CIN : L26942TG1979PLC002485

KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

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

REF:KCSIL:SEC:2017:

September 27, 2017

1. BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
MUMBAI - 400 001.

2. The Manager,
Listing Department,
National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor,
Plot No.C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
MUMBAI - 400 051.

Dear Sir,

Sub : Annual Report of 2016-2017.

Please find attached the Annual Report for 2016-2017 in respect of which the Annual general Meeting was held on 25th September, 2017 at Hyderabad.

All the business set out in the notice was transacted and approved by the members with requite majority through e-voting and ballot voting.

This is for your information and record.

Thanking you,

Yours faithfully,
for KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED,

B K PRASAD
GENERAL MANAGER
AND COMPANY SECRETARY

38th Annual Report 2016 - 17



KAKATIYA CEMENT SUGAR & INDUSTRIES LTD.

KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

BOARD OF DIRECTORS (As on 26-05-2017)

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

SENIOR EXECUTIVES

1)	Shri B K Prasad	General Manager and Company Secretary
2)	Shri M Bhavani Dattu	Chief Financial Officer
3)	Shri D G K Raju	Vice President (Cement works)
4)	Shri Ramaswamy Ettikan	General Manager (Sugar works)

AUDITORS

M/s. M. Anandam & Co.,
Chartered Accountants,
SECUNDERABAD - 500003

COST AUDITORS

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

REGISTRARS

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

FACTORIES

CEMENT:
Shrinivasa Nagar
Mellacheruvu Mandal
Suryapet District. Telangana.

SUGAR & POWER:
Peruvancha Village
Kallur Mandal
Khammam District. Telangana.

NOTICE:

Notice is hereby given that the 38th Annual General Meeting of the Company is scheduled to be held on **Monday** the **25th September, 2017** at 11.00 AM at Thyagaraya Gana Sabha, Chikkadapally, Hyderabad – 500020 to transact the following business.

Ordinary business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March 2017 including the Audited Balance Sheet as at 31st March, 2017, the statement of Profit and Loss and 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 2017.
3. To appoint a Director in place of Smt. M Varalakshmi (Din 07585164) who retires by rotation and being eligible offers herself for re-appointment and in this regard, pass the following Resolution as an ordinary Resolution.

   "RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Smt. M Varalakshmi (Din 07585164) who retires by rotation and being eligible has offered herself for re-appointment be and is hereby reappointed as a Director of the company, liable to retire by rotation".
4. Appointment of Statutory Auditors.

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

   "RESOLVED THAT pursuant to Section 139, section 142(1) and other applicable provisions, if any 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) and pursuant to the recommendation of the Audit Committee, M/s. Ramanatham & Rao, Chartered Accountants (Regn. No.S-2934) be and are hereby appointed as Statutory Auditors of the company in place of retiring Auditors M/s M. Anandam & Co., Chartered Accountants to hold office commencing from the financial year 2017-2018 i.e from the conclusion of this Annual General Meeting until the conclusion of the 43rd Annual General Meeting to be held in the year 2022 subject to ratification of the appointment by the members at every Annual general Meeting held after this Annual General Meeting at a remuneration to be determined by the Board Directors of the company and payment of applicable taxes in addition to out of pocket expenses incurred by them during the course of the Audit".

Special Business:

5. **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, 2018 amounting to ₹ 1.45 lacs together with the payment of applicable service tax and re-imbursement of out of pocket expenses incurred in connection with the aforesaid audit be and is hereby ratified".

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

B K Prasad
General Manager and
Company Secretary

Place : Hyderabad
Date : 26th May, 2017

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll only instead of himself/herself. Such proxy need not be a member of the company. The instrument of proxy, in order to be effective should be deposited at the Registered office of the company, duly completed and signed, not less than 48 HOURS before the commencement of the Meeting. Proxies submitted on behalf of limited companies, societies etc must be supported by appropriate Resolutions/ authority as applicable.

2. Members are requested to bring their attendance slip along with their copy of Annual Report to the meeting.

3. In case of Joint holders attending the Meeting, only such Joint holder who is higher in the order of the names will be entitled to vote.

4. The explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013 which sets out details relating to the special Business to be transacted at the meeting is annexed hereto and forms part of the notice.

5. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities Market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company.

6. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the company/ Registrar and transfer agents for consolidation into a single folio.

7. The Register of Members and Share Transfer Books will remain closed from 19th September, 2017 to 25th September, 2017 (both days inclusive) in connection with Annual general Meeting and Dividend.

8. The relevant details, as required under the listing Regulations, in respect of person seeking appointment are furnished elsewhere in this notice.

9. All the shareholders are requested to intimate their e-mail address to the Company at **shares@kakatiyacements.com** for sending Notice and Annual Report through e-mail. Shareholders are also requested to notify immediately any change in their addresses to the Company's Registered Office with their Folio Number(s) and with their e-mail addresses.

10. The Dividend, after declaration, will be paid to those shareholders whose names stand on the Register of Members as on 18th September, 2017. 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 18th September, 2017. The Dividend will be paid on or before 24th October 2017.

11. Members may note that they can avail of nomination facility in respect of shares held by them in physical form pursuant to provisions of Section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed Form No SH-13 duly filled in to XL Softech Systems Limited at the address mentioned in this Report. Members holding shares in electronic mode may contact their respective Depository Participants for availing of this facility.

12. As per provisions of Section 124 of the Companies Act, 2013, the Company has transferred to the Investors Education and Protection Fund, the amount of all unclaimed dividend declared up to

and including the financial year ended 31st March 2009. The amount of unclaimed dividend for the financial year ended 31st March 2010 will be transferred to the Investors Education and Protection Fund with in the prescribed time during the current year.

13. As per the provisions of Section 124 of the Companies Act, 2013, the Company is required to transfer dividend, which remains unpaid or unclaimed for a period of 7 years, to the Investors Education and Protection Fund set up by the Central Government. Shareholders, who have not claimed their dividend for any year from the financial year ended March 31, 2010 onwards are requested to lodge their claim with the Company.

14. The Company's shares are listed with the The National Stock Exchange of India Limited (NSE) and BSE Limited(BSE). The Annual Listing Fee for the year 2017-2018 has been paid to these two Stock Exchanges.

15. As per SEBI circular No.CIR/MRD/DP/10/2013 dated March 21, 2013, dividend payments to investors are made electronically through ECS. Shareholders are requested to update their bank details with the depositories to ensure that dividend is credited promptly. Those shareholders who hold shares in physical form are requested to communicate their bank account number, Name of the Bank and address to: **shares@kakatiyacements.com** for necessary action at our end.

16. **Members seeking any information with regard to accounts and any other information relating to the Annual Report are requested to write to the company at least 10 days in advance of the meeting to enable the management to keep the information ready.**

17. Relevant documents referred to in this notice are open for inspection by the members at the Registered office of the company on all working days between 2.00 PM to 4.00 PM up to the date of the meeting provided a notice in this regard is received by the company at least three working days in advance.

18. Electronic copy of the Notice of the 38th Annual General Meeting of the Company and the Annual Report inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 38h Annual General Meeting and the Annual Report 2016-2017 of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent in the permitted mode. They can also visit the company's website at www. kakatiyacements.com where the notice is uploaded. For any communication, the shareholders may also utilize company's investor e-mail ID: shares@kakatiyacements.com.

19. In Compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and the provisions of Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company is providing e-voting facility to the members to exercise their right to vote on Resolutions proposed to be passed in the meeting by electronic means. The members may cast their vote using an electronic voting system from a place other than the venue of the meeting. The company has engaged the services of Central depository Services of (India) Limited (CDSL) as the authorised agency to provide e-voting facilities and instructions for availing e-voting facility are given in Note No.27.

20. The Board of Directors has appointed Smt. Manjula Aleti, Company Secretary in Practice (Membership No.ACS31661, Cop 13279) as scrutinizer to scrutinize the remote e-voting process and poll at Annual General Meeting in a fair and transparent manner.

21. 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 (2) witnesses not in the employment of the company and make not later than three

(3) days 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.

22. The Results shall be declared by the Chairman or by an authorised person of the Chairman and the Resolutions will be deemed to have been passed on the date of Annual General Meeting, subject to receipt of requisite number of votes in favour of Resolutions.

23. 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 India Limited, for placing the same on their websites.

24. 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. 22nd September, 2017 shall only be entitled to avail the facility of remote e-voting and voting at the meeting through ballot.

25. The e-voting period commences on 22nd September, 2017 (9:00 AM) and ends on 24th September, 2017 (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 18th September, 2017, 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.

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

27. **INSTRUCTIONS FOR E-VOTING**

The instructions for shareholders voting electronically are as under:

The voting period begins on 22nd September, 2017 (9.00 AM) and ends on 24th September, 2017 (5.00PM). 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 18th September, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

The shareholders should log on to the e-voting website.evotingindia.com.

(i) Click on shareholders.

(ii) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID

b. For NDSL: 8 Character DP ID followed by 8 Digits Client ID.

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(iii) Next enter the image Verification as displayed and click on Login.

(iv) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(v) If you are first time user follow the steps given below:

	For members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of O's before the number after the first two characters of the name in CAPITAL letters, eg. If your name Ramesh Kumar with sequence number 1 then enter RA0000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank details as recorded in your demat account or in the company records for the said demat account or folio. • Please enter the DOB or Dividend Bank Details in order to login. If the Details are not recorded with the depository or company please enter the member id/ folio number in the Dividend Bank details field as mentioned in instruction (iv).

(vi) After entering these details appropriately, click on "SUBMIT" TAB.

(vii) Members holding shares in physical form will then directly reach the company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for Resolutions of any other company on which they are eligible to vote. Provided that company opts for e-voting through CDSL platform, it is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(viii) For members holding shares in physical form, the details can be used only for e-voting on the Resolutions contained in this notice.

(ix) Click on the EVSN for the relevant **(Kakatiya Cement Sugar and Industries Limited)** on which you choose to vote.

(x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or No as desired. The option YES implies that you assent the Resolution and option No implies that you dissent to the Resolution.

(xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xii) After selections the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiii) Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.

(xiv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.

(xv) If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on 'Forgot Password' and enter the details as prompted by the system.

(xvi) Note for Non – Individual Shareholders and Custodians

- Non–Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdisk.evoting@cdslindia.com.
- After receiving to login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xvii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com

ANNEXURE TO NOTICE

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

Item No.5

The Board of Directors of the Company on the recommendation of the Audit Committee approved the appointment and remuneration of M/s Narasimha Murthy, Cost Accountants to conduct the audit of the Cost Records of the Company for the Financial Year ended 31st March, 2018.

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 to ratify the remuneration payable to the Cost Auditors. None of the Directors or Key Managerial Personnel or relatives of directors and KMPs 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 & Industries Limited**

B K Prasad
General Manager and
Company Secretary

Place : Hyderabad
Date : 26th May, 2017

DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting the 38th Annual Report together with the Audited Financial statements for the year ended 31st March 2017.

FINANCIAL RESULTS

The Financial Results for the year ended 31st March 2017 are summarized below: (₹ in lacs)

Particulars	2016-17	2015-16
Income (Sales and other Income)	**22741.86**	21641.40
Profit before Depreciation, Interest & Taxes, doubtful debts	**5023.85**	3388.66
Depreciation	**236.12**	247.92
Interest	**121.52**	160.41
Provision for doubtful debts / advance old inventory etc	**196.07**	---
Provision for Taxation	**1641.76**	774.72
Provision for Deferred Taxation	**143.53**	(12.81)
Profit after Taxation	**2871.91**	2218.42
Profit brought forward from Previous year	**14822.78**	13078.82
Less: Adjustment for deprecation on fixed assets		--
APPROPRIATIONS		
Transfer to General Reserve		221.84
Proposed Dividend		209.89
Corporate Tax on Dividend		42.72
Balance carried over to Balance Sheet	**17694.70**	14822.78

DIVIDEND

Your Directors are pleased to recommend for your consideration a Dividend of ₹ 3.00 per equity share for the year ended 31.03.2017 which aggregates to ₹ 233.22 lacs excluding dividend distribution Tax.The Company has been paying dividend at ₹ 2.70 per share for the past few years.

