

***K.C.P. SUGAR AND INDUSTRIES
CORPORATION LIMITED***

***Fifteenth Annual Report
2009 - 2010***

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BOARD OF DIRECTORS as on 17.06.2010

WHOLETIME DIRECTORS:

Shri.Vinod R. Sethi	Executive Chairman
Smt.Irmgard Velagapudi M. Rao	Managing Director
Smt.V.Kiran Rao	Executive Director

NON-WHOLETIME DIRECTORS:

Shri.K.A.Rangaswamy	Independent Director
Shri.Ranvir R. Shah	Independent Director
Dr.Vithal Rajan	Independent Director
Shri.M.S.V.M.Rao	Independent Director

Board Committees

Audit Committee

Shri.K.A.Rangaswamy
Shri. Vinod R. Sethi
Dr.Vithal Rajan
Smt.V.Kiran Rao
Shri.M.S.V.M.Rao

Remuneration Committee

Shri.K.A.Rangaswamy
Dr. Vithal Rajan
Shri. Vinod R. Sethi
Shri. Ranvir R. Shah

Share Transfer & Grievances Committee

Shri. K.A. Rangaswamy
Smt.Irmgard Velagapudi M.Rao
Smt.V.Kiran Rao

General Manager (Finance)

Shri.R. Ganesan

Deputy General Manager (Finance) and Company Secretary

Shri.S.Chidambaram, B.Sc.,AICWA, ACS,

Auditors

Messrs. B.Purushottam & Co.
Chartered Accountants,
Flat No.3-D, "Pioneer Homes"
23/A, North Boag Road, T.Nagar
Chennai 600017.

Cost Auditor

Shri.G.Suryanarayanan

Legal Advisor

Shri.T.Raghavan

Bankers

State Bank of India
Punjab National Bank
ICICI Bank Ltd
ING Vysya Bank Ltd
Axis Bank Ltd

Registered & Corporate Office

"Ramakrishna Buildings"
239, Anna Salai,
Chennai - 600 006.
Ph: 044 - 28555171 to 28555176
Fax: 044-28546617, E-mail: kcpsugar@vsnl.com

Plant Locations:

1) Vuyyuru, Krishna Dist, Andhra Pradesh 521 165
Sugar, Industrial Chemicals, Incidental Co-generation Power,
Biotech, CO₂, Calcium Lactate Divisions.

2) Lakshmipuram, Krishna Dist, Andhra Pradesh 521 131
Sugar, Incidental Co-generation Power.

Registrars to Deposits

TIPS Data Systems Private Limited
No.11, Annai Avenue Main Road
Korattur North, Chennai - 600 076.
Mobile: 9940380356

Registrars & Share Transfer Agent

M/s Integrated Enterprises (India) Limited,
2nd Floor, "Kences Towers", No.1,Ramakrishna Street,
North Usman Road, T.Nagar, Chennai - 600 017.
Ph: 28140801 to 28140803 Fax: 28142479
Website: www.iepindia.com

FINANCIAL HIGHLIGHTS

Rs. in Lakhs

Particulars	Year Ended									
	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004	31.03.2003	31.03.2002	31.03.2001
Share Capital	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	*1,133.85
Reserves and Surplus	15,925.95	14,546.49	14,342.19	14,475.97	12,784.19	9,012.45	6,554.82	4,962.81	5,384.94	6,772.84
Net Worth	17,059.80	15,680.34	15,476.04	15,609.82	13,918.04	10,146.30	7,688.67	6,096.66	6,518.79	7,906.69
Fixed Assets (Net)	13,698.22	13,959.19	14,758.28	15,541.25	13,970.66	10,448.77	9,649.21	10,141.13	10,114.89	9,589.37
Gross Income	26,306.43	19,954.65	25,428.43	33,611.64	36,184.68	29,977.81	20,890.02	17,690.59	14,947.76	22,204.78
Gross Profit	4,813.10	3,270.26	2,280.74	5,000.54	10,555.24	8,033.82	3,022.50	1,535.38	2,542.94	3,720.16
Depreciation	1,062.54	1,085.35	1,059.37	1,001.49	743.45	619.97	626.02	611.21	575.87	531.30
Interest	319.62	360.18	459.93	351.56	420.53	915.01	1,373.05	1,501.80	1,430.90	1,520.70
Profit / (Loss) before Tax	3,430.94	1,824.73	761.44	3,647.49	9,391.26	6,498.84	1,023.43	-577.63	536.17	1,668.16
Profit / (Loss) after Tax	2,374.37	1,132.88	710.97	2,355.05	5,711.05	4,065.21	1,911.79	-422.13	340.19	1,368.16
Earnings per Share (Rs.)	**2.09	**0.999	**0.63	**2.08	**5.04	35.85	16.86	-3.72	3.00	*10.79
Cash Earnings per Share (Rs.)	**3.03	**1.96	**1.56	**2.96	**5.69	41.32	22.38	1.67	8.08	*14.97
Book Value per Share (Rs.)	**15.05	**13.83	**13.65	**13.77	**12.28	89.49	67.81	53.77	57.49	69.73
Dividends on Equity %	75.00	70.00	50.00	50.00	150.00	100.00	25.00	—	25.00	25.00
Long term Debt Equity Ratio (excluding working capital borrowings)	0.25	0.25	0.22	0.12	0.16	0.30	0.49	0.58	0.70	0.73

* During the year 2000-01, the Company bought back 15,54,511 shares and hence EPS & CEPS have been calculated on the weighted average of Capital held during the year.

** Face value of each equity share of Rs.10/- has been sub-divided into 10 equity shares of Face Value of Re.1/- each w.e.f. 17.03.2006.

SEASON WISE CANE CRUSHED, SUGAR BAGGED AND RECOVERY

SEASON	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
SUGAR UNIT, VUYURU										
Cane Crushed in MTS	4,89,522	5,38,686	8,46,674	12,21,209	10,72,145	9,97,945	10,14,957	9,74,932	6,88,821	6,09,355
Sugar bagged in QTLS	4,64,110	5,64,150	9,19,000	13,19,880	11,97,470	11,44,442	10,60,812	9,81,994	7,22,284	6,31,820
Recovery (%)	9.50	10.45	10.85	10.83	11.15	11.46	10.47	10.07	10.48	10.38
SUGAR UNIT, LAKSHMIPURAM										
Cane Crushed in MTS	1,50,759	1,35,957	2,74,193	4,53,307	4,35,534	3,72,153	3,13,619	2,27,826	82,058	1,85,586
Sugar bagged in QTLS	1,29,206	1,22,686	2,68,948	4,67,905	4,61,679	4,13,580	3,14,879	2,09,638	68,658	1,75,071
Recovery (%)	8.58	9.05	9.80	10.32	10.63	11.10	10.05	9.07	9.40	9.36

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of the Company will be held at "Sathguru Gnanananda Hall" Narada Gana Sabha, 314, T.T.K.Road, Alwarpet, Chennai 600018, on Thursday, the 19th day of August 2010 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended 31st March, 2010 and the Balance Sheet as on that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri. Vinod R. Sethi, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. K.A. Rangaswamy, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, on such remuneration as shall be fixed by the Board of Directors. M/s B. Purushottam & Co, the retiring auditors of the company are eligible for reappointment.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

"RESOLVED that pursuant to the provisions of Sections 198, 269 and 309 and 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, and subject to the approval of the Shareholders and such other approvals including that of the Central Government, if so required and as may be necessary, the Board of Directors hereby approves the reappointment of Smt.Irmgard Velagapudi M.Rao as Managing Director of the Company, for a period of five years i.e. from 29th March 2010 to 28th March, 2015 on the terms and conditions as to remuneration, recommended by the Remuneration Committee of the Board, as hereunder:

