolidated
PRIMARY DISCLOSURES								
Segment Revenue								
External Revenue	12197.24	4292.35	2431.35	18920.93	8374.06	881.68	1261.66	10517.40
Inter-Segment Revenue	0.00	605.14	447.64	1052.79	0.00	336.04	1226.23	1562.27
Interest & Other Income	118.67	209.45	63.48	391.60	44.99	95.36	90.54	230.89
Total Revenue	12315.91	5106.94	2942.47	20365.32	8419.05	1313.08	2578.43	12310.56
Segment Result								
Segment result	3120.23	(239.43)	63.41	2944.21	858.89	(746.98)	308.76	420.67
Less: Interest Expenses	6.20	3.00	0.39	9.59	28.43	0.88	5.11	34.42
Less: Income Tax								
Deferred Taxation	879.98	0.00	0.00	879.98	(4.90)	0.00	0.00	(4.90)
Net Profit/Loss from ordinary activities	2234.05	(242.43)	63.02	2054.64	835.36	(747.86)	303.65	391.15
OTHER INFORMATION								
Segment Assets	8607.31	7789.99	4035.37	20432.67	8357.08	6696.81	3943.00	18996.89
Unallocated corporate Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Assets	8607.31	7789.99	4035.37	20432.67	8357.08	6696.81	3943.00	18996.89
Segment Liabilities	3988.82	1214.04	0.28	5203.14	4213.10	1363.83	1.13	5578.06
Unallocated corporate Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Liabilities	3988.82	1214.04	0.28	5203.14	4213.10	1363.83	1.13	5578.06
Cost to acquire Fixed assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation	223.05	258.11	255.15	736.31	229.06	258.72	254.83	742.61
Non cash Expenses other than Depreciation (Preliminary expenses)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

Note 32 : CLASSIFICATION

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

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

for and on behalf of the Board

P. Venkateswarlu
Chairman & Managing Director

A.V. Sadasiva
Partner
M. No. 18404

Place : Hyderabad
Date : 20.08.2012

P. Veeraiah
Joint Managing Director

R. Ramakrishna
Company Secretary



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

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

ATTENDANCE SLIP

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

I hereby record my presence at 33rd Annual General Meeting of KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED held at Sri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad - 500 020, at 11.00 A.M on Wednesday, the 26th day of September, 2012.

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

Notes:

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

*Applicable for investors holding shares in electronic form.



KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

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

FORM OF PROXY

I/We.....of..... being a member / members of KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED hereby appoint..... of.....or failing him/her..... of 33rd Annual General Meeting of the Company to be held on Wednesday, the 26th day of September, 2012 at 11.00 A.M. and at any adjournment thereof.

Dated this.....Day of 2012

Signature.....

Affix One Rupee Revenue Stamp

Notes:

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

* Applicable for investors holding shares in electronic form.

NO GIFTS/ COMPLIMENTS WILL BE DISTRIBUTED AT THE MEETING