One of the challenges for the company is to honour timely payments to the cane growers so as to make sure that the operational targets are met with out any impediments. This is a very important factor in view of the seasonal character of the industry . It may also be noted that the cement plant of the company is more than three decades old and it is imperative that the company takes a pragmatic and scientific view whether the company's plant suffers from any serious impairment of its assets. If it is prudent to modernize a part of the machinery, the company shall certainly draw-up a plan for acquisition of such machinery. It is therefore necessary on the part of the company to earmark funds for capital expenditure for any modernization programme.

TRANSFER OF PROFITS TO RESERVES.

The company has proposed to transfer a sum of ₹ 287.19 lacs to reserves from out of the current year's profits as against a sum of ₹ 221.84 lacs in the preceding year upon approval of members.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (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 ₹ 84,078 to the Investor Education and Protection Fund established by the Central government during the year under review. The said transfer is in respect of the financial year 2008-2009.

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.

PUBLIC DEPOSITS

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

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

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

RESIGNATION OF DIRECTOR

Shri A Chengappa, (IAS) Retd, an Independent Director of the company has resigned from the directorship with effect from 1st October 2016. The Board places on record its appreciation for the services rendered by Shri A Chengappa, IAS (Retd.) during his tenure.

DIRECTORS RETIRING BY ROTATION

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

The brief profile of Smt. M Varalakshmi, director who is seeking re-appointment at the ensuing Annual General Meeting is presented in this Annual Report.

DEMATERIALISATION

As on 31st March, 2017, 73,42,634 shares were dematerialised with National Securities Depository Limited and Central Depository Services Limited which constitutes 94.45% of the shares of the company. Members may please note that it is a mandatory requirement that the company shall endeavour to ensure that at least 50% of the shareholding of the public shareholders is in the dematerialised mode.

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

PERFORMANCE OF THE YEAR UNDER REVIEW

Cement Division:

During the year under review, the Cement Division has produced 2,81,852 MT as against 2,37,027 MT in the year ago period thereby registering an increase of 18.91% in volume. The Cement Division has earned Profit Before Tax (PBT) of ₹ 13.27 crores in comparison with ₹ 9.31 crores in the previous year.

Sugar Division:

The Sugar Division crushed 2,44,920 MT of sugarcane for the year under review as against 3,38,582 MT in the previous year. The recovery rate stands at 10.69% in comparison with 10.80% in the previous year. Despite the fact that the company had to suffer from an operationally difficult financial year, the Company could clock impressive sales turnover of ₹ 122.31 crores in 2016-2017 in comparison with ₹ 116.91 crores achieved in the previous year. Better prices realized in the year under review enabled the company to record a higher turnover of ₹ 122.31 crores there by posting an increase of 4.62%. The Sugar Division recorded profit before tax (PBT) of ₹ 6.18 crores as against a loss of ₹ 2.16 crores in the preceding year.

Power Division:

In the year under review, the Power Division has generated 3,74,92,394 KWH as against 6,70,20,044 KWH of power in the preceding year thereby recording a decline of 44.06%. It has been the practice of the company to generate power using alternative fuel when there is cessation of operations in sugar division during the normal offseason period. However the company is required to obtain the approval from

the government for generation of power with coal as alternative fuel. Of late, the government has not been according permission to power entities to generate power with coal as an alternative fuel. In view of the changed stance of the government, there was remarkable decline in its power generation in the year under review. However the company's efforts to shore up its volumes would continue in all directions.

The power Division earned a Profit before tax (PBT) of ₹ 25.68 crores as against ₹ 22.66 Crores in the previous year

CURRENT YEAR OUTLOOK:

Cement Division:

In the year under review, the company has produced 2,81,852 MT of cement as against the budget estimate of 2,85,120 MT there by recording a minor decline of 1.15% of target production despite the prevalence of a sluggish market.

In our last Annual Report, we had expressed optimism in the context of various developmental activities that have been undertaken by the Telangana State and the possible and emerging opportunities that might accrue to the company in shoring up the performance of its cement division. Similarly the company was visualizing good potential for its cement division in the wake of the efforts being made by the Government of Andhra Pradesh in building up a new capital region for the state.

However considering the point that these are all huge projects involving long gestation periods, it might take few years for the company to reap the benefits of significant benefit in the demand .

Considering various factors, the company has set a target for its production at 2,75,000 MT for the current year.

Sugar Division:

Members are aware that sugar cane is a perennial crop that requires water through out the year though peak water requirement commences from February and ends with May. While this is so, the Telangana State Monsoon season normally arrives in June and lasts till end of September. It therefore means that our zone area is not in a position to fetch rainfall during the peak water requirement period. Therefore the crop is required to be irrigated through borewells or canal irrigation. The Wyra Mandal is having maximum canal irrigation potential through wyra project. Another distressing aspect of the Wyra profile is that it has very less number of borewells. Thus the prospects for our sugar industry is directly linked to the availability of adequate water and existence of borewells with functional utility.

Taking into account the critical factors, your company has set a target of 1,70,000 MT of cane crushing in the current year.

Power Division:

The Company will make best endeavors to achieve enhanced level of power generation. However, since it is related to government policy and to various other administrative issues, a great deal of uncertainty still remains as a sour factor.

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 annexed to this Report. (Annexure-2)

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 in the Corporate Governance Report.

III) CHANGES IN SHARE CAPITAL

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

IV) AUDIT COMMITTEE:

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

a. To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the financial reports of the company and internal control systems. Examination of scope of audit and observations of the Auditors / Internal Auditors and overseeing that the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible are part of the functions of the Audit committee;

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 condition, 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;

f. To make recommendations to the Board on any matter relating to the financial management of the company including the Audit Report;

g. To approve Related Party Transactions.

h. Reviewing the functioning of the Whistle Blower mechanism;

i. Recommending the appointment, re-appointment, and if required, the replacement or removal of the statutory auditors and fixation of audit fee and approval for payment for any other services.

More details of the Audit Committee are furnished in the Corporate Governance Report.

V) REMUNERATION POLICY:

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

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

NOMINATION AND REMUNERATION COMMITTEE:

Scope

The main scope of the 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 also commission based on the profits earned by the company.

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

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

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

VI) RELATED PARTY TRANSACTIONS

Particulars of contracts / arrangements entered into by the company with Related Parties referred to in Section 188 (1) of the Companies Act, 2013 have been provided in Form No.AOC-2 pursuant to clause (b) of sub Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts)

Rules, 2014 and the same are annexed to this Report. (Annexure-4)

VII) STATEMENT OF PARTIULARS OF APPOINTMENT AND REMUNERATION OF THE MANAGERIAL PERSONNEL:

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

VIII) STATEMENT OF DECLARATION FURNISHED BY INDEPENDENT DIRECTORS UNDER SECTION 149(6) OF THE COMPANIES ACT, 2013:

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

IX) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

COMMITTEE MEETINGS:

The Composition and other details of the Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee are furnished in the Corporate Governance Report. The other details in respect of Audit Committee and Corporate Social Responsibility Committee are 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, 2017 and of Profit of the Company for that period.

c. That the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d. That the Directors have prepared the Annual Accounts for the Financial Year ended 31st March, 2017 on a going concern basis.

e. That the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls were adequate and were operating effectively.

f. That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

EVALUATION OF THE BOARD'S PERFORMANCE:

In compliance with the provisions of Section 134 (3) (p) of the Companies Act, 2013, and Regulation 25 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, the performance evaluation of the Board was carried out during the year under review.

More details on the same are furnished in the Corporate Governance Report.

AUDITORS:

M/s. Anandam & Company, Chartered Accountants, Secunderabad have been the Statutory Auditors of the Company since inception of the company.

In accordance with the provisions of Section 139 and other applicable provisions of the companies Act, 2013 read with the companies (Audit and Auditors) Rules, 2014 and such other applicable rules if any, the company proposes to appoint M/s. Ramanatham & Rao, Chartered Accountants, Secunderabad as Statutory Auditors for a period of five years from the conclusion of the forthcoming Annual General Meeting till the conclusion of the 43rd Annual General Meeting.

The appointment of M/s. Ramanatham & Rao, Chartered Accountants, Secunderabad as Statutory Auditors of the company requires approval of the members and in this regard, necessary Resolutions are being placed before the members at the forthcoming Annual General Meeting for their approval.

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 2016-2017.

The Secretarial Audit Report issued by Smt. Manjula Aleti practicing Company Secretary in Form-MR 3 is annexed to this Report. (Annexure-1) The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

VIGIL MECHANISM AND WHISTLE BLOWING POLICY:

The Company has adopted a Whistle Blower Policy establishing a formal mechanism to the Directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of code of conduct and ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and also envisages direct access to the Chairperson of the Audit Committee in exceptional cases. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

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

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 had installed Anti-pollution devices as part of the regulatory compliances. The Company has been making endeavors to protect the environment from the evil effects of pollution from time to time through adoption of several measurs.

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

MANAGEMENT DISCUSSION AND ANALYSIS 2017

a) **Industry Structure and Development:**

The company has a well developed net work of dealers located in the states of Telengana and Andhra Pradesh and the company therefore is in a reasonably

comfortable position in securing orders from its clients. Moreover, the developmental activities that have been adopted by the state of Telengana are expected to boost the opportunities for the company. On a similar note, the development of infrastructure and construction activities that are being carried out in the capital region of Andhra Pradesh might in all probability throw up lot of opportunities for the cement industry.

Good rainfall and availability of proper irrigation facilities will determine the fortunes of sugar industry, it being an agro-based industry.

The company produces power with bagasse as fuel when the sugar division is active during its crushing season. The company had earlier produced power with coal as an alternative fuel during the off-season of the sugar division upon receipt of approval from the government. Of late, the Government, as matter of policy, has not been permitting power entities to produce power with coal as an alternative fuel.

The company will however endeavour its best to obtain the approval from the Government for usage of coal as an alternative fuel for production of power during off-season in the sugar industry.

b) **Opportunities and Threats:**

The company is desirious of reaping the benefits of its well positioned dealer net work across the states of Telengana and Andhra Pradesh and therefore the company will make every effort to overcome the bottlenecks in achieving the targeted operations in Sugar and Power Divisions.

c) **Segment or product-wise performance:**

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

d) **Outlook:**

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

e) **Risks and concerns:**

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

However the company shall make its best efforts to position the machinery in all the divisions in robust condition so as to keep the bottlenecks at bay.

f) **Internal control systems and their adequacy:**

As stated elsewhere in this Report, the Company has adequate internal control systems and the Reports of Internal Auditors are being placed before the Audit Committee and corrective measures, if any, are being taken care of by the Company. The Chief Financial Officer will monitor the Internal audit Reports and brief the Audit Committee in case any deficiency in the system is noticed.

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

This has been discussed elsewhere in this Report.

h) **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 609 employees directly and indirectly as on 31st March 2017.

i) **Corporate Social Responsibility:**

In compliance with Section 134(3) (a) of the Companies Act, 2013 read with the Companies Corporate Social Responsibility

(CSR) policy Rules 2014, the company has established CSR Committee comprising of Shri K Venkat Rao as Chairperson, Shri P Veeraiah and Shri J S Rao as members. The committee is responsible for formulating and monitoring the CSR policy of the Company.

The annual report of CSR activities forms part of this Report. (Annexure-5)

PARTICULRS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013.

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

CAUTIONARY STATEMENT

Statements in this "Management Discussion & 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 material availability and prices, cyclical demand and pricing in the Company's markets, changes in Government Regulations, tax regimes besides other factors such as litigations and labour negotiations.

ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record their sincere thanks to the Banks, the Director of Sugar and Cane Commissioner, 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 desired volumes despite the market being sluggish for a considerable period during the year under review.