- | | | |
|--------------------------|---|--|
| i. Salary | : | Rs.4,00,000/- (Rs.Four Lakhs only) per month. |
| ii. Perquisites | : | Provision of car(s) with driver(s) for use on Company's business and telephone at the residence and cell phone (including payment for local calls and long distance official calls). Personal long distance calls on telephone and use of car for private purposes shall be charged to the Managing Director. |
| iii. Commission | : | Remuneration by way of commission on net profits in addition to salary and perquisites such that the amount of salary, perquisites and commission in aggregate is subject to an overall ceiling of 3% of the net profits of the Company in a particular financial year as laid down in Section 198 and 309 read with Section 349 of the Companies Act, 1956. |
| iv. Minimum remuneration | : | Notwithstanding anything to the contrary herein contained, where in any financial year during currency of the tenure of the Appointee, the Company has no profits or its profits are inadequate, the Company will pay to her as minimum monthly remuneration salary and perquisites, as stated above, however not exceeding the limits specified under Section II of Part II of Schedule XIII of the Companies Act, 1956, and she shall not be entitled to any commission. |

RESOLVED FURTHER THAT during such time that Smt.Irmgard Velagapudi M.Rao holds and continues to hold the Office of the Managing Director, she shall not be liable to retire by rotation as a Director.

RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation in the provisions relating to the payment of remuneration to the managerial persons or to Schedule XIII of the Companies Act, 1956, the Board of Directors be and are hereby authorized to vary or increase the salary within the prescribed limits.

RESOLVED FURTHER THAT Smt.Irmgard Velagapudi M.Rao be and is hereby authorized to exercise such powers of management, as may be delegated to her by the Board of the Company, from time to time, subject however to the overall superintendence, control and direction of the Board.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps and to do all such acts, deeds, matters and things which may be necessary, usual, expedient or proper to give effect to this resolution."

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

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and 316 read with Schedule XIII and Article 147 and 148 of the Articles of Association of the Company and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, and subject to the approval of the Shareholders and such other

approvals including that of the Central Government, if so required and as may be necessary, the Board of Directors hereby approves the appointment of Shri. Vinod R. Sethi, as a Whole-time Director designated as Executive Chairman of the Company, liable to retire by rotation, for a period of five years i.e. from 8th April 2010 to 7th April, 2015 on the terms and conditions as to remuneration, recommended by the Remuneration Committee of the Board, as hereunder:

Tenure /Period of Appointment	5 years from 08.04.2010 to 07.04.2015.
Designation	Executive Chairman –Liable to retire by rotation.
Salary/ Per month	Rs.1,00,000/- (Rupees One lakh only)
Perquisites	<ul style="list-style-type: none"> • Contribution to provident fund; • Gratuity as per Payment of Gratuity Act; • Mediclaim Insurance; • Personal Accident Insurance; • Provision of car with driver for use on Company's business • Telephone at the residence and cell phone (including payment for local calls and long distance official calls). Personal long distance calls on telephone and use of car for private purposes shall be charged to the Executive Chairman;
Commission	Remuneration by way of commission on net profits in addition to salary and perquisites such that the amount of salary, perquisites and commission in aggregate is subject to an overall ceiling of 3 % of the net profits of the Company in a particular financial year as laid down in Section 198, 309 and 349 read with Schedule XIII of the Companies Act, 1956.
Minimum remuneration	Notwithstanding anything to the contrary herein contained, where in any financial year during his said tenure, the Company has no profits or its profits are inadequate, the appointee shall be entitled to the salary and the perquisites mentioned above as minimum monthly remuneration, however not exceeding the limits specified under Section II of Part II of Schedule XIII of the Act and he shall not be entitled to any commission.

RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation in the provisions relating to the payment of remuneration to the managerial persons or to Schedule XIII of the Companies Act, 1956, the Board of Directors be and are hereby authorized to vary or increase the salary within the prescribed limits.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps and to do all such acts, deeds, matters and things which may be necessary, usual, expedient or proper, including signing and submission of necessary forms with the Registrar of Companies and other statutory authorities, to give effect to this resolution.”

// BY ORDER OF THE BOARD //

Place : Chennai

VINOD R. SETHI

Date : 17.06.2010

EXECUTIVE CHAIRMAN

NOTES:

(i) a. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**

The proxy form, in order to be effective must be duly completed, stamped and lodged with the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.

b. **The Register of Members, Register of Beneficial Owners and Share Transfer Books** of the Company will remain closed from 12th day of August 2010 to 19th day of August 2010, both days inclusive, **for the purpose of payment of dividend.**

c. **Dividend on equity shares**, as recommended by the Board, on approval by the shareholders at the AGM, will be paid on or after 19.08.2010 but within the stipulated time, subject however to the provisions of Section 206A of the Companies Act, 1956:

d. to those Members whose names appear on the Register of Members of the Company as on 11.08.2010, after giving effect to all valid share transfers in physical form lodged with the Company/Registrars on or before the close of business hours of 11.08.2010; and

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NOTICE (CONTD..)

- ii. in respect of **shares held in electronic form**, to those “Deemed Members” whose names appear in the Statement of Beneficial Ownership furnished by the National Securities Depository Ltd (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as at the end of business hours on 11.08.2010.
- d. **M/s. Integrated Enterprises (India) Ltd**, Kences Towers, II Floor, No.1 Ramakrishna Street, T.Nagar, Chennai 600 017 are the Registrar and Transfer Agents and Depository Participants of the Company for physical / electronic shares and all correspondences with regard to transfer of shares etc may be addressed to them directly.
- e. Securities and Exchange Board of India has made **trading** in the shares of the company **compulsory in dematerialized form** for all investors. Members are requested to open a Beneficiary owner account with a Depository Participant, if not done so far.
- f. Members are requested to **quote their Registered Folio number** in all correspondence with the Company/Registrar and are requested to notify to the Registrar change, if any, in the Registered Address and/or of their mandates. In case your mailing address mentioned on this Annual Report is without the PIN CODE, then you are requested to **kindly inform your PIN CODE** immediately to the Registrar.
- g. **Members holding shares in dematerialized form**, may please note that while opening a depository account with participants they might have given **their bank account details**, which will be printed on their dividend warrants. However, if Members want to change/correct the Bank details, they should send the same immediately to the concerned Depository Participant. Members are also requested to give MICR code of their bank to their Depository Participant. **The Company will not entertain any direct request from Members for addition/deletion/change in bank account details furnished by Depository Participants to the Company.**
- h. **Members holding shares in physical form** are requested to note that in order to avoid any loss/interception in postal transit and also to get prompt credit of **dividend through Electronic Clearing Service (ECS)**, they should submit their ECS details to the Company’s Registrar and Transfer Agents latest by 11.08.2010. The requisite **ECS application form is printed with this Annual Report**, which can be completed by Members and mailed to reach us latest by 11.08.2010. Alternatively, Members may provide details of their Bank Accounts quoting their folio numbers by the said date, to the Company’s Registrar and Transfer Agents to enable them print such details on the dividend warrants. Please ensure that the details submitted by you to our Registrars / your Depository Participant are correct as any error therein could result in the dividend amount being credited to wrong account. Payment of dividend through ECS and / or to the designated Bank Account which will appear on the dividend warrant, will help to prevent fraudulent encashment of dividend warrants.
- i. Members who are holding shares in identical order of names in more than one folio are requested to send to the Registrar the details of all such folios together with the Share Certificates for **consolidation of their holdings into a single folio**.
- j. **Members who hold shares in the physical form** can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail the **nomination facility** by filling **Form 2B printed with this Annual Report**. Members holding shares in dematerialized form may please contact their Depository Participants for recording nomination in respect of their shares.
- k. As required under the provisions of the Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 2003 and thereafter, which remain unclaimed for a period of seven years will be transferred to the **Investor Education and Protection Fund (IEPF)** established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below:

Financial year ended	Date of declaration of dividend	Last date for claiming unpaid dividend	Due date for transfer to IEP Fund
31.03.2003	No Dividend declared for the year		
31.03.2004	02.09.2004	08.09.2011	07.10.2011
31.03.2005	(interim)	10.11.2004	22.11.2011
	(Final)	31.08.2005	04.09.2012
31.08.2006	(interim)	27.10.2005	07.11.2012
	(Final)	12.10.2006	17.10.2013
31.03.2007	27.09.2007	02.10.2014	01.11.2014
31.03.2008	11.09.2008	12.09.2015	11.10.2015
31.03.2009	23.09.2009	24.09.2016	23.10.2016

- i. Shareholders are requested to encash their Dividend Warrants on receipt as Dividend remaining unclaimed for seven years, are required to be transferred to the Investor Education and Protection Fund established by the

Central Government under Section 205C of the Companies Act, 1956. Once unclaimed dividends are transferred to this fund, shareholders will not be entitled to claim these dividends.

[The Unclaimed Dividend for the above year(s), 2003-04, 2004 – 05 (interim & final), 2005–06 (interim & final), 2006-07, 2007-08 and 2008-09 are held in separate Bank Accounts and Shareholders who have not received the dividend/ encashed the said warrants, are in their own interest advised to write to the Registrar immediately with complete details. Shareholders are requested to note that no claim shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date they first became due for payment and no payment shall be made in respect of any such claim.]

- m. Shareholders who have not lodged their old share certificates of “The K.C.P.Ltd” for exchange of new share certificates of both the Companies in terms of the approved Scheme of Arrangement are requested to surrender the same to The K.C.P.Ltd, No.2, Dr.PV.Chcrian Crescent, Chennai – 600 008 at the earliest with a copy marked to the Registrar. New share certificates of this Company will be despatched after receipt of confirmation from The K.C.P.Ltd.
- n. Members/Proxy holders must bring the Attendance Slip duly signed to the meeting and hand it over at the entrance. Xerox copy/torn attendance slips will not be accepted at the entrance of the Meeting Hall. Members are requested to bring their copy of the Annual Report to the Meeting, as copies will not be distributed at the Meeting hall.
- o. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries in writing to the Secretarial Division at least two weeks before the Meeting so that the information may be made available at the Meeting.
- P. Information required under Clause 49 of the Listing Agreement (relating to Corporate Governance) with respect to the Directors retiring by rotation and being eligible seeking re-appointment is as under.

	Shri. Vinod R. Sethi	Shri. K.A. Rangaswamy
Profile of the Director	<p>Shri. Vinod R. Sethi is a Chemical Engineer from IIT, Mumbai, and an MBA (Finance) and a Beta Gamma Sigma Graduate from New York University, with rich experience in investment banking for more than a decade, heading the Indian business of Morgan Stanley Investment Management, Inc, New York.</p> <p>He was co-opted as an additional Director on the Board of the Company on 26.10.2005 and was elected as Chairman of the Board of Directors for a period of five years. He was appointed as Director of the Company liable to retire by rotation at the 11th Annual General Meeting held on 12.10.2006.</p>	<p>Shri.K.A.Rangaswamy is an experienced Chartered Accountant and Company Secretary and in addition holds a Master's Degree in Business Administration, with over 48 years of experience and expertise in the fields of finance, management, business administration, taxation and other related fields. He served as Executive Director of this Company for five years and retired at the close of the tenure on 01.04.2001 and was inducted again in the Board on 29.03.2002 as Non Executive Director, liable to retire by rotation.</p>
Directorships and Committee Memberships in other Companies.	<ul style="list-style-type: none"> • GTL Limited - Director. <ul style="list-style-type: none"> - Member, Audit Committee. - Member, Remuneration Committee. • Subex Ltd., Director. <ul style="list-style-type: none"> - Member, Audit Committee - Chairman, Remuneration Committee • Axsys HealthTech Ltd – Director. <ul style="list-style-type: none"> - Member, Audit Committee. - Member, Remuneration Committee. • Mount Everest Mineral Water Ltd – Director. <ul style="list-style-type: none"> - Member, Audit Committee. • Geodesic Ltd – Director. <ul style="list-style-type: none"> - Member, Audit Committee. - Member, Remuneration Committee • United Phosphorus Ltd. – Director • Itz Cash Card Ltd. – Director • Advanta India Ltd – Director <ul style="list-style-type: none"> - Member, Audit Committee. • KCP Sugars Agricultural Research Farms Ltd. – Director. • G.G.Dandekar Machine Works Ltd – Director <ul style="list-style-type: none"> - Member, Audit Committee. • Orbis Financial Corporation Ltd. - Director • ISMT Limited – Director <ul style="list-style-type: none"> - Chairman, Audit Committee. 	<ul style="list-style-type: none"> • Energy Device Technology (India) Pvt. Ltd. – Director.
No. of Shares held in their own name.	10 equity shares of F.V.Re.1/- each	2,260 equity shares of F.V.Re.1/- each.

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Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956:

Item No.6:

Smt. Irmgard Velagapudi M.Rao was appointed as Managing Director of the Company for a period of three years from 29.03.2002 till 28.03.2005, under Schedule XIII of the Companies Act, 1956, and other applicable provisions and the same was approved by the Shareholders at the Seventh Annual General Meeting held on 11.09.2002. At the expiry of this term, the Board had unanimously reappointed her for the second term for a period of five years (from 29.03.2005 to 28.03.2010). Her reappointment for a further period of five years, viz, from 29.03.2010 to 28.03.2015, had been approved by the Board of Directors in its meeting held on 27.01.2010, subject to the approval of the shareholders at the ensuing Annual General Meeting.

The Company with Smt. Irmgard Velagapudi M. Rao at the helm of affairs as Managing Director, had not only witnessed a turnaround within a short span but also went from strength to strength. Under her adept and proficient stewardship the Company had earned a record profit of Rs.94 crores in the financial year 2005-06 and declared an all-time high dividend of 150%. With sustained growth, consistent dividend policy, debt-free stature and prompt payment of cane dues, the Company has carved a niche in the industry. Her leadership was exemplary even during difficult times on account of dwindling cane availability coupled with farm labour problems attributable to the cyclic nature of the industry. Owing to her dynamic and remarkable managerial skills cordial relationship is being maintained with all stakeholders and the farmers repose unflinching confidence in the Company.

The Board of Directors proposes the appointment of Smt. Irmgard Velagapudi M.Rao as Managing Director and recommends the resolution as set out in Item No. 6 of the Agenda for the approval of the shareholders at the ensuing Annual General Meeting.

Smt.Irmgard Velagapudi M.Rao, is the Chairperson of The Eimco K.C.P.Ltd, KCP Sugars and Agricultural Research Farms Ltd, Durgamba Investment Private Limited, Energy Device Technology (India) Private Limited, and V.M.Rao Consultants Private Limited.

Smt. Irmgard Velagapudi M.Rao is interested in the resolution as set out at Item No.6 of the Notice which pertains to her appointment and remuneration payable to her. None of the other Directors of the Company except Smt. V. Kiran Rao, and Shri. Vinod R. Sethi, being relatives, is deemed to be concerned or interested in this Resolution.

Item No.7:

Shri. Vinod R. Sethi was co-opted as an additional Director on the Board of the Company on 26.10.2005 and was elected as Chairman of the Board of Directors for a period of five years. He was appointed as Director of the Company liable to retire by rotation at the 11th Annual General Meeting held on 12.10.2006.