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 & Industries Limited

P Veeraiah
Chairman and
Managing Director
DIN : 00276769

Place : Hyderabad
Date : 26th May, 2017

ANNEXURE TO DIRECTORS' REPORT:

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

CONSERVATION OF ENERGY

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

TECHNOLOGY ABSORPTION

Efforts made in Technology Absorption : FORM "B" Enclosed

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Total foreign exchange used : Nil

Total foreign exchange earned : Nil

FORM-A

Form for Disclosure of particulars with respect to Conservation of Energy

	CURRENT YEAR 2016-17			PREVIOUS YEAR 2015-16		
	CEMENT	**SUGAR**	**POWER**	CEMENT	SUGAR	POWER
A. **POWER & FUEL CONSUMPTION**						
1 ELECTRICITY						
(a) Purchased (KWH)	**2,98,35,351**	**7658242**	**--**	2,38,42,427	96,96,992	--
Amount (₹)	**301779524**	**102142703**	**--**	21,70,39,944	11,26,69,349	--
Rate per Unit (₹)	**10.11**	**13.34**	**--**	9.10	11.619	--
(b) OWN GENERATION Through Diesel Generators (Units)	**44258**	**--**	**--**	30,550	--	--
Amount (₹)	**790540**	**--**	**--**	4,54,410	--	--
Cost per Unit (₹)	**17.86**	**--**	**--**	14.87	--	--
2 FUEL						
(a) COAL						
Quantity (MT)	**52723**	**--**	**--**	45,607.64	--	--
Cost (₹)	**254631.162**	**--**	**--**	20,10,11.264	--	--
Average Rate (₹)	**4829.60**	**--**	**--**	4,407.40	--	--
(b) Bagasse/Steam						
Quantity (MT)	**97,142**	**1,42,853**	**70,277**	--	1,42,853	99,028
Cost (₹)	**4,03,13,930**	**5,62,84,082**	**9,40,24,301**	--	5,62,84,082	12,61,81,478
Average Rate (₹)	**415.00**	**394.00**	**13377.91**	--	394.00	1274.20

	CURRENT YEAR 2016-17			PREVIOUS YEAR 2015-16		
	CEMENT	**SUGAR**	**POWER**	CEMENT	SUGAR	POWER
B **CONSUMPTION PER UNIT OF PRODUCTION**						
1. Electricity (KWH)						
Cement (MT)	**106.01**	**--**	**--**	101.039	--	--
Sugar (KGS)	**--**	**31.35**	**--**	--	--	--
Power (KWH)	**--**	**--**	**--**	--	--	--
2. Coal (MT)	**0.19**	**--**	**--**	0.204	--	--
(Per tonne of clinker)						

FORM - B

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

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

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION - NOT APPLICABLE

For and behalf of the Board

P Veeraiah
Chairman and
Managing Director
DIN : 00276769

Place : Hyderabad
Date : 26th May, 2017

Form No. MR-3 Annexure-1

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[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]

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

I have conducted the secretarial audit of the compliance of applicable statutory provisions and 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 conduct / statutory compliances and expressing my 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 on 31st March, 2017 ("Audit Period") 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 and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable as the Company has not issued any further share capital during the period under review)

d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during the Audit Period);

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable as the Company has not issued and listed any debt securities during the financial year);

f. 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 (Not applicable as the company is not registered as Registrar to an Issue and Share transfer Agent during the Financial year.);

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable as the Company is not delisted during the financial year);

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable as the Company has not bought back its securities during the financial year);

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

i) Secretarial Standards issued by the Institute of Company Secretaries of India

ii) Listing Agreements entered into by the Company with the BSE Ltd, National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosures Requirements) Regulations,2015 made effective 1st December,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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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.

Decisions at the Board Meetings, as represented by the management, were taken unanimously.

I further report that, as per the explanations given to me and the representations 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.

Manjula Aleti

Place : Hyderabad — Practicing Company Secretary

Date : 20th May, 2017 — ACS No:31661,Cop No:13279

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

ANNEXURE – A

To
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. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer :

5. 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.

Manjula Aleti

Place : Hyderabad — Practicing Company Secretary

Date : 20th May, 2017 — ACS No:31661,Cop No:13279

ANNEXURE – 2

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2017

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

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 Contract details of Registrar and Transfer Agent, if any	:	XL SOFTECH SYSTEMS LIMITED, 3, SAGAR SOCIETY, ROAD NO.2, BANJARA HILLS, HYDERABAD - 500034

II.	**PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**		
All the business activities contributing 10% or more of the total turnover of the company shall be stated:-			
Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	CEMENT	3242	46%
2	SUGAR	2060	51%
	POWER	4390	3%

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					

IV.	SHARE HOLDING PATTERN as on 31st March, 2017 (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	4129975	2000	4131975	53.15	4129535	2000	4131535	53.15	-0.01
(b)	Central Government	-	-	-	-	-	-	-	-	-
(c)	State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Bodies Corporate	-	-	-	-	-	-	-	-	-
	Banks / FI	-	-	-	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	4129975	2000	4131975	53.15	4129535	2000	4131535	53.15	-0.01
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
	Total Shareholding of	4129975	2000	4131975	53.15	4129535	2000	4131535	53.15	-0.01
	Promoter									
	(A)= (A)(1)+(A)(2)									
B.	**Public shareholding**									
	1. Institutions									
	a) Mutual Funds	200	4060	4260	0.05	105881	4060	109941	1.41	1.36
	b) Banks / FI	0	3172	3172	0.04	17231	3172	20403	0.26	0.22
	c) Central Government	-	-	-	-	-	-	-	-	
	d) State Government	-	-	-	-	-	-	-	-	
	e) Venture Capital Funds	-	-	-	-	-	-	-	-	
	f) Insurance Companies	-	-	-	-	-	-	-	-	
	g) FIIs	0	0	0	0.00	30555	0	30555	0.39	0.39
	h) Foreign Venture Capital	-	-	-	-	-	-	-	-	
	Funds	-	-	-	-	-	-	-	-	
	h) Others (specify)	-	-	-	-	-	-	-	-	
	Sub-Total (B)(1)	200	7232	7432	0.10	153667	7232	160899	2.07	1.97
(2)	**2. Non-institutions**									
(a)	Bodies Corporate	437495	12715	450210	5.79	377353	12715	390068	5.02	
(b)	Individuals -	2417320	433046	2850366	36.67	2675775	408677	3084452	39.68	
	i. Individual shareholders									
	holding nominal share	2696414	433046	3129460	40.26	2946164	408677	3354841	43.16	
	capital up to ₹ 1 lakh.									
	ii. Individual shareholders									
	holding nominal share	153952	0	153952	1.98	138288	0	138288	1.78	
	capital in excess of									
	₹ 1 lakh.									
(c)	Other (specify) N R I	333275	600	333875	4.29	6304	600	6904	0.09	
	Sub-Total (B)(2)	3188090	446361	3634451	46.75	3059432	421992	3481424	44.78	
	Total Public Shareholding									
	Shareholding (B) =									
	(B)(1)+(B)(2)	3188290	453593	3641883	46.85	3213099	429224	3642323	46.85	
(C)	Shares held by									
	Custodian for	0	0	0	0	0	0	0	0	
	GDRs & ADRs									
	GRAND TOTAL									
	(A)+(B)+(C)	7318265	455593	7773858	100	7342634	431224	7773858	100	

(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 share-holding during the year
		No. of shares	% of total shares of the com-pany	% of shares pledged / encum-bered total shares	No. of shares	% of total shares of the com-pany	% of shares pledged / encum-bered total shares	
1	P. VEERAIAH	1152802	14.83		3493638	44.94		30.11
2	TRIVENI JASTI	69500	0.89		69500	0.89		0.00
3	SHANTI JETTY	57880	0.74	57880	57880	0.74	57880	0.00
4	SAMRAJYAM PALLEMPATI	2664113	34.27		323277	4.16		-30.11
5	SHALINI JETTY	38000	0.49	38000	38000	0.49	38000	0.00
6	RAGINI JETTY	36400	0.47	36400	36400	0.47	36400	0.00
7	JUTLA CHANDRA SEKHAR GOUD	31450	0.40	31450	31450	0.40	31450	0.00
8	JASTI LAKSHMI NALINI	28520	0.37		28520	0.37		0.00
9	J SIVA RAMA PRASAD	19350	0.25	19350	19350	0.25	19350	0.00
10	SUKUMARI KONERU	12040	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	NARASIMHA RAO MUSUNURY	2000	0.03		2000	0.03		0.00
15	RAAJITHA KONERU	700	0.01		700	0.01		0.00
16	CHUNDURI MADHUSUDANA RAO	400	0.01		0	0.00		-0.01
17	JASTI CHELAMESWAR (HUF)	100	0.00		100	0.00		0.00
	TOTAL	**4131975**	**53.15**	**183080**	**4131535**	**53.15**	**183080**	

(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
	Shri P Veeraiah	1152802	14.83	3493638	44.94
1	**Smt. P Samrajyam**				
	through acqusition	2340836			
		2664113	34.27	323277	4.16
	Smt. P Samrajyam acquired 23,40,836 being the nominee of Late Shri P Venkateswarlu. she made an interse transfer of the said shares to her son Shri P Veeraiah during the year.				

(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. VEERAIAH	1152802	14.83	3493638	44.94
2	SESHAGIRI RAO JASTI	10000	0.13	10000	0.13
3	CHUNDURI MADHUSUDANA RAO	400	0.01	0	0.00
	KMP				
1	B KAMESWARA PRASAD	800	0.01	800	0.01
2	M BHAVANI DATTU	0	0.00	0	0.00
During the year, Shri P Veeraiah acquired 23,40,836 shares through inter-se transfer. Necessary disclosures have been made in this regard to stock exchanges and SEBI.					

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	AJO EMERGING MARKETS MASTER FUND LTD.	0	0.00	64733	0.83
2	BACHH RAJ NAHAR	49928	0.64	43164	0.56
3	TIFF INVESTMENT PROGRAM TIFF MULTI ASSET FUND	0	0.00	40948	0.53
4	MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM	0	0.00	30555	0.39
5	ANIL ZAWAR	33324	0.43	29824	0.38
6	M SEETHAMMA	0	0.00	25000	0.32
7	RANGAPPA N	0	0.00	20300	0.26
8	PRAKASH S	0	0.00	20000	0.26
9	MUPPALA VIJAYAKUMAR	0	0.00	17954	0.23
10	EDELWEISS CUSTODIAL SERVICES LTD	0	0.00	17026	0.22

V. INDEBTEDNESS

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

(₹ in lacs)

		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial year					
i)	Princial Amount	795.00	1991.14	0	2786.14
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)		**795.00**	**1991.14**	**0**	**2786.14**
	Change in Indebtedness during the financial year				
	* addition	3654.78	0.00	0	3654.78
	* Reduction	198.75	1991.14	0	2189.89
	Net Change	3456.03	-1991.14	0	1464.89
	Indebtedness at the end of the financial year				
	i) Princial Amount	4251.03	0	0	4251.03
	ii) Interest due but not paid	0	0	0	0
	iii) Interest accrued but not due	0	0	0	0
	Total (i+ii+iii)	**4251.03**	**0**	**0**	**4251.03**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director (₹ In lacs)

Sl. No.	Particulars of Remuneration	Managing Director	Total Amount
1	Gross Salary	86.34	86.34
(a)	Salary as per provisions		
	contained in section 17(1) of the		
	Income-Tax Act, 1961.		
(b)	Value of perquisites u/s 17(2)	56.92	56.92
	Income-Tax Act, 1961.		
	© 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	95.04	95.04
	- others, specify		
5	Others, please specify	0	
	Total (A)	**238.30**	**238.30**
	Ceiling as per the Act is 5% of the net Profits calculated under section 198 of the Companies Act, 2013.		

B. REMUNERATION TO OTHER DIRECTORS: (₹ in lacs)

Sl. No.	Particulars of Remuneration	Name of Directors							
		C Madhusudana Rao	A Chengappa	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	250	3500	3750	2000			13000
	* Commission	0	0	0	0	0			0
	* Others, please specify	0	0	0	0	0			0
	Total (1)	**3500**	**250**	**3500**	**3750**	**2000**			**13000**
2	**Other Non-Executive Directors**								
	* Fee for attending Board committee meetings						2000	250	2250
	* Commission						0	0	0
	* Others, please specify						0	0	0
	Total (2)						**2000**	**250**	**2250**
	Total (B) = (1+2)	**3500**	**250**	**3500**	**3750**	**2000**	**2000**	**250**	**15250**
	Total Managerial Remuneration								
	Overall celling as per the Act	-							

Note : Sitting Fee alone is paid to Independent Directors/other Non-Executive directos for attending Board or Committee meetings.