Shri. Vinod R. Sethi is a Chemical Engineer from IIT, Mumbai, and an MBA (Finance) and a Beta Gamma Sigma Graduate from New York University, with rich experience in investment banking for more than a decade, heading the Indian business of Morgan Stanley Investment Management, Inc, New York. He is on the Board of several leading Corporates.

The Board of Directors at its meeting held on 08.04.2010 appointed him as a Whole-time Director designated as Executive Chairman, for a period of five years from 08.04.2010 to 07.04.2015, liable to retire by rotation, and subject to the approval by the shareholders at the ensuing Annual General Meeting.

The Board of Directors is of the opinion that the appointment of Shri. Vinod R. Sethi as Whole-time Director designated as Executive Chairman is in the best interest of the Company and accordingly recommended the resolution set out in Item No.7 for approval of the shareholders at the ensuing Annual General Meeting.

Shri. Vinod R. Sethi is interested in the resolution as set out at Item No.7 of the Notice which pertains to his appointment and remuneration payable to him. None of the other Directors of the Company except Smt. V. Kiran Rao, and Smt. Irmgard Velagapudi M.Rao, being relatives, is deemed to be concerned or interested in this Resolution.

// BY ORDER OF THE BOARD //

Place : Chennai

Date : 17.06.2010

VINOD R. SETHI

EXECUTIVE CHAIRMAN

DIRECTORS' REPORT

Your Directors present their 15th Annual Report and the audited statement of accounts for the year ended 31st March 2010.

I. FINANCIAL RESULTS:

	For the Year ended 31.03.2010	For the Year ended 31.03.2009
Physical Performance		
Cane crushed – in Tonnes	6,40,281	7,17,363
Sugar bagged – In Quintals	5,93,316	7,34,306
Financial Performance – Rs. Crores		
Turnover	301.55	250.35
Other Income	4.10	5.35
Profit Before Tax	34.31	18.25
Profit After Tax	23.74	11.33
Surplus from Previous Year	40.81	39.91
Amount available for appropriation	64.55	51.24
Appropriations		
Transfer to General Reserve	2.38	1.14
Proposed Dividend	8.50	7.94
Tax on proposed Dividend	1.45	1.35
Carried forward	52.22	40.81

II. PERFORMANCE:

During the financial year under review your Company recorded a Turnover of Rs. 301.55 crores (Prev.Year: Rs.250.35 cr.) including Excise Duty of Rs. 9.27 crores (Prev.Year: Rs.10.96 cr.) and Inter-divisional transfers of Rs. 42.58 crores (Prev. year: Rs.56.15 cr.). The profit before interest and depreciation is Rs. 48.13 crores. Profit before tax is Rs. 34.31 crores and after providing Rs. 10.57 crores for Income tax and deferred tax the Profit after tax is Rs. 23.74 crores.

The improvement in financial results is mainly due to buoyant realisation from the sale of free sugar despite reduction in volume of cane crushed and recovery.

III. DIVIDEND:

The Board of Directors recommends a dividend of 75% on the Paid-up Equity Capital for the year ended 31.03.2010 as against the total 70% approved for the previous year ended 31.03.2009. The dividend recommended by your Directors, if approved at the ensuing Annual General Meeting by the Shareholders would be paid within the stipulated time.

IV. SHARE CAPITAL AND RESERVES:

The Share Capital of the Company is Rs.11.33 crores. The General Reserves & Surplus as at 01.04.2009 was Rs.102.65 crores and after transferring from Net Profits a sum of Rs.2.38 crores to the General Reserve for the year ended 31.03.2010, the General Reserve stood at Rs.105.03 crores as on 31.03.2010. The total Reserves and Surplus has increased to Rs.159.26 crores as on 31.03.2010 as against Rs. 145.46 crores as on 31.03.2009.

V. MANAGEMENT DISCUSSION AND ANALYSIS:**a. Sugar Industry - Opportunities, Threats and Future Outlook:****Opportunities:**

The long term outlook for sugar remains positive and promising on account of:

- Continued efforts towards reduction in process energy consumption by adopting innovative process control methods.
- Growing energy consumption in India allowing the sugar industry to play a vital role.
- Environmental friendly power generated by Cogeneration Units equipped with high-pressure boilers and turbines that intelligently use the fuel to get optimum energy output.
- Usage of dry sugarcane trash to its full potential through better collection mechanism as bio-mass fuel for generating energy through incidental cogeneration plants.
- More emphasize on Bio-composting process and consequent efforts to convert organic and inorganic matter into bio-manure to ensure zero discharge from the distillery combining with press mud.
- Clearly defined Clean Development Mechanism and the expected flow of Carbon Credits.
- Implementation of Kyoto Protocol by India requiring fuel Ethanol blending with petrol and exploring the possibilities of enhancing the blending proportion.
- Growing demand for bio manure, which works as the perfect soil conditioner. Bio manure made from distillery and organic matter does not allow leaching of chemicals and hence can offer a solution to the problem of depletion of soil productivity.

Threats:

Sugar industry is at present confronted by the following threats:

- Continued impact on the industry on account of various controls and administrative measures by the Central and State Governments.
- Dearth in availability of farm labour for harvesting, transportation, loading and unloading of sugar cane and sugar.
- The spurt in cane procurement prices is expected to remain volatile for a couple of years.
- Cyclical nature of industry and local climatic conditions over the crop affecting both the quantity and quality of cane available .
- Sugar weightage in WPI.
- Short crushing season.

Future Outlook:

The future outlook of sugar would depend on the following:

- Volume of cane crushed.
- Agro-climatic conditions in major sugar producing countries.
- Fair and reasonable allotment of sugar for public distribution system considering the availability of sugar.
- Fixation of fair and remunerative prices for levy quota.
- Industry-friendly release mechanism to ensure standard and remunerative prices for sugar.
- Fixation of fair and remunerative prices for encouraging higher production of Ethanol and Energy.
- Total decontrol of sugar for sustained growth of sugar industry as the present trend is very much in favour of decontrol.

b. REVIEW OF OPERATIONS:

i. SUGAR UNITS AT VUYYURU AND LAKSHMIPURAM:

The summary of cane crushed, sugar bagged, etc. of both the Sugar Units for the last two seasons and financial year wise are presented herein below:

SEASONWISE

UNIT / SEASON PARTICULARS	VUYYURU		LAKSHMIPURAM	
	2009-10	2008-09	2009-10	2008-09
Crushing commenced on	05.12.2009	08.12.2008	10.12.2009	13.12.2008
Crushing completed on	06.03.2010	23.03.2009	12.02.2010	22.02.2009
No. of days	92	106	65	71
Cane crushed (in MT)	4,89,522	5,38,686	1,50,759	1,35,957
Sugar Bagged (in qtls)	4,64,110	5,64,140	1,29,206	1,22,686
Recovery (%)	9.50	10.45	8.58	9.05

FINANCIAL YEARWISE

UNIT/YEAR ENDED DETAILS	VUYYURU		LAKSHMIPURAM	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
2008-09 Season - From / To	--	01.04..2008 to 16.04.2008 & 08.12.2008 to 23.03.2009	---	13.12.2008 to 22.02.2009
2009-10 Season - From / To	05.12.2009 to 06.03.2010	—	10.12.5009 to 12.02.2010	—
No. of days	92	122	65	71
Cane crushed (in MT)	4,89,522	5,81,406	1,50,759	1,35,957
Sugar Bagged (in qtls)	4,64,110	6,11,620	1,29,206	1,22,686
Recovery (%)	9.50	10.52	8.58	9.05

ii. INDUSTRIAL CHEMICALS / COGENERATION / OTHER UNITS:

Vuyyuru Distillery Unit produced 35.94 lakh litres during the year ended 31.03.2010 as against 64.03 lakh litres during the previous financial year. As against this, the said Unit sold 28.63 lakh litres valued at Rs. 9.29 crores during the year under review as against 48.05 lakh litres valued at Rs. 12.40 crores during the previous year.