C REMUNERATION TO KEY MANAGERIAL PERSONNEL

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		Managing Director	Company Secretary	Chief Financial Officer	Total Amount
1	Gross Salary	86.34	10.97	9.88	107.19
	(a) Salary as per provisions				
	contained in section 17(1) of the				
	Income-Tax Act, 1961.				
	(b) Value of perquisites u/s 17(2)	56.92	0	0	56.92
	Income-Tax Act, 1961.				
	© Profits in lieu of salary under	0	0	0	0.00
	section 17(3) Income-Tax Act,				
	1961				
2	Stock Option	0	0	0	0.00
3	Sweat Equity		0	0	0.00
4	Commission				
	- as % of Profit	95.04	0	0	95.04
	- others, specify				
5	Others, please specify		0	0	0
	Total	**238.30**	**10.97**	**9.88**	**259.15**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalities punishment or compounding of offences during the year ended 31st March, 2017.

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 the financial year

Sl. No.	Name of the Director	Ratio of the remuneration to the median remuneration of the employees.
1.	Shri P. Veeraiah (Chairman and Managing Director)	91 : 1

(ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year

Sl. No.	Names of the Director/Key Managerial Personnel	Percentage increase in remuneration
1.	Shri P. Veeraiah (Chairman and Managing Director)	127%
2.	Shri B K Prasad (General Manager and Company Secretary)	Nil
3.	Shri M Bhavani Dattu(Chief Financial Officer)	Nil

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

(iii) The percentage increase in the median remuneration of employees in the financial year

5.7%

(iv) The number of permanent employees on the rolls of company

435

(v) The explanation on the relationship between average increase in remuneration and company performance

Sl. No.	Average increase in remuneration	Company performance (Net profits after Tax)
1.	1%	29%

(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company

Sl. No.	Remuneration of Key Managerial Personnel	Performance of the Company for the year ended 31st March, 2017(Net profits after Tax)
1.	₹ 259.15 Lacs	₹ 2871.92 Lacs

(vii) Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies

Sl. No.	Particular	As at 31st March, 2017		As at 31st March, 2016	
		BSE	NSE	BSE	NSE
1.	Market capitalization	₹24141.72 lacs	₹24192.25 lacs	₹15609.91 lacs	₹15613.79 lacs
2.	Market quote(NSE)	₹310.55	₹311.20	₹200.80	₹200.85
3.	EPS	₹36.94	₹36.94	₹28.54	₹28.54

The company has not made any public issue in the recent past.

(viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

The increase in the Remuneration of Shri P Verraiah, Managing Director has been decided by the Nomination and Remuneration Committee after due consideration of his vast experience and also due to assumption of charge for the entire gamut of operations of the company. The Managing Director is the only whole-time director of the company. The increase in the remuneration of the Managing Director has been stated in the earlier columns.

(ix) Comparison of remuneration of each of the Key Managerial Personnel against the performance of the company

(₹ in lacs)

Sl. No.	Name	Remuneration of Key Managerial Personnel	Performance of the Company for the year ended 31st March, 2017 (profits after tax)
1.	Shri P. Veeraiah (Chairman and Managing Director)	238.30	2871.92
2.	Shri B K Prasad (General Manager and Company Secretary)	10.97	2871.92
3.	Shri M Bhavani Dattu(Chief Financial Officer)	9.88	2871.92

(x) The key parameters for any variable component of remuneration availed of by the directors

Commission at 2% of the net profit of the company is payable in addition to the monthly remuneration subject to the overall limits specified by the Companies Act, 2013 and the same has been taken into account in the above table. The Commission is paid only to the Managing Director.

(xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but received remuneration in excess of the highest paid director during the year

Not Applicable

(xii) Affirmation that the remuneration is as per the remuneration policy of the company

Yes.

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

Name of the employee	age employee	Designation of the employee	Gross remuneration received (₹ In lacs)	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	46 years	Chairman and Managing Director	238.30	Regular	B.Com	19 years	12-05-1998	--
Shri B K Prasad	66 years	General Manager and Company Secretary	10.97	Regular	M.Com, LLB, FCS	36 years	27-07-2015	Pitti Laminations Limited
Shri M Bhavani Dattu	63 years	Chief Financial Officer	9.88	Regular	M.Com, ACA, ACS, ACMA.	37 years	18-04-2012	HMT Machine Tools Ltd.

No employee has received a remuneration for the year which in the aggregate was not less than Rupees Sixty Lakhs and not less than Rupees five lakhs per month in the aggregate if employed for the part of the year.

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

P Veeraiah
Chairman and
Managing Director
DIN : 00276769

Place : Hyderabad
Date : 26th May, 2017

ANNEXURE – 4

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 2017 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 2017 are as follows:-

Name of Related Party	Nature of relationship	Duration of contract	Salient terms	Amount (₹ in lacs)
Shri P Veeraiah	Key Managerial Personnel	As per approval of members	As per approval of members	238.30 (104.75)
Shri B K Prasad	Key Managerial Personnel	As per terms of appointment	As per company's policy	10.97 (7.57)
Shri M Bhavani Dattu	Key Managerial Personnel	As per terms of appointment	As per company's policy	9.88 (9.74)
Total Remuneration				259.15 (223.89)
Shri P Veeraiah	Key Managerial Personnel/ Promoter	Ongoing	Based on transfer pricing guidelines	24.00 (24.00)
Smt. P samrajyam	Promoter	Ongoing	Based on transfer pricing guidelines	2.40 (2.40)
Total Rent				26.40
Standard Construction	P Veeraiah (controlling interest)	Ongoing	Based on transfer pricing guidelines	2.16 (2.16)
Partnership Firm				2.16

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

P Veeraiah
Chairman and
Managing Director
DIN : 00276769

Place : Hyderabad
Date : 26th May, 2017

ANNEXURE – 5

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 portraits 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 — ₹ 1881.84 lacs
4. Prescribed CSR Expenditure (2% of Item No.3) — ₹ 37.64 lacs.
5. Details of CSR activities / projects under taken during the year 2016-2017
   - (a) Total amount to be spent for the financial year — ₹ 37.64 lacs
   - (b) Amount carried forward from the previous year — ₹ 33.93 lacs
   - (c) Amount spent during the year — ₹ 22.93 lacs
   - (d) Amount unspent (a+b-c) — ₹ 48.64 lacs
   - (e) Manner in which the amount spent during the financial year is detailed below :-

(₹ In lacs)

Sl. No.	Projects/ Activities	Sector	Projects or Programmes (District and State)	Amount Out-lay (Budget) Project or Program wise	Amount Spent on the project or program	Cumulative Expenditure upto reporting period	Amount spent: Direct/ through implementing agency
1.	Formation of Road, laying the Gravel Road.	Rural Development	Raghunadha Banjara Kalluru Mandal, Khammam District (Telangana)	13.90	13.76	13.76	Direct
2.	Formation of Road, laying the Gravel Road.	Rural Development	Bathulapally Kalluru Mandal, Khammam District (Telangana)	2.80	2.83	2.83	Direct
3.	Donation by way of supply of cement.	Rural Development	Sri Guru Deva Charitable Trust Sri Guru Deva Vikalang Sahayatha Kendram Mangalapalem Village, Kothavalasa Mandal, Vizianagaram District.	2.59	2.59	2.59	Direct
4.	Donation	Rural Development for the cause of education for tribal population.	'Friends of tribals society' – Kalluru Mandal, Khammam District,	3.75	3.75	3.75	Direct

Note:

- Laying of roads and related works are in the nature of ongoing works and the necessary sums will be spent on such works / projects along with other projects that will be identified during 2017-2018.
- 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 and 2016-2017 aggregating to ₹ 48.64 lacs.
- The company could not spend the required sums during the year under review partly because of delay in identifying the programmes / projects and partly due to administrative issues.

CORPORATE GOVERNANCE REPORT:

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

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

A) **RELAED 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:www.kakatiyacements.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 its stakeholders' aspirations 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, 2017, the Board of Directors (Board) comprised of 7 (Seven) Directors of which 6 are Non-Executive Directors. The Company has 4 (Four) Independent Directors and this constitutes more than half the total strength of the Board.

Sl. No.	Name of the Director	DIN No.	Desig-nation and Category	No. of Board Meetings held	No. of Board Meetings Attended	Whether attended the last Annual General Meeting	Director ship in other Boards	Member ship in other Committees
01.	P. Veeraiah	00276769	CMD	4	4	YES	1	2
02.	T.R.C. Bose	00160630	IND	4	4	YES	7	4
03.	J. S. Rao	00029090	NED	4	3	YES	8	2
04.	C. Madhusudana Rao	00410173	IND	4	4	YES	Nil	3
05.	B.V.Subbaiah	01147062	IND	4	4	NO	1	3
06.	K Venkata Rao	06566627	IND	4	4	YES	Nil	2
07.	M Vara Lakshmi	07585164	NED	4	1	NO	Nil	Nil

Shri A Chengappa, Director has resigned on 26th September, 2016 and it was made effective from 1st October, 2016. The same was taken note of by the Board at its meeting held on 9th November, 2016.

Smt. M Vara Lakshmi has been inducted as an Additional Director on the Board of Directors of the company at the meeting held on 12th August, 2016. The members have approved her appointment as a Director on the Board.

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 Regulations, 2015.

The dates of Board Meeting held during the year under review are: 25.05.2016, 12.08.2016, 09.11.2016 and 06.02.2017. The Maximum gap between any of two consecutive meetings did not exceed 120 days.

Disclosure of Relationship between Directors inter-se:

Shri J S Rao, Director is the brother in law of Shri P Veeraiah, Chairman and Managing Director.

Share holding of Non-Executive Directors in the company

The number of equity shares of the Company held by Non-Executive Directors as on 31st March, 2017 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 A Chengappa (till 30th September, 16)	Nil
3. Shri C Madhusudhana Rao	Nil
4. Shri T R C Bose	Nil
5. Shri B V Subbaiah	Nil
6. Shri K Venkata Rao	Nil
7. Smt. M Varalakshmi	Nil

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

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

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.	26.09.2016 11.00 A.M	YES	NO
02	Shri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad – 500020.	10.08.2015 11.00 A.M	NO	NO
03.	Shri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad – 500020.	14.07.2014 11.00 A.M	NO	NO

INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on 18th March, 2017, inter alia, to discuss:

a) Evaluation of the performance of Non Independent Directors and the Board of Directors as a whole.

b) Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors

c) Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

While welcoming the new Director, various important documents of the Company are shared for his / her reference which include the Annual Reports of the past three consecutive years, details of nature of Industry, products, sales and distribution channel and position of the Company in the Industry. Further, various Codes and Practices will be delivered to him / her for reference and record. The Board evaluation processes and procedures are explained to the new director.

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

Once the new director becomes familiar with the basic business model and special features of the company, it is expected that the incumbent director would identify himself / herself with the company and focus on his / her domain skills there by contributing to the growth and development of the company. Complete access to any information related to the Company is provided to the Independent Directors if any specific request is made.

The Familiarisation Programmes were imparted to all the Independent Directors and it was also imparted to one non-executive director during the year under review.

Web link where details regarding Familiarisation Programme for Independent Directors can be viewed: WWW.KAKATIYACEMENTS.COM

MECHANISM FOR EVALUATION OF BOARD:

Evaluation of all Board members will be done on an annual basis. The evaluation is done by the Independent Directors with specific focus on the performance of the Board and individual Directors.

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

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

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

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 judgement were considered.

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

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

STAKE HOLDERS RELATIONSHIP COMMITTEE:

Composition:

The Committee consists of the following Directors:

Shri C Madhusudhana Rao - Chairman

Shri T R C Bose - Member

Shri B V Subbaiah - Member

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

No. of shareholder complaints received : 5

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

No.of Pending complaints: NIL

Email ID of Investor grievances: shares@kakatiyacements.com

Terms of reference:

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

Audit Committee Meetings and Attendance during the Financial Year ended 31st March, 2017:

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

The Audit Committee meetings were held on 24-05-2016, 11-08-2016, 08-11-2016 and 06-02-2017.

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

Nomination and Remuneration committee:

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

The Nomination and Remuneration committee met on 24th May, 2016 during year under review.

Name of the Director	Designation	Category	Attendence
Shri C Madhusudhana Rao	Chairman	Non Executive / Independent	1
Shri T R C Bose	Member	Non Executive / Independent	1
Shri B V Subbaiah	Member	Non Executive / Independent	1

The details of the remuneration paid to whole-time Directors are mentioned in the notes to accounts and also in Annual Return (Form MGT 9) forming part of the Annual Report.

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.

Name of the Director	Designation	Attendence
Shri K Venkat Rao	Chairman	2
Shri P Veeraiah	Member	2
Shri J S Rao	Member	2

The CSR Committee met twice during the year under review.

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. Assets of the company, improvement of level of awareness and appreciating and managing material business risks are also the objectives of the Risk Management Committee.

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

Composition of the Committee:

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

Shri J S Rao, Director has been inducted as a member consequent to the resignation of Shri A Chengappa, Director

The Risk Management committee met once during the year.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Anti Sexual Harassment of Women at the Workplace (Prevention, prohibition & Redressal) Act, 2013. Internal complaints Committee (ICC) has been setup to address complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy.

No compliant 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, 2017.

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 and designated employees and 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, 2017, there were no materially significant related party transactions which had potential conflict with the interest of the Company at large. The transactions with related parties are disclosed in the notes to the Annual Accounts.

Details of Non-compliances.

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

No penalty has been imposed by any Stock Exchange, SEBI or any other regulatory authority. The Company's shares were not suspended at any point of time.

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

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

Certification by Chairman and Managing Director and CFO:

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

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 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	:	38th Annual General Meeting
	Date	:	25th September, 2017
	Time	:	11.00 A.M
	Venue	:	Shri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad – 500 020.
b)	Financial Calendar	:	1st April to 31st March
c)	Date of Book closure	:	19th September, 2017 to 25th September, 2017 (both days inclusive)
d)	Dividend payment date	:	On or before 24th October, 2017.
e)	Registered Office	:	KAKATIYA CEMENT SUGAR AND INDUSTRIES LTD., 1-10-140/1, "GURUKRUPA", Ashok Nagar, HYDERABAD – 500 020. Phone:040-27637717/27633627 Fax No.27630172 CIN:L26942TG1979PLC002485 e-mail : 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. BSE Limited, Floor 25, P.J. Towers, Dalal Street, MUMBAI – 400 001.
g)	Code/Symbol	:	NSE – KAKATCEM BSE – 500234 ISIN for NSDL & CDSL: INE437B01014

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

Month and Year	High ₹	Low ₹	No. of Shares Traded
April 2016	351.90	200.00	4921912
May 2016	599.00	291.00	5219885
June 2016	554.40	390.00	3818208
July 2016	492.00	388.00	1335785
August 2016	427.00	338.10	2594252
September 2016	410.00	335.00	1685216
October 2016	430.00	351.00	1645270
November 2016	384.70	203.10	1722206
December 2016	260.00	225.00	1159364
January 2017	327.95	251.05	1903423
February 2017	358.75	304.30	1523662
March 2017	356.40	302.90	889604

(Source: BSE Limited Quotations)

Month and Year	High ₹	Low ₹	No. of Shares Traded
April 2016	351.90	201.40	1685439
May 2016	599.00	285.00	1450094
June 2016	552.00	390.00	1108719
July 2016	494.90	390.00	453081
August 2016	425.00	340.00	788385
September 2016	418.50	335.00	652408
October 2016	429.95	354.00	538139
November 2016	384.60	207.70	535932
December 2016	261.00	225.60	385254
January 2017	329.40	252.05	612800
February 2017	358.80	303.00	545306
March 2017	356.95	307.00	216414

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.

k) Distribution of Shareholding and Shareholding Pattern:

Distribution of Shareholding as on 31.03.2017

Share Holding	Number of Shareholders	% to total	Number of Shares	% to total
Up to 500	45903	97.61	1570420	20.20
501 - 1000	647	1.38	509205	6.55
1001 - 2000	267	0.57	400625	5015
2001 - 3000	79	0.17	203919	2.62
3001 - 4000	34	0.07	120401	1.55
4001 - 5000	27	0.06	124018	1.60
5001 - 10000	39	0.08	275121	3.54
10001 and above	32	0.07	4570149	58.79
Total	47028	100.00	7773858	100.00

Shareholding Pattern as on 31.03.2017:

Category	No. of Equity Shares	% of Paid-up Capital
Promoters	4131535	53.15
Other Corporate Bodies	390068	5.02
General Public	3084452	39.68
Non Resident Individuals	6804	0.09
Foreign Institutional Investors & OCBs	30655	0.39
Indian Financial Institutions	7354	0.09
Mutual Funds & Banks	122990	1.58
TOTAL	7773858	100.00

l) There are no outstanding GDRs / ADRs / Warrants or any Convertible instruments as on 31st March, 2017.

m) Dematerialisation of Shares:

As on 31st March 2017, 73,42,634 shares were dematerialised with the following depositories:

i)	National Securities Depositories Limited	23,30,911
ii)	Central Depository Services Limited	50,11,723

n) Plant locations

CEMENT:
Srinivasa Nagar
Mellacheruvu Mandal
Suryapet District
Telangana State

SUGAR & POWER:
Peruvancha Village
Kallur Mandal
Khammam District.
Telangana State.

o) Address for correspondence:

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

DECLARATION ON CODE OF CONDUCT

This is to affirm that all Directors and Senior Management personnel of the company have complied with the code of conduct of the Company for the financial year ended 31.03.2017 as envisaged under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

P Veeraiah
Chairman and
Managing Director
DIN : 00276769

Place : Hyderabad
Date : 26th May, 2017

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Kakatiya Cement, Sugar and Industries Limited

We have examined the compliance of conditions of Corporate Governance by Kakatiya Cement, Sugar and Industries Limited ('the Company') for the year ended 31st March, 2017 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15 (2) of the Listing Regulations.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

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: Secunderabad
Date: 26thMay, 2017

A.V.Sadasiva
Partner
Membership No.018404

INDEPENDENT AUDITORS' REPORT

To
The Members of Kakatiya Cement Sugar and Industries limited

Report on the Financial Statements

We have audited the accompanying financial statements of Kakatiya Cement Sugar and Industries limited("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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 and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. 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, 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts)Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on31st March, 2017 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 B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 30 of the financial statements;

ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv) The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8thNovember, 2016 to 30thDecember, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 32 to the financial statements.

For **M.Anandam & Co.**
Chartered Accountants
(Firm's Registration No. 000125S)

A.V.Sadasiva
Partner
Membership
No. 018404

Place: Secunderabad
Date : 26th May, 2017

Annexure - A to the Auditors' Report

The Annexure referred to in our report to the members of the Company for the year ended on 31st March, 2017. 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 Order is not applicable.	
(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.	
(vi)	We have broadly reviewed the cost records maintained by the Company as prescribed under sub-section (1) of section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.	
(vii)	(a)	According to the information and explanations given to us and the records of the Company examined by us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, value added tax, wealth tax, service tax, customs duty, excise duty, cess and any other statutory dues as applicable with the appropriate authorities and there were no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
	(b)	According to the information and explanations given to us and records of the Company examined by us, the particulars of income tax, sales tax, valued added tax, wealth tax, service tax, customs duty, excise duty or cess as at 31st March, 2017 which have not been deposited on account of any dispute pending, are as under:

Name of the Statute	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income-Tax Act, 1961	Income Tax	12.42	Assessment Years 1999-2000 2000-2001 2001-2002	High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh

Name of the Statute	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
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
Customs Act, 1962	Customs Duty	65.77	Financial year 2012-2013	Additional Commissioner Customs

(viii)	The Company has not defaulted in repayment of loans or borrowing to financial institutions, banks and Governments.
(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 give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
(xii)	In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
(xiii)	According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
(xiv)	According to the information and explanations 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.
(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 it. Accordingly, paragraph 3 (xv) of the Order is not applicable.
(xvi)	The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **M.Anandam & Co.**
Chartered Accountants
(Firm's Registration No. 000125S)

A.V.Sadasiva
Partner
Membership No.018404

Place : Secunderabad
Date : 26th May, 2017

Annexure - B to the Auditors' Report

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 2017 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.

Auditors' 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 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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure 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 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, 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 2017, 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 M.Anandam & Co.
Chartered Accountants
(Firm's Registration No. 000125S)

A.V.Sadasiva
Partner
Membership No.018404

Place : Secunderabad
Date : 26th May, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

(₹ in Lakhs)

Particulars	Note	As 31.03.2017	As at 31.03.2016
I. EQUITY & LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	2	777.39	777.39
(b) Reserves and surplus	3	22,254.93	19,383.02
(2) Non-Current Liabilities			
(a) Long-term borrowings	4	331.25	476.08
(b) Deferred tax liabilities (net)	5	23.22	66.75
(c) Other long term liabilities	6	162.43	142.23
(d) Long-term provisions	7	121.38	192.51
(3) Current Liabilities			
(a) Short term borrowings	8	3,647.65	1,991.14
(b) Trade payables	9		
Dues to micro and small enterprises		-	-
Dues to other than micro and small enterprises		569.02	2,270.49
(c) Other current liabilities	10	2,361.78	2,664.70
(d) Short-term provisions	11	5.88	266.50
TOTAL		**30,254.94**	**28,230.82**
II. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	12	5,603.85	5,792.00
(b) Capital work in progress		2.45	-
(c) Non-current investments	13	5.07	5.07
(d) Long term loans and advances	14	605.33	992.60
(2) Current assets			
(a) Inventories	15	9,146.48	11,311.33
(b) Trade receivables	16	1,503.08	1,502.03
(c) Cash and bank balances	17	11,811.67	7,099.99
(d) Short-term loans and advances	18	1,577.00	1,527.78
TOTAL		**30,254.94**	**28,230.82**
Significant Accounting Policies	1		

The acompanying notes form an integral part of the financial statements.

As per our report of even date
for **M. ANANDAM & CO.**
Chartered Accountants

A.V. Sadasiva
Partner
M. No. 018404

Place : Hyderabad
Date : 26th May 2017

For and on behalf of the Board of Directors

P.Veeraiah
Chairman & Managing Director
DIN: 00276769

M. Bhavani Dattu
Chief Financial Officer

B K. Prasad
General Manager and
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

(₹ in Lakhs)

	Particulars	Note	Year ended 31.03.2017	Year ended 31.03.2016
I.	Revenue from Operation (Net)	19	**22,012.04**	21,035.89
II.	Other Income	20	**729.83**	605.51
III.	**Total Revenue (I +II)**		**22,741.86**	**21,641.40**
IV.	**Expenses:**			
	Cost of Materials Consumed	21	**7,368.80**	9,976.89
	Changes in inventories	22	**2,030.11**	(892.52)
	Employee benefit expenses	23	**1,818.86**	1,800.93
	Finance costs	24	**121.52**	160.41
	Depreciation	12	**236.12**	247.92
	Other Expenses	25	**6,652.77**	7,367.44
	Total Expenses		**18,228.18**	18,661.06
V.	**Profit before tax (III - IV)**		**4,513.68**	2,980.34
VI.	**Tax expense:**			
	(1) Current tax		**1,526.95**	774.72
	(2) MAT Credit		**(443.40)**	-
	(3) Earlier Taxes		**601.74**	-
	(4) Deferred tax		**(43.53)**	(12.81)
VII.	**Profit for the year (V-VI)**		**2,871.91**	2,218.43
VIII.	**Earning per equity share:**			
	Basic & Diluted	26	**36.94**	28.54
	Significant Accounting Policies	1		

The acompanying notes form an integral part of the financial statements.