The Bio-fertilizer unit at Vuyyuru sold about 1.59 lakh Qtls valued at Rs.2.99 crores as against 1.59 lakh qtls valued at Rs. 3.50 crores during the previous year. Efforts are on to increase the quantum of sales in the coming years.

Cogeneration Unit at Vuyyuru produced 25,174 MW of power during the financial year under review as against 14,605 MW in the previous year, and the Lakshmipuram Unit produced 3,653 MW of power as against 3,113 MW in the previous year. In all, total export of electrical energy was 11,479 MW resulting in a turnover of Rs. 3.25 crores as against 994 MW at a turnover of Rs. 0.29 crores during the previous year. The Carbon dioxide and Calcium Lactate plants together contributed Rs. 0.95 crores towards its turnover of the Company as against a turnover of Rs. 0.96 crores during the previous year.

c. INTERNAL CONTROL SYSTEMS:

The Company has a well-established internal control system in place to ensure smooth functioning of operations. The control mechanism involves well-documented policies, authorisation guidelines commensurate with the level of responsibility and standard operating procedures. The Internal Auditor periodically reviews and makes continuous assessments of the adequacy and effectiveness of the internal control and systems. The Board, Audit Committee and the Management review the findings and recommendations of the Internal Auditor and take corrective action wherever necessary. The Company is committed in its endeavour to ensure an effective internal control environment that provides assurance on the effectiveness of operations, statutory compliance, and reliability of financial reporting and security of assets.

d. HUMAN RESOURCES:

The Company had 1028 employees including non-seasonal employees at the sugar units as on 31.03.2010. The Company ensures high standards of safety for its employees and periodically conducts meetings to minimize operational hazards. The Company believes that people are the key to success and hence the human resources function pro-actively develops innovative and business focussed methods to attract, motivate, develop and retain talented, competitive manpower sources.

e. AWARDS:

During the year under review, your Company had received following Awards in respect of outstanding performance in Industrial Safety and Industrial Relations:

1. Winner of Lowest frequency rate of accidents in Industry (Distillery) under Scheme VII, for 2007.
2. Winner of Longest Accident-free period (Distillery) under Scheme II, for 2007.
3. Winner of Best Management Award by Government of Andhra Pradesh for 2010.
4. For outstanding efforts in maintaining cordial Industrial Relations and Labour Welfare by Government of Andhra Pradesh.

f. OTHERS:

- The gross block of Fixed Assets has increased to Rs.224.43 crores from Rs. 217.85 crores, mainly on account of installation of AC Drives in place of Mill Turbine at Vuyyuru and Lakshmipuram, Direct cane unloading system at Vuyyuru in Mill I, and other routine additions. The Company has valid Pollution Control clearances in respect of both Air and Water for sugar units at Vuyyuru and Lakshmipuram and also for Distillery unit at Vuyyuru. The Company also takes adequate steps to safeguard the environment.

g. CAUTIONARY NOTE:

It is explicitly stated that some of the statements in this Management Discussion and Analysis report may be "forward looking" within the meaning of applicable laws and regulations. It may so happen that the actual events or results may be different from what the Board of Directors / Management perceives in terms of the future performance and outlook due to factors having a bearing on them and which are unforeseeable.

VI. FUTURE PLANS:

- To identify new technologies wherever it is possible and make use of the same for improved results.
- In view of the acute shortage of agricultural labour the following measures are explored to partially mechanize the cane cultivation:
 - a) Induce farmers to use power tiller drawn planters and mini-tractor drawn implements;
 - b) Identifying and developing suitable sugarcane harvester considering the soil conditions and land holdings of our command area.
- In-depth study is in progress in Distillery division to adopt new technologies for improving the yield and reduce the discharge of spent wash.
- Identifying value-added products from the by-products and to promote renewable energy from industrial waste.

VII. PERSONNEL AND INDUSTRIAL RELATIONS:

The Employee relations scenario continued to be harmonious and congenial. Acknowledging this, your Company has been awarded for outstanding efforts in maintaining cordial Industrial Relations and Labour Welfare by Government of Andhra Pradesh.

VIII. DIRECTORS:

As per Article 119 and Article 120 of the Articles of Association read with Section 255 and 256 of the Companies Act, 1956, Shri. Vinod R. Sethi, Director, and Shri. K.A. Rangaswamy, Director, retire by rotation and being eligible, offer themselves for re-appointment. A brief resume, expertise and details of other Directorship are provided in the Notice of the ensuing Annual General Meeting. Your Directors recommend their reappointment as Directors of your Company.

IX. STATUTORY COMPLIANCES:

- i. Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is annexed to and forms part of this Report.
- ii. Information as per Section 217(2A) of the Companies Act, 1956 read with the Company (Particulars of Employees) Rules, 1975 is annexed and forms part of this Report. However, as per the provisions of Section 219(1)(b) (iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all shareholders of the Company, excluding the said annexure. Any Shareholder interested in obtaining a copy of the said statement may write to the Secretary at the Registered Office of the Company.
- iii. As required by the Listing Agreements and Accounting Standards of the Institute of Chartered Accountants of India, the additional disclosures in respect of related party transactions have been made.

X. DIRECTOR'S RESPONSIBILITY STATEMENT:

As required by Section 217 (2AA) of the Companies Act, 1956, your Directors certify as follows:

- i. that in the preparation of the annual accounts, the applicable Accounting Standards have been followed and that there were no material departures therefrom;
- ii. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2010 and of the Profit of the Company for that year;
- iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors had prepared the annual accounts on a going concern basis.

XI. CREDIT RATING

As required under BASEL II Norms for Corporate borrowers with indebtedness of Rs.5.00 crores and above, your Company has been credit-rated with CARE A- (Single A minus) for Fund-based facilities and PR2+ (PR Two Plus) for Non-Fund based facilities by Credit Analysis & Research Ltd (CARE). Measured through industry yardstick these ratings are considered to be better ratings for a sugar mill.

XII. ISO CERTIFICATION:

Your Company has been certified consecutively for the past two years under BS EN ISO 14001:2004, BS EN ISO 9001:2000, and OHSAS 18001:2007 for Manufacture of sugar, associated products and site activities, and Occupational Health and Safety Management system by Lloyd's Registry Quality Assurance Limited:

XIII. RISK MANAGEMENT:

The Company has an effective risk management under which all probable risks are periodically identified, assessed and acted upon to minimize and mitigate their impact. These processes are subject to periodical review by the Management. Some of the risks identified are enumerated below:

i. Raw Material Risk:

Sugarcane being the main raw material for sugar, any disturbance in its timely availability will have a substantial impact on the operational cost. This in turn has a significant adverse effect since the market value does not factor the variable cost determined by the climatic conditions and the cane economics.

Mitigation Measure:

The Company always maintains healthy relationship with its farmers. It is one among very few companies in sugar industry paying its farmers within the stipulated time. The risk of raw material short supply is mitigated to a large extent by the goodwill and reputation for ethical dealings earned by the Company since inception. The experiments in farm mechanisation, drip irrigation improved cane varieties, carefully monitored scheduling of cane planting and harvesting boost the confidence of the Company in mitigation of the risk.

ii Policy Risk:

Central and State governments regulate the cane policies and they have a larger control on this industry by determining the raw material price and also influence the sugar selling price. The controls exercised by the Union and State governments include sugar pricing (levy and release orders), command area demarcation from time to time. Molasses movement control.