As per our report of even date
for **M. ANANDAM & CO.**
Chartered Accountants

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B K. Prasad
General Manager and
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(₹ in Lakhs)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax	**4,513.68**	2,980.34
Adjustments for:		
Depreciation	**236.12**	247.92
Interest Income	**(689.75)**	(579.83)
Profit on sale of asset	**-**	(1.01)
Provision for bad and doubtful debts	**97.96**	-
Provision for non moving/ obsolete stock	**47.76**	-
Operating Profit before working capital changes	**4,205.77**	2,647.40
Working Capital Changes:		
(Increase) / Decrease in Inventories	**2,117.08**	(1,194.95)
(Increase) / Decrease in Trade and Other receivables	**(148.23)**	583.62
Increase / (Decrease) in long term provisions	**(71.13)**	(9.82)
Increase / (Decrease) in Trade payables and Other liabilities	**(2,720.24)**	2,996.13
	(822.52)	2,374.98
Cash Generated from Operations	**3383.25**	5022.38
Direct Taxes paid	**(1,000.00)**	(713.16)
Net Cash from Operating Activities	**2383.25**	4309.22
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Property, Plant and Equipment/Capital WIP	**(51.13)**	(73.20)
Interest Income	**689.75**	579.83
Increase / (Decrease) in Long term loans and advances	**387.27**	(791.12)
Profit on sale of vehicles	**0.72**	1.01
Net Cash used in Investing Activities	**1,026.62**	(283.47)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend paid Including Corporate Dividend Tax	**(209.86)**	(209.86)
Increase/(Decrease) in Bank Borrowings	**1,511.68**	(1,025.13)
Net Cash used in Financing Activities	**1,301.82**	(1,234.99)
Net increase/(decrease) in Cash and Cash equivalents	**4711.68**	2790.75
Cash and Cash equivalents at the beginning of the year	**7,099.99**	4,309.25
Cash and Cash equivalents at the end of the year	**11,811.67**	7,099.99

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 of even date

for **M. ANANDAM & CO.**
Chartered Accountants

A.V. Sadasiva
Partner
M. No. 018404

Place : Hyderabad
Date : 26th May 2017

For and on behalf of the Board of Directors

P.Veeraiah
Chairman & Managing Director
DIN: 00276769

M. Bhavani Dattu
Chief Financial Officer

B K. Prasad
General Manager and
Company Secretary

Note.1: Significant Accounting Policies

i) Basis of Preparation of financial statements

These financial statements have been prepared in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies(Accounts) Rules 2014, the Companies (Accounting Standards) Amendement Rules, 2016 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis.

ii) Revenue Recognition

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

iii) Property, Plant and Equipment

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

iv) Treatment of Expenditure During Construction Period

Expenditure during construction period is grouped under "Capital work-in- progress" and the same is allocated to respective Property, Plant and Equipment on the completion of their construction.

v) Depreciation

Cement Division: Depreciation is provided on Straight Line Method in respect of Buildings, Plant & Machinery (other than Quarry Equipment) and Electrical Installations and in respect of all other assets depreciation is provided on Written Down Value Method. Depreciation has been calculated at the rates specified in Schedule XIV to the Companies Act, 1956 up to 31.03.2014.

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 up to 31.03.2014

The depreciation is provided as per Schedule II of the companies act 2013 w.e.f. 01.04.2014.

vi) Inventories

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

vii) Employee Benefits

a) Provident Fund is administered through Regional Provident Fund Commissioner. The contribution to the Provident Fund is charged against revenue.

b) Gratuity Liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on Projected unit credit method. The company has created an approved gratuity fund,

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

c) The company accounts for Leave Encashment liability of its employees on the basis of Independent Actuarial valuation carried out by an Actuary.

viii) Borrowing Cost

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

ix) Taxes on Income

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

x) Investments

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

xi) Provisions, Contingent Liabilities and Contingent Assets

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

xii) Impairment

The management periodically assesses using , external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higer of the assets net selling price and value in use. which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectvely to an event occuring after the impairment loss was recognized. The carrying amount of an 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 year.

xiii) Operating Cycle

Based on the nature of products/activities of the company and the normal time between acquisition of assets and their realiasition in cash or cash equivalents, the company has determined its operating policy as 12 months for the purpose of classification of its assets and liabilities as current and non current.

Note 2 : Share capital (₹ in Lacs)

Particulars	As at 31.03.2017	As at 31.03.2016
AUTHORIZED CAPITAL:		
90,00,000 Equity Shares of ₹10/- each	900.00	900.00
(Previous Year 90,00,000 Equity Shares of ₹10/- each)		
ISSUED, SUBSCRIBED & PAID-UP CAPITAL		
77,73,858 Equity Shares of Rs 10/- each fully paid up	777.39	777.39
(Previous Year 77,73,858 Equity Shares of Rs 10/- each fully paid up)		

2.1 The company has only one class of equity shares having face value of ₹10 each. Each shareholder of Equity share is entitled to one vote per share. The company delcares and pays dividend in Indian rupees. The dividend proposed by Board of directors is subject to approval of shareholders in ensuing Annual general meeting. In the event of liquidation of the company, the equity shareholders will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Particulars	As at 31.03.2017		As at 31.03.2016	
Name of the Shareholder	Number shares	% of of Holding	Number shares	% of of Holding
a) Sri P Veeraiah	**3493638**	**44.95**	1152802	14.83
b) Smt P Samrajyam		**- -**	2664113	34.27

2.3 The Reconcilation of the number of shares

Particulars	As at 31.03.2017	As at 31.03.2016
Number of shares at the beginning of the year	7,773,858	7,773,858
Add: Shares issued during the year	-	-
Number of shares as at the end of the year	7,773,858	7,773,858

Note 3 : Reserves and surplus

(₹ in Lacs)

Particulars	As at 31.03.2017	As at 31.03.2016
Security Premium (i)	**1391.62**	1391.62
Amalgamation Reserve (ii)	**1075.89**	1075.89
General Reserve (iii)	**2092.73**	1870.89
Add: Transferred from Surplus	**-**	221.84
Total General Reserve	**2092.73**	2092.73
Surplus in the Statement of Profit & Loss		
Opening Balance	**14822.78**	13078.82
Add : Net profit transferred from Statement of Profit & Loss	**2871.91**	2218.42
Total	**17694.69**	15297.24
Less : Appropriations		
a) Proposed dividend	**-**	209.89

(₹ in Lacs)

	Particulars	As at 31.03.2017	As at 31.03.2016
b)	Corporate dividend tax	-	42.73
c)	Amount transferred to General reserve	-	221.84
		-	474.46
	Closing balance	**17694.69**	14822.78
	Total	**22254.93**	19383.02

Note 4 : Long Term Borrowings

Particulars		
Interest Free Term Loan	**331.25**	476.08
TOTAL	**331.25**	476.08

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

Year	Quarterly Instalments	(₹ in Lacs)
2017-18	4	265.00
2018-19	4	265.00
2019-20	1	66.25

Note 5 : Deferred tax liabilities (net)

	Particulars	As at 31.03.2017	As at 31.03.2016
1.	**Deferred tax asset**		
	Opening balance	**34.95**	28.02
	Add: On account of Income tax disallowances	**63.47**	9.77
	Less: Reversed during the year	**(37.82)**	(2.85)
	Total	**60.61**	34.94
2.	**Deferred tax Liability**		
	Opening Balance	**101.70**	107.58
	Add: Depreciation	**(17.88)**	(5.88)
		83.82	101.69
	Deferred tax Liabilities (Net)	**23.22**	66.75

Note 6 : Other Long term liabilities (₹ in Lacs)

Particulars	As at 31.03.2017	As at 31.03.2016
Security Deposits from stockists	**12.78**	12.98
Other Liabilities	**149.65**	129.25
TOTAL	**162.43**	142.23

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

Note 7 : Long Term Provisions

(₹ in Lacs)

Particulars	As at 31.03.2017	As at 31.03.2016
Gratuity	**81.58**	181.58
Leave Encashment	**39.80**	10.93
TOTAL	**121.38**	192.51

Note 8 : Short Term Borrowings

From Banks	**3647.65**	1991.14
TOTAL	**3647.65**	1991.14

8.1 The Company has taken overdraft facilities from Andhra bank and State bank of India against pledge of fixed deposits valuing ₹ 4948.39 Lakhs (Previous Year ₹ 3598.09 Lakhs) of the Company at an average Interest rate of 8.25%.

Note 9 : Trade payables

Dues to Micro and Small Enterprises	**-**	-
Others	**569.02**	2270.49
TOTAL	**569.02**	2270.49

9.1 Ther are no transactions with Micro and Small Enterprises, hence disclosures are not given as required under MSMED Act, 2006

Note 10 : Other current liabilities

Current maturities of Longterm debts	**272.13**	198.75
Sales tax deferred	**-**	7.45
Unclaimed Dividend	**49.26**	43.60
Statutory & Other Liabilities	**2040.38**	2414.90
TOTAL	**2361.78**	2664.70

10.1 Statutory liabilites represent amounts payable towards Excise Duty, Service Tax, Sales tax/VAT and Tax Deducted at Source.

10.2 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 ₹ 51.68 lakhs is made in the books of accounts during the year and included in Statutory Liabilities

Note 11 : Short-term provisions

Provision for Leave Encashment	**5.88**	0.00
Provision for Income tax (net of advance tax)	**-**	13.88
Proposed Dividend & Corporate Dividend Tax	**-**	252.62
Total	**5.88**	266.50

Note 12 Property, Plant and Equipment (₹ in Lakhs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2016	Additions	Deletions	31.03.2017	As at 01.04.2016	For the Period	Deletions	Up to 31.03.2017	As at 31.03.2017	As at 31.03.2016
CEMENT DIVISION										
FREEHOLD LAND	101.23	-	-	**101.23**	-		-	**0.00**	**101.23**	101.23
BUILDINGS	594.92	-	-	**594.92**	268.71	10.28		**278.98**	**315.94**	336.61
PLANT & EQUIPMENTS	6839.24	4.29	-	**6843.53**	5404.36	59.55		**5463.90**	**1379.63**	1450.87
OTHER EQUIPMENT	147.52	-	-	**147.52**	140.80	1.53		**142.33**	**5.19**	8.26
FURNITURE & FIXTURES	18.78	-	-	**18.78**	17.45	0.07		**17.52**	**1.26**	1.42
OFFICE EQUIPMENT	12.95	2.01	**0.15**	**14.81**	9.32	1.13	0.11	**10.34**	**4.47**	4.32
VEHICLES	60.31			**60.31**	42.07	5.66		**47.73**	**12.58**	7.22
TOTAL	7774.95	6.30	**0.15**	**7781.10**	5882.70	78.21	0.11	**5960.80**	**1820.30**	1909.94
SUGAR DIVISION										
FREEHOLD LAND	156.82	-	-	**156.82**	-	-	-	**0.00**	**156.82**	156.82
BUILDINGS	2211.47	-	-	**2211.47**	1144.82	57.07	-	**1201.89**	**1009.58**	1123.72
PLANT & EQUIPMENTS	3978.18	37.16	-	**4015.34**	3161.75	33.11	-	**3194.86**	**820.48**	849.15
OTHER EQUIPMENT	88.26	-	-	**88.26**	87.27		-	**87.27**	**0.99**	0.99
FURNITURE & FIXTURES	12.15	0.24	-	**12.39**	11.55		-	**11.55**	**0.84**	0.60
OFFICE EQUIPMENT	45.62	0.45	-	**46.07**	43.35		-	**43.35**	**2.72**	2.27
VEHICLES	67.51	-	**13.58**	**53.93**	52.10	1.86	12.90	**41.06**	**12.87**	17.26
TOTAL	6560.01	37.85	**13.58**	**6584.28**	4500.84	92.04	12.90	**4579.98**	**2004.30**	2150.81
POWER DIVISION										
FACTORY BUILDINGS	442.22	-	-	**442.22**	194.72	13.58	-	**208.30**	**233.92**	261.07
PLANT & EQUIPMENTS	4574.66	4.53	-	**4579.19**	2981.59	52.29	-	**3033.88**	**1545.31**	1645.33
TOTAL	5016.88	4.53	-	**5021.41**	3176.31	65.87	-	**3242.18**	**1779.23**	1906.40
GRAND TOTAL	19351.84	48.68	**13.73**	**19386.79**	13559.85	236.12	13.01	**13782.96**	**5603.85**	5967.18
PREVIOUS YEAR	19297.81	73.20	**19.17**	**19351.84**	13330.65	247.92	18.72	**13559.85**	**5792.00**	5967.16

Note 13 : Non-current investments		(₹ in Lacs)
Particulars	**As at 31.03.2017**	As at 31.03.2016
Long term - Quoted		
Investments in Equity Instruments of Andhra Bank	**5.07**	5.07
5,631 (Previous Year 5,631) Equity Shares of ₹ 10/- each Face Value		
TOTAL	**5.07**	5.07
13.1. Aggregate market value of Quoted Investments ₹ 3.09 Lakhs as against (P.Y ₹ 2.95 Lakhs)		
Note 14 : Long term Loans and advances		
Unsecured considered good		
a) Deposits - Government (i)	**158.13**	133.24
b) Deposits - Others (ii)	**3.55**	10.93
Advance Tax (iii)	**586.18**	4747.91
Less: Provision for Tax (iv)	**142.53**	3899.48
Net Advance Tax balance (iii-iv)=v	**443.65**	848.43
TOTAL (i+ii+v)	**605.33**	992.60
Note 15 : Inventories		
(Valued at lower of cost or net realizable value)		
Finished Goods	**7929.48**	9841.59
Work-in-Progress	**262.06**	296.03
Raw Materials	**23.03**	36.25
Banked Energy	**176.36**	260.39
Packing Materials	**35.84**	28.96
Sub Total	**8426.76**	10463.22
Stores Spares and Consumables	**767.49**	848.11
Less: Provision for obsolete items	**47.76**	-
Net Stores Spares and Consumables	**719.73**	848.11
TOTAL	**9146.48**	11311.33
Note 16 : Trade receivables		
A. Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	**1501.90**	1254.98
Doubtful	**97.96**	-
Less: Provision for Doubtful Debtors	**97.96**	-
	1501.90	1254.98
B. Others		
Unsecured, considered good	**1.18**	247.05
TOTAL	**1503.08**	1502.03

Note 17 : Cash and Bank Balances		(₹ in Lacs)
Particulars	As at 31.03.2017	As at 31.03.2016
1. **Cash and Cash Equivalents**		
Cash on hand	**6.89**	17.71
Balances with banks	**345.00**	620.22
2. Other Bank Balances		
Balances with banks in Deposit Accounts	**11459.78**	6462.06
TOTAL	**11811.67**	7099.99
17.1 Balances with banks include-		
Unclaimed dividend	**49.26**	43.60
17.2 The company has transferred unclaimed dividend of ₹ 0.84 Lakh pertaining to the financial year 2008-09 to the Investor Education Protection Fund on expiry of seven years.		
17.3 Balances with banks in Deposit Accounts Include:-		
FDs Pledged against Temporary OD	**4,948.39**	3,598.09
FDs Pledged against SEFASU Term Loan	**919.00**	844.23
FDs with morethan twelve months maturity	**2.70**	2,283.81
Margin Money against Bank Guarantee	**24.73**	83.00

Note 18 : Short-term loans and advances		
Unsecured Considered good		
Advances towards Goods and Services	**519.65**	304.18
Employees Advances	**1.38**	1.95
Other Advances	**557.32**	1006.11
Prepaid Expenses	**28.93**	8.62
Interest Accrued on Deposits	**469.71**	206.92
TOTAL	**1577.00**	1527.78

18.1 Other Advances include Income tax paid under protest amounting to ₹ 125.60 Lakhs (PY ₹ 602.10 Lakhs) and Sales tax paid under protest amounting to ₹ 233.44 Lakhs (PY ₹ 233.44 Lakhs)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Note 19 : Revenue from operations		
Revenue from operations		
Sale of products (Gross)	**24272.01**	22919.26
Less: Excise Duty	**2259.97**	1883.37
Revenue from operations (Net)	**22012.04**	21035.89
19.1 Details of Products Sold		
Cement	**10073.36**	9142.09
Sugar	**11290.65**	10429.19
Power	**648.04**	1464.61
Total	**22012.04**	21035.89

Note 20 : Other Income (₹ in Lacs)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Interest Income	**689.75**	579.83
Sale of Flyash	**0.00**	0.23
Sale of scrap	**0.13**	0.68
Misc. Income	**39.94**	24.76
TOTAL	**729.83**	605.51

Note.20.1 Interest income represents Interest on Fixed Deposits and Interest on Eletricity Deposits

Note 21 : Cost of Materials Consumed

Cement Division			
- Limestone		**592.17**	460.60
- Gypsam		**173.02**	180.14
- Others		**257.81**	117.28
Sugar Division			
- Sugar Cane		**6345.80**	9218.86
TOTAL		**7368.80**	9976.89

Note 22 : Changes in inventories

Finished Goods			
Closing Stock		**8310.82**	10101.98
Opening Stock		**10101.98**	9287.86
	(A)	**(1791.15)**	814.11
Work in Progress			
Closing Stock - WIP		**57.07**	296.03
Opening Stock - WIP		**296.03**	217.62
	(B)	**(238.96)**	78.41
Changes in inventories (A+B)		**2030.11**	(892.52)
Details of Closing Inventory			
Finished Goods			
Cement		**262.06**	35.60
Sugar		**7,872.41**	9,805.98
Banked Energy		**176.36**	260.39
Total		**8,310.82**	10,101.98
Work in Progress			
Cement		**57.07**	296.03
Total		**8,367.89**	10,398.01

(₹ in Lacs)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Details of Opening Inventory		
Finished Goods		
Cement	**35.60**	53.69
Sugar	**9,805.98**	8,815.61
Banked Energy	**260.39**	418.56
Total	**10,101.98**	9,287.86
Work in Progress		
Cement	**296.03**	217.62
Total	**10,398.01**	9,505.49
Note 23 : Employee benefit expenses		
Salaries, Wages and Bonus	**1657.20**	1625.01
Contribution to Provident fund	**56.75**	55.70
Staff Welfare Expenses	**104.91**	120.22
TOTAL	**1818.86**	1800.93
Note 24 : Finance costs		
Interest expense	**113.05**	158.89
Bank Charges	**8.48**	1.51
TOTAL	**121.52**	160.41
Note 25 : Other Expenses		
Consumption of Stores & Spare Parts	**796.06**	793.14
Cost of packing materials consumed	**539.80**	525.60
Power & Fuel	**4112.43**	5012.34
Repairs to Buildings	**1.49**	5.85
Repairs to Machinery	**32.62**	46.52
Repairs to Others	**43.08**	43.36
Other Manufacturing Expenses	**207.29**	238.71
Excise Duty on Increase/(Decrease) in Inventories	**175.22**	(3.20)
Advertisement and sales promotion	**18.59**	43.10
Other selling expenses	**33.86**	166.63
Donations	**45.08**	37.30
Contribution towards CSR	**23.01**	30.33
Provision for Doubtful debts & inventory	**89.09**	0.00
Dues from Growers Written off	**106.98**	0.00
Travelling Expenses	**60.74**	47.75

(₹ in Lacs)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Communication Expenses	**8.86**	8.81
Printing & Stationary	**5.83**	5.96
Legal & Professional Expenses	**22.09**	7.82
Fire & General Insurance	**11.39**	14.71
Rent Rates & Taxes	**76.59**	92.60
Auditors Remuneration	**6.05**	6.05
Books & Periodicals	**0.24**	1.37
Other Expenses	**236.39**	242.71
TOTAL	**6652.77**	7367.44

*a) Gross amount required to be spent by the company during the year ₹ 37.64 Lakhs

b) Amount spent during the year

	Particulars	Paid in cash	Yet to be paid
1.	Construction / acquisition of any assets	**19.26**	14.63
2.	on purposes other than (1) above	**3.75**	0.00

Note 25.1 : Payments to Auditor

As Auditor		
For Statutory Audit	**3.90**	3.90
For Tax Audit	**0.95**	0.95
For Quarterly review	**1.20**	1.20
Total	**6.05**	6.05

Note 26 : Earnings per share (EPS)

The following reflects the profit and shares data used in the basic and diluted EPS computations:		
Profit after tax	**2871.91**	2218.42
Weighted average number of equity shares in calculating basic and Diluted EPS	**77.74**	77.74
Basic and Diluted Earnings per Share (₹)	**36.94**	28.54

Note.27. Related Party Disclosures as per AS 18 read with the Companies Act,2013

i) Key managerial personnel:

Sri P.Veeraiah	Managing director
Sri B K Prasad	General Manager & Company Secretary
Sri M Bhavani Dattu	Chief Financial Officer

ii) Non whole time Directors

Sri J S Rao

Sri J S R Prasad (Up to 16th May, 2016)

Sri Madhusudana Rao

Sri TRC Bose

Sri BV Subbaiah

Sri A Chengappa (Up to 30th Septembers, 2016)

Sri K Venkata Rao

Smt J Shalini (Up to 16th May, 2016)

Smt M Varalaxmi (from 12.08.16)

iii) Relatives of key managerial personnel:

P.Samrajyam	Mother of Sri P.Veeraiah
P.Radha	Wife of Sri P.Veeraiah

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

Standard Construction Co. (Partnership Firm)

v) Aggregated Related Party Disclosures:

(₹ in Lacs)

Nature of Transaction	Key Managerial Personnel	Relatives of key Managerial personnel	Enterprises Controlled by relatives of key managerial personnel	Total
Remuneration Expenses	259.15 (223.89)	-	-	259.15 (223.89)
Rent Expenses	24.00 (24.00)	2.40 (2.40)	-	26.40 (26.40)
Gratuity Expenses		1.32 -		1.32 -
Truck hire Charges			2.16 (2.16)	2.16 (2.16)

*Figures in bracket represents previous year.

Details of Material Related Party Transactions: (₹ in Lacs)

	Particulars	2016-17	2015-16
A)	**Key Managerial Persons**		
	i) Remuneration		
	Sri P Venkateswarlu	**-**	101.77
	Sri P.Veeraiah	**238.30**	104.81
	Sri B K Prasad	**10.97**	7.57
	Sri M Bhavani Dattu	**9.88**	9.74
	ii) Rent Paid		
	Sri P.Veeraiah	**24.00**	24.00
B)	**Relatives of Key Managerial Personnel**		
	Smt P.Samrajyam	**2.40**	2.40
	Smt P. Radha	**1.32**	-
C)	**Enterprise in which key management personnel and their relatives have control:**		
	Standard Construction Co. (Partnership Firm)	**2.16**	2.16

Note.28 Employee Benefits

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

Defined Benefit plans:

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

a) Gratuity - Disclsoures as per AS 15:

	Particulars	31.03.2017	31.03.2016
	Changes in the Present Value of Obligation		
1	**Present value of obligations as at beginning of the year**	**182.16**	174.80
	Interest Cost	**14.57**	13.98
	Current Service cost	**9.14**	9.38
	Benefits paid	**(18.18)**	(50.82)
	Actuarial (gain)/loss on obligations	**(12.95)**	34.82
	Present value of obligations as at end of year	**174.74**	182.16
2	**Changes in Fair value of plan assets**		
	Fair value of plan assets at beginning of the year	**79.71**	56.01
	Expected return on plan assets	**5.57**	3.65
	Contributions	**99.34**	49.75
	Benefits paid	**(18.18)**	(29.70)

	Particulars	31.03.2017	31.03.2016
	Actuarial gain/(loss) on plan assets	-	-
	Fair value of plan assets at the end of year	166.44	79.71
3	**Assets recognized in the Balance Sheet**		
	Present value of obligations as at the end of the year	174.74	182.16
	Fair value of plan assets as at the end of the year	166.43	79.71
	Funded status		-
	Net asset/(liability) recognized in balance sheet*	8.31	102.45
	The Company has provision for gratuity ₹ 81.58 Lakhs as on 31.03.2017		
4	**Assumptions**		
	Discount Rate	8%	8%
	Salary Escalation	4%	4%

(ii) Leave Encashment - Disclosures as per AS 15:

1	**Changes in the Present Value of Obligation**		
	Present value of obligations as at beginning of year	10.85	11.30
	Interest cost	0.91	0.91
	Current Service cost	0.13	0.13
	Benefits paid	(3.71)	(3.71)
	Actuarial (gain)/loss on obligations	2.22	2.22
	Present value of obligations as at end of year	10.40	10.85
2	Assets recognized in the Balance Sheet		
	Present value of obligations as at the end of year	10.40	10.85
	Fair value of plan assets as at the end of the year	-	-
	Funded status	(10.40)	(10.85)
	Net asset/(liability) recognized in balance sheet	(10.40)	(10.85)
3	Expenses recognized in the Statement of Profit & Loss		
	Current service cost	0.13	0.13
	Interest cost	0.91	0.91
	Expected return on plan assets	-	-
	Net Actuarial (gain)/loss recognized in the year	2.22	2.22
	Expenses recognized in statement of profit and loss	3.26	3.26
4	Assumptions		
	Discount Rate	8%	8%
	Salary Escalation	4%	4%

Note.29. Consumption of Raw Materials and other materials

Particulars	31.03.2017		31.03.2016	
		%	(₹ In Lakhs)	%
a) Raw Materials				
i) Imported	-	-	-	-
ii) Indigenous	**7,368.80**	**100**	9,976.89	100
TOTAL	**7,368.80**	**100**	9,976.89	100
b) Components, Spares, Consumables & Packing Materials				
i) Imported	-	-	-	-
ii) Indigenous	**1,335.86**	**100**	1,318.73	100
TOTAL	**1,335.86**	**100**	1,318.73	100

Note.30 Provisions, Contingent Liabilities and Contingent Assets:

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

i) The Company has appeal to Appellate Tribunal (CT) against order of ADC on restriction of ITC for the Year 2012-13 of ₹ 29,52,639 and for the year 2013-14 of ₹ 27,52,164 pending with Appeallate Tribunal.

ii) Claims against the company by APCPDCL/APSPDCL amounting to ₹ 907.41 lakhs towards wheeling charges for energy wheeled from company's bagasse based co-generation unit to cement division for which writ petition was filed in the High court of Andhra Pradesh and stay was also obtained.