Mitigation Measure:

The Company is a member of South Indian Sugar Mills Association (SISMA) and works closely with it towards developing appropriate policy recommendations to represent the industry needs to the government. Formulation of policy on Ethanol doping, review of cogeneration policy, decontrol of sugar and review of sugar weightage in WPI are some of the issues addressed in close liaison with SISMA.

iii. Cyclicity / Commodity Risk:

The sugar price is determined by the cyclicity of the sugar business and hence it affects the profitability. Sugar being a commodity traded across the world, its price is influenced by the various factors including the normal supply and demand.

Mitigation Measure:

The Company takes the following measures, which enable the Company to insulate itself against price risk.

- More focus on value-added downstream products
- Integration of sugar with cogeneration power and alcohol.
- 50 KLPD Distillery-cum-Ethanol plant commissioned in 2004-05, with the in-built flexibility to manufacture Industrial Alcohol, Extra Neutral Alcohol and Ethanol as the prevailing scenario warrants.

XIV. CORPORATE GOVERNANCE:

The Management Discussion and Analysis and the Report on Corporate Governance are included as a part of the Director's Report. A certificate from the Statutory Auditors of the Company regarding compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is attached to this Report.

XV. FIXED DEPOSITS:

As on 31.03.2010 your Company had accepted deposits of Rs.27.43 crores as against Rs. 24.13 crores as on 31.03.2009. As at 31.03.2010, there were matured and unclaimed deposits amounting to Rs. 0.13 crores in respect of 33 deposits. However, of these as on the date of Report, 7 deposits amounting to Rs. 0.04 crores have since been repaid / renewed resulting in the balance of 26 deposits amounting to Rs.0.09 crores yet to be claimed.

In compliance with the provisions of Investors Education and Protection Fund constituted under Section 205C of the Companies Act, 1956, the Company has transferred twelve (12) deposit(s) amounting to Rs 2,30,000/- which remained unclaimed beyond the period of seven years from the date of maturity to the Investor Education and Protection Fund.

XVI. SUBSIDIARY COMPANIES:

The income from the sale of products, services and other income of your wholly owned subsidiary "The Eimco-K.C.P.Ltd" was higher at Rs. 31.27 crores (P.Y. Rs. 29.62 crores) with a profit of Rs. 0.56 crores (P.Y. Rs. 0.33 crores) for the year ended 31.03.2010.

The other wholly owned subsidiary, KCP Sugars Agricultural Research Farms Ltd, has reported decrease in the Income from the sale of products, services and other income of about Rs.0.11crores for the financial year ended 31.03.2010 as against Rs. 0.16 crores for the previous year ended 31.03.2009. The Company earned a profit of Rs. 0.03 crores as against the profit of Rs. 0.05 crores in the previous financial year.

The Statement as required under Section 212(3) of the Companies Act, 1956 in respect of the subsidiary companies is separately annexed.

XVII. AUDITORS:

The Statutory Auditors, M/s. B.Purushottam & Co., Chartered Accountants, Chennai, will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment. The Board, on the recommendation of the Audit Committee, has proposed that M/s. B.Purushottam & Co., Chartered Accountants, Chennai, be reappointed as Statutory Auditors of the Company for the financial year ending March 31, 2011 and to hold office till the conclusion of the next Annual General Meeting of the Company. M/s. B.Purushottam & Co., Chartered Accountants, Chennai, have forwarded their Certificate to the Company stating that their reappointment, if made, will be within the limits specified under Section 224 (1B) of the Companies Act, 1956.

XVIII. COST AUDIT:

In pursuance of Section 233-B of the Companies Act, 1956, your Directors have with the approval of the Central Government, appointed Shri. G.Suryanarayanan, Cost Accountant, Chennai, as the Cost Auditor to conduct the Cost Audit of Sugar and Industrial Alcohol for the financial year ending 31st March 2011.

XIX. ACKNOWLEDGEMENT:

Your Directors would like to take this opportunity to express their deep sense of gratitude to the Cane growers, the Shareholders, Banks, Institutions, Central and State governments, Depositors, Sugar Dealers, Business Associates, as also other regulatory authorities for their continued guidance and support.

Your Directors would also like to place on record their sincere appreciation for the total commitment, dedication and hard work put in by all the employees, which contributed to the Company's progress during the year under review.

For and on behalf of the Board of Directors

Place : Chennai

VINOD R. SETHI

Date : 17.06.2010

EXECUTIVE CHAIRMAN

A. CONSERVATION OF ENERGY:**Measures taken, additional proposals and impact on reduction of energy consumption:**

Measures taken towards conservation of energy include:

1. Modifications carried out to utilize 2nd vapours for Sulphited Juice stage-II heating continuously to achieve steam economy.
2. Sulphited Juice 1st stage heating managed with low pressure quintuple 3rd effect vapour to achieve steam economy.
3. Provided double heating arrangement for Clear Juice heating in 2-stages to achieve steam conservation.
4. Installation of condensate flash recovery unit with automation for evaporator and pans condensate to achieve steam and power conservation.
5. Modifications carried out for film type sulphur burner to achieve steam economy and minimize maintenance.
6. Installation of one vertical M.S.tank for Milk of Lime storage in place of masonry ground well to achieve reduction in power consumption.
7. Installation of stand-by Duplex heaters for Raw juice heating to achieve steam conservation.
8. Modifications carried out for successful operation of single mud mixer with automation to achieve power reduction.
9. Modification of B-heavy liquor feeding system to continuous vacuum pan with gravity flow to avoid double pumping in order to achieve reduction in power consumption.
10. Installation of additional VFD's to achieve energy conservation.
11. Installation of AC drives for mill tandems in place of steam turbines to achieve energy conservation.
12. Installation of positive suction to 200 HP injection water pump to achieve reduction in power consumption.
13. Operation of pans with low pressure vapours of 3rd effect to achieve reduction in steam consumption.
14. Installation of SED pump at the mouth of the inlet injection water channel to achieve reduction in power consumption.
15. Sugar plant automation (batch pans) to achieve easy operation and minimize manpower utilization.

ANNEXURE – FORM A

(See Rule 2)

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

	SUGAR UNITS AT			
	VUYYURU		LAKSHMIPURAM	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
A) Power and Fuel Consumption				
Electricity				
a. Purchased				
Units KWH	13,47,895	10,79,843	5,32,118	5,90,970
Total Amount Rs.	55,06,215	47,19,496	24,90,223	27,05,685
Rate / Unit Rs.	4.09	4.37	4.68	4.58
b. Own Generation				
i. Through Diesel Generator :				
Units KWH	74,560	1,60,250	62,974	47,274
Unit per ltr. of Diesel Oil	2.88	3.21	3.06	3.18
Cost / Unit Rs.	12.08	11.34	11.36	11.38
ii. Through SteamTurbine/ Generator :				
Unit KWH	2,51,74,400	1,46,04,700	36,50,300	31,13,427
KWH per tonne of bagasse	292.16	251.66	175.78	207.52
Cost / Unit	2.64	3.20	2.14	2.37
B. Consumption per unit of production				
Electricity KWH (per tonne)	220.44	160.93	282.88	257.90

B. TECHNOLOGY ABSORPTION:

FORM 'B' – FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO RESEARCH AND DEVELOPMENT (R & D)

1 & 2 SPECIFIC AREA IN WHICH RESEARCH AND DEVELOPMENT IS CARRIED OUT BY THE COMPANY AND BENEFITS DERIVED THEREFROM:

- Introduction of Direct Contact Heater for D.M.water final heating with exhaust condensate flash vapours to achieve steam economy.
- Modification done for pumping of exhaust condensate directly from boiling house to de-aerator by isolating feed water receiving tank to achieve reduction in steam and power consumption.
- Successful operation of Super Heated Wash Water system with exhaust steam in place of live steam to achieve reduction in steam consumption.
- Introduction of Flash recovery system for boiler blow down water to achieve energy conservation.
- Modifications done to utilize excess hot condensate water after heat recovery at sulphur burner coolers to achieve water conservation.
- Introduction and implementation of cane cultivation operations named as "K.C.P.Technology" for cost reduction in cane cultivation and yield improvement.
- Introduction and adoption of dual row plantation suitable for mechanization for sustainable sugar cane production.
- Sulphur application for enhanced nutrient assimilation.
- Successful introduction of implements like planters, Rotovator, mini tractors, fertilizer applicators suitable to our conditions for total mechanization in future.

3. FUTURE PLAN:

- Multiplication of promising sugarcane varieties through Tissue Culture for production of disease free plants.
- Isolation and identification of Bacteria and Fungi from filter cake generated during sugar processing.
- Auto Control System for Syrup pH.
- Complete automation at fermentation section of Calcium Lactate Unit.
- To change the evaporator configuration as double effect by installing one additional new evaporator body to achieve energy conservation in Calcium Lactate Unit
- Automation at drying and packing section of Calcium Lactate Unit.

3. EXPENDITURE ON R & D:

			Amt. in Rs.
a. Capital	..	..	97,097/-
b. Recurring	..	..	8,05,776/-
c. Staff Cost	..		36,54,676/-
d. Total	..		45,57,549/-
Total R & D expenditure as a % age of total turnover:			0.15 %

In addition to the above, the Company also spent Rs.3,86,01,892/- as cane development expenditure, etc. This constitutes 1.28 % of the total turnover of the Company.

5. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign Exchange Earnings	..	..	Nil
Foreign Exchange outgo	..	..	Rs. 3,75,948/-

For and on behalf of the Board of Directors

Place : Chennai

VINOD R. SETHI

Date : 17.06.2010

EXECUTIVE CHAIRMAN

1. Company's philosophy on Code of Governance

K.C.P.Sugar and Industries Corporation Ltd (KSICL) firmly believes that the fundamental concern of good corporate governance is to ensure the conditions whereby the interest of all stakeholders is adequately and properly protected. Corporate governance system spells out rules and procedures for making decisions on corporate affairs and provides the structure through which the Company's objectives are set as well as the means of attaining and monitoring the performance of those objectives. We, at KSICL are committed to the principles of good corporate governance and meticulously follow the same in every sphere of activity.

Corporate governance is a journey for constantly improving sustainable value creation and is an upward moving target

2. Board of Directors

2.1. Composition:

- The Company has a very balanced structure of the Board of Directors. At present, the Board consists of seven members, with three promoter Directors (Executive) and four Non-Executive Independent Directors.
- The day-to-day management of the Company rests with the Managing Director.
- The Independent Directors on the Board are experienced and competent persons from their respective fields. They take active part at the Board and Committee Meetings adding value to the decision making process of the Board of Directors.
- In line with amended clause 49 of the Listing Agreement on the composition of the Board of Directors, the Company has taken effective steps for its due compliance.
- None of the Director is a Director in more than 15 public companies and Member of more than 10 Committees or act as Chairman of more than 5 Committees across all the Companies in which they are Directors.

2.2. Board Meetings / AGM - Attendance and Directorships / Committee Memberships:

Name of Director	Category of Directorship	No. of Board Mtgs. attended	Attendance at the last AGM On 23.09.09	**Particulars of other Directorships, Committee Membership / Chairmanship		
				Directorship	Committee Membership	Committee Chairmanship
Shri.Vinod R.Sethi DIN 00106598	Whole-time Director – Executive Chairman – Promoter Group	6	Yes	13	7	1
Smt.Irmgard Velagapudi M.Rao DIN 00091370	Promoter and Managing Director	6	Yes	2	—	—
Smt.V.Kiran Rao DIN 00091466	Promoter and Executive Director	4	Yes	1	—	—
Shri.K.A.Rangaswamy DIN 00020891	Non-Wholetime Independent Director	6	Yes	—	—	—
Shri.Ranvir R. Shah DIN 00041398	Non-Wholetime Independent Director	4	No	—	—	—
Dr.Vithal Rajan DIN 00021571	Non-Wholetime Independent Director	5	Yes	—	—	—
Shri.M.S.V.M.Rao DIN 00432640	Non-Wholetime Independent Director	6	Yes	—	—	—

* The Directorships held by Directors as mentioned above, do not include Alternate Directors and Directorships of foreign companies, Sec. 25 Companies and Private Limited Companies.

** In accordance with Clause 49 of the Listing Agreement, Memberships / Chairmanships of only the Audit Committees & Shareholders / Investors Grievance Committees of all Public Limited Companies (except this Company) have been considered.

- Shri. Vinod R.Sethi, Smt. Irmgard Velagapudi M.Rao and Smt. V.Kiran Rao are relatives.
- None of the Directors has any business relationship with the Company.
- None of the Directors received any loans / advances from the Company during the year under review.

Board Meetings held during the year :

There were six Board Meetings held during the financial year 2009 - 10 on the following dates:

1.	16th April 2009	4.	23rd Sept 2009
2.	25th June 2009	5.	14th October 2009
3.	27th July 2009	6.	27th January 2010

Details of Directors seeking re-election :

In accordance with the provision of the Companies Act, 1956 and the Articles of Association of the Company, at least two thirds of the Board should consist of retiring Directors. Of these, one third of the Directors are required to retire by rotation every year.

The additional information relating to the aforesaid Directors as required under Clause 49 of the Listing Agreement with the Stock Exchanges is furnished as part of the Notice convening the Annual General Meeting.

3. Audit Committee

Composition and Terms of Reference :

The Audit Committee presently comprises of three members, three Non-Wholetime Directors and two Whole-time Director. The Chairman of the Audit Committee is Shri.K.A. Rangaswamy, a Non-Wholetime Director, a senior Chartered Accountant and Company Secretary. Shri. Vinod R. Sethi, Executive Chairman, Smt.V.Kiran Rao, Executive Director, Dr Vithal Rajan, Director, and Shri. M.S.V.M.Rao, Director, are presently its other members.

The Terms of Reference of this Committee cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956 and broadly comprise the following:

- Supervision and evaluation of the financial reporting process and reviewing with the Management, the quarterly, half yearly and annual results before placement to the Board, Related Party transactions, Risk Assessment and Minimization procedure.
- Review of performance of Statutory Auditors, recommending the appointment and removal of external and internal auditors, recommending audit fees and also payment for other services.
- Reviewing of adequacy of internal controls in the Company including the scope and structure of internal audit function.

Meetings and attendance during the year:

There were five meetings of the Audit Committee during the year, viz., on 16.04.2009, 25.06.2009, 27.07.2009, 14.10.2009 and 27.01.2010. The attendance of each Member of the Committee is given below:

Name of Director	No. of Meetings attended
Shri.K.A.Rangaswamy	5
Shri. Vinod R.Sethi (w.e.f. 25.06.09)	3
Smt.V.Kiran Rao	3
Dr Vithal Rajan	4
Shri.M.S.V.M.Rao (w.e.f. 25.06.09)	3

4. Remuneration Committee :

The Remuneration Committee presently consists of three Non Whole-time Directors as its Members, viz., Shri.K.A.Rangaswamy, Dr.Vithal Rajan, Shri. Ranvir R.Shah and one Whole-time Director, viz, Shri.Vinod R.Sethi. The terms of reference broadly include:

- To review, recommend and approve the remuneration for the Wholetime Directors of the Company.
- To discharge such other function (s) or exercise such powers as may be delegated to the Committee by the Board from time to time.