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 pending in appeal before the High Court of Andhra Pradesh.

iv) For the Asst. Year 2012-13 there was a demand of ₹ 120.68 lakhs resulting from denial of exemption u/s. 80-IA of Income Tax Act 1961, to Company's Power Division and the same was adjusted against refund due for the earlier years. The matter is pending before CIT (Appeals).

v) For the Asst.Year 2009-10 penalty has been imposed and the same was adjusted against the refund due for the earlier years and pending with CIT(A). For the asst. year 2014-15 an appeal was filed with CIT(A) against the order of DCIT regarding disallowance of deduction U/s 80IA and the same 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 Andhra Pradesh.

vii) The Company has paid ₹ 1.00 crore as per the directions of Hon'ble High Court against demand of ₹ 850.22 lakhs from the forest department towards Net Present Value (NPV) in respect of diverted forest land for renewal of Mining lease under Forest (Conservation) Act, 1980. The matter is pending in appeal before the High Court of Andhra Pradesh.

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 Penaltyfor the year 2012-13.

Note :31 Disclosure of Specified Bank Notes (SBNs)

Notification G.S.R. 308 (E) date 31.03.2017 on details of specified bank notes (SBN) held and transacted during the period from 8 th November 2016 to 30th December, 2016, the denomination wise SBNs and other notes as per notification are given below:

(Amount in ₹)

Particulars	SBNs	Other Denomination notes	Total
Closing Cash in Hand as on 08-11-2016	**529000**	**713509**	1242509
Add: Permitted Receipts	**-**	**7559013**	7559013
Less: Permitted Payments	**-**	**6860391**	6860391
Less: Amount Deposited in the Bank*	**529000**	**-**	529000
Closing Cash in hand as on 30-12-2016	**-**	**1412131**	1412131

* Does not include direct cash deposits by customers of ₹ 7,70,000/-

For the purpose of this clause the term specified bank note shall have the same meaning as provided in the notification of the Government of India, in the Ministry of Finance, department of economic affairs, notification number S.0.3407(E) dated 08-11-2016.

(₹ In Lakhs)

Note 32. Segment Reporting

	31 st March 2017				31 st March 2016			
	Cement	**Sugar**	**Power**	**Consoli-dated**	Cement	Sugar	Power	Consoli-dated
PRIMARY DISCLOSURES								
Segment Revenue								
External Revenue	**10073.36**	**11290.65**	**648.04**	**22012.05**	9142.09	10429.19	1464.61	21035.89
Inter-Segment Revenue	**-**	**940.24**	**3,323.65**	**4263.89**	-	1261.81	3130.15	4391.96
Total Revenue	**10073.36**	**12230.89**	**3971.68**	**26275.93**	9142.09	11691.00	4594.76	25427.85
Segment Result								
Segment result	**1232.96**	**461.68**	**2203.36**	**3898.00**	881.09	(255.57)	1909.71	2535.23
Interest Expenses	**0.00**	**114.15**	**0.00**	**114.15**	23.17	137.20	0.03	160.41
Interest & Other Income	**94.35**	**270.65**	**364.82**	**729.83**	73.22	176.43	355.86	605.51
Profit before Tax	**1327.32**	**618.18**	**2568.18**	**4513.68**	931.14	(216.34)	2265.54	2980.33
Less:Income Tax & Deferred Taxation	**-**	**-**	**-**	**1641.76**	-	-	-	761.91
Net Profit/(Loss) from ordinary activities	**1327.32**	**618.18**	**2568.18**	**2871.92**	931.14	(216.34)	2265.54	2218.42
OTHER INFORMATION								
Segment Assets	**5,651.43**	**15,640.20**	**8,963.29**	**30254.93**	5809.38	13418.20	9003.22	28230.80
Segment Liabilities	**809.12**	**5,654.92**	**758.58**	**7222.62**	1309.39	5529.73	0	6839.12
Depreciation	**78.21**	**92.03**	**65.87**	**236.11**	90.44	91.65	65.84	247.93

Business Segments:

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

Financial Information about business segments is stated as above

Segment Revenue and Expenses:

The Company has established basis of allocating Joint/Corporate expenses to the segments,which is reasonable, and followed consistently. All other expenses are attributed to 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 off sets in the balance sheet while most assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by all the segments is allocated to segments on 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 segment liabilities do not include deferred income taxes

Inter Segment Transfers

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

Note 33. Previous year figures have been regrouped wherever necessary to conform to current year's groupings / classification.

As per our report of even date
for **M. ANANDAM & CO.**
Chartered Accountants

A.V. Sadasiva
Partner
M. No. 018404

Place : Hyderabad
Date : 26th May 2017

For and on behalf of the Board of Directors

P.Veeraiah
Chairman & Managing Director
DIN: 00276769

M. Bhavani Dattu
Chief Financial Officer

B K. Prasad
General Manager and
Company Secretary

KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

CIN : L26942TG1979PLC002485
1-10-140/1, "GURUKRUPA",
Ashok Nagar, Hyderabad - 500 020.

ATTENDANCE SLIP

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

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 38th Annual General Meeting of the Company on Monday, September 25, 2017 at Shri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad - 500 020

Signature of Shareholder / proxy

*Applicable for investors holding shares in electronic form.

KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

CIN : L26942TG1979PLC002485
1-10-140/1, "GURUKRUPA",
Ashok Nagar, Hyderabad - 500 020.

PROXY FORM

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

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

1)_____of _____having e-mail id_____or failing him

2)_____of _____having e-mail id_____

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 38th Annual General Meeting of the Company to be held on Monday, September 25, 2017 at 11.00 A.M. at Shri Thyagaraya Gana Sabha, Vivek Nagar, Chikkadapally, Hyderabad - 500 020 and at any adjournment thereof in respect of such Resolutions as are indicated.

Resolutions		For	Against
1.	Audited Financial Statements, Reports of the Board of Directors and Auditors for the year ended 31st March, 2017.		
2.	Declaration of Dividend on Equity Shares		
3.	To appoint a Director in place of Smt. M Varalakshmi who retires by rotation and being eligible offers herself for re-appointment.		
4.	Appointment of Statutory Auditors and to fix their remuneration.		
5.	Ratification of remuneration payable to M/s Narasimha Murthy and Co., Cost Accountants who are Cost Auditors of the Company for the Financial year ending 31st March, 2018.		

Affix One Rupee Revenue Stamp

Signed this _____ day of _____2017.

Signature of shareholder_____

Signature of proxy holder (s)

Note:

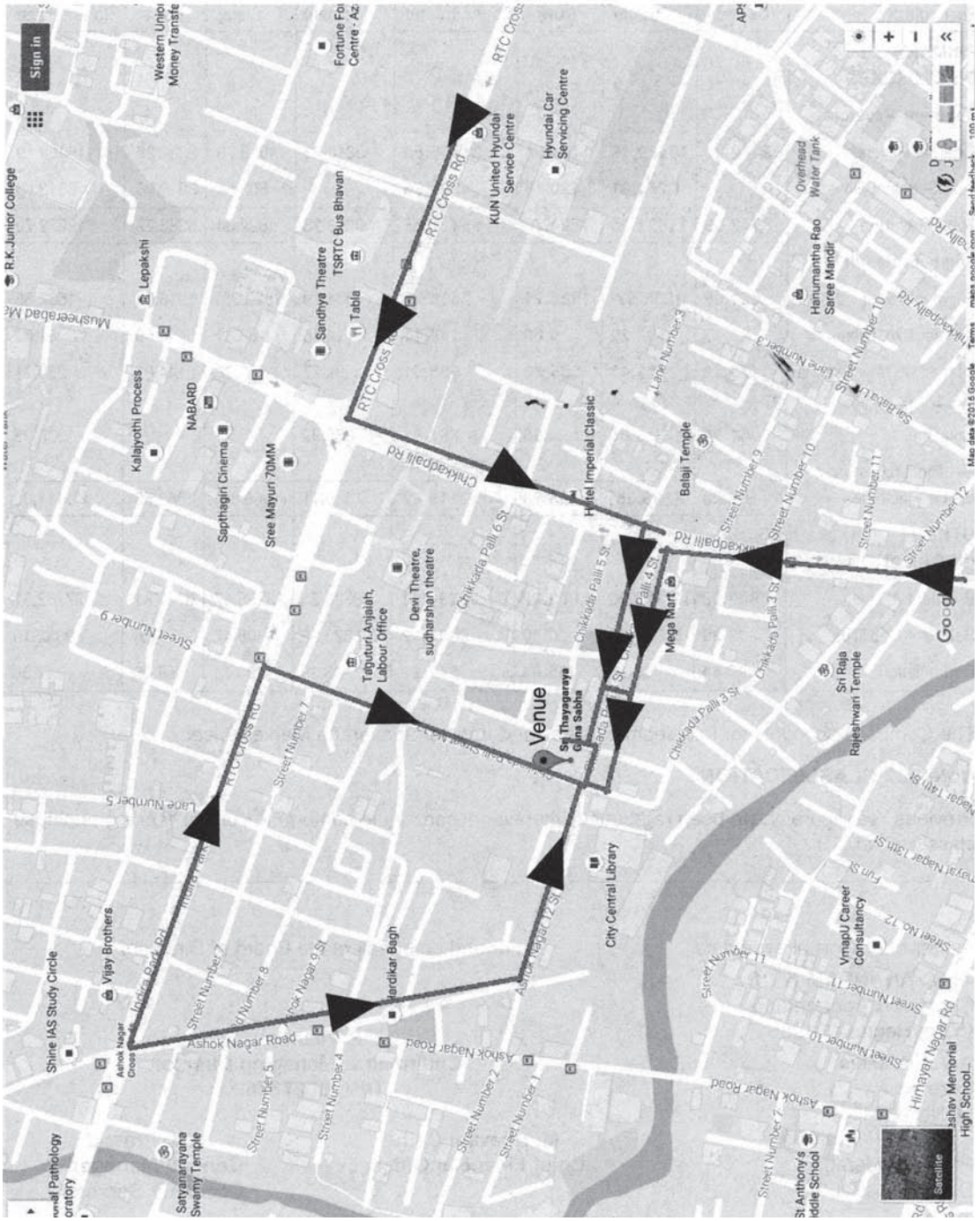
1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. Shareholder/Proxy holder, as the case may be, is requested to sign and hand over this slip at the entrance of the Meeting venue.
3. Members are requested to advise the change of their address, if any, to the Company at the above address.

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

NO GIFTS/ COMPLIMENTS WILL BE DISTRIBUTED AT THE MEETING

KAKATIYA CEMENT SUGAR AND INDUSTRIES LIMITED

Route Map to AGM Venue



By Courier

If undelivered, please return to:

KAKATIYA CEMENT SUGAR & INDUSTRIES LIMITED

1-10-140/1, "GURUKRUPA"
ASHOKNAGAR,
HYDERABAD - 500 020.
CIN No. L26942TG1979PLC002485
Website: www.kakatiyacements.com
Phone: 040-27637717