The Whole-time Directors are paid salaries, allowances/perquisites, and in addition, commission if it arises, within the limits under the Companies Act, 1956 and subject to the further limits, if any as approved by the Shareholders. The remuneration paid to the Whole-time Directors during 2009-10 is as below.

(Rs. in Lakhs)

Directors	Salary & Allowance	Contribution to PF	Perquisites	Commission	Total
Smt.Irmgard Velagapudi M.Rao	48.00	—	—	6.22	54.22
Smt.V.Kiran Rao	36.00	4.32	0.75	—	41.07

The Committee had met once during the financial year 2009 – 10, on 27.01.2010.

Shri. Ranvir R. Shah, a Non-wholetime Director, was nominated to the Remuneration Committee with effect from 08.04.2010.

The Non Executive Directors are paid a sitting fees of Rs.20,000/- per Meeting of the Board / Committee attended by them apart from daily allowance and out of pocket expenses. In addition, pursuant to Section 309 of the Companies Act, 1956, they are paid remuneration by way of Commission not exceeding in aggregate, 1% of the net profits of the Company, subject to a maximum limit of Rs.1,75,000/- (Rupees One lakh and seventy five thousand only) per Director, for each of the financial years from 2006 - 07 to 2010-11, in terms of the approval granted by the Shareholders at the Eleventh Annual General Meeting held on 12.10.2006. The details of the remuneration paid to the Non- Executive Directors during the year 2009 - 10 are given below:

(Rs. in Lakhs)

Directors	Commission	Sitting Fees	Total
Shri.K.A.Rangaswamy	1.75	4.80	6.55
Shri. Ranvir R.Shah	1.75	0.80	2.55
Shri. Vinod R.Sethi	1.75	2.00	3.75
Shri. Prathap K. Moturi (Ceased to be a Director w.e.f 23.09.2009)	1.75	0.60	2.35
Dr.Vithal Rajan	1.75	2.00	3.75
Shri.M.S.V.M.Rao	1.75	1.80	3.55
Total	10.50	12.00	22.50

5. SHAREHOLDINGS OF NON EXECUTIVE DIRECTORS:

The Shareholdings of the Non-Executive Directors are as below:

Directors	No. of shares held (F.V.of Re.1/-each)
Shri.K.A.Rangaswamy	2,260
Shri. Ranvir R. Shah	10
Dr.Vithal Rajan	Nil
Shri.M.S.V.M.Rao	10

6. Share Transfer & Investors / Shareholders Grievance Committee :

The Share Transfer Committee is vested with the powers to look into the problems / grievances of Shareholders/Investors as per SEBI norms. The Chairman of the Committee is Shri.K.A.Rangaswamy, a Non-Wholetime Independent Director with Smt.Irmgard Velagapudi M.Rao, Managing Director, and Smt.V.Kiran Rao, Executive Director, as its other Members. The Committee normally meets once/twice a month based on the volume of transfers. The terms of reference encompasses:

- To approve requests for share transfers, transmissions, transpositions, dematerialization, split and duplicate shares.
- To review and take all necessary steps for redressal of investor's grievances and complaints as may be required in the interests of the investors.

There were twelve meetings of the Share Transfer Committee held during the year. The attendance of each Member of the Committee is given below:

Name of Director	No. of Meetings attended
Shri.K.A.Rangaswamy	12
Smt.Irmgard Velagapudi M.Rao	12
Smt.V.Kiran Rao	3

Shri.S.Chidambaram, Deputy General Manager (Finance) & Company Secretary, is the Compliance Officer of the Company. M/s. Integrated Enterprises (India) Ltd are the Registrars, Transfer Agents and Depository Registrars of the Company for physical / electronic shares. All transfer of shares received by the Company/Registrars during the year have been processed. During the year, queries / complaints were received from the shareholders, all of which have been resolved..

Nature of Queries / Complaint	During the year ended 31.03.2010	
	Received	Attended to
Non-receipt of Certificates	41	41
Non-receipt of Interest / Dividend Warrants/ Cheques / Drafts	47	47
Issue of Duplicate Share Certificates	6	6
Issuance of Duplicate Dividend Warrant / Cheque / Drafts / Revalidation	168	168
Correction in Share Cert./Dividend Warrant / Cheque / Drafts	62	62
Non-Receipt of Annual Report	3	3
General queries-request for change of address, procedure for transmission of shares/procedure for loss of share certificates/ Nomination	182	182
TOTAL	509	509

7. Venue and time of last three Annual General Meetings:

AGM for the financial year ended	Date / Time	No of Special resolutions	Members Present	
			Person	Proxy
31.03.2007	27.09.2007 / 10.00 a.m.	—	308	23
31.03.2008	11.09.2008 / 10.45 a.m.	2	218	16
31.03.2009	23.09.2009 at 10.00 a.m.	—	348	11

- The three AGMs were held at "Sathguru Gnanananda Hall", Narada Gana Sabha, 314, TTK Road, Alwarpet, Chennai 600018.
- All Special Resolutions set out in the Notice for the AGMs were passed by the Shareholders at the respective meetings with requisite majority.
- No postal ballots were required to be used for voting on any of the items of business at the above meetings. At the ensuing AGM, there is no item on the agenda that needs approval by postal ballot.

8. Disclosures:

- CEO and CFO Certification -
- The Managing Director and the General Manager (Finance), have certified the Board / Audit Committee in accordance with Clause 49 of the Listing Agreement pertaining to CEO / CFO Certification.
- The Financial Statements for the year 2009-10 have been prepared in accordance with the applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India and there are no deviations.
- During the year under review, the Company has not raised any funds from public issue / rights issue / preferential issue.
- The Company has a whistle blower policy and affirms that no personnel have been denied access to the Audit Committee.
- The Board is of the bona fide belief that there are no materially significant Related Party Transactions made by the Company with its Promoters, Directors or the Management, their Subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large.
- Transactions with the Related Parties are disclosed in Note No. 20 of Notes to the Accounts in the Annual Report. During the last three years, there were no strictures for penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the Capital Markets.

COMPLIANCE:

The Board considers materially important, show-cause /demand notices received from the statutory authorities and the steps / action taken by the Company in this regard. The Board reviews the compliance of all the applicable laws and gives appropriate directions wherever necessary.

Compliance with Corporate Governance Norms:

The Company has complied with mandatory requirements of the Code of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges. The Company has submitted its Compliance Report in the prescribed format to the Stock Exchanges for the quarters ended 30.06.2009, 30.09.2009, 31.12.2009 and 31.03.2010. The statutory auditors have certified that the Company has complied with the Corporate Governance norms as stipulated by the Stock Exchanges under clause 49 of the Listing Agreement. The said certificate is annexed to the Directors Report and will be forward to the Stock Exchanges and the Registrar of Companies - Tamil Nadu, Chennai, along with the Annual Report.

Secretarial Audit:

As stipulated by Securities and Exchange Board of India (SEBI), a qualified Chartered Accountant carries out the Secretarial Audit to reconcile the total admitted Capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd (CDSL) and the total Issued and Listed Capital. The Audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges, NSDL and CDSL and is also placed before the Board of Directors.

Code of Conduct:

The Board of Directors has laid down a Code of Conduct for the Members of the Board members as well as the employees in the Senior Management of the Company. The Managing Director has confirmed and declared that all the Members of the Board as well of the employees in the Senior Management have affirmed compliance with the Code of Conduct. The Codes have been posted on the Company's website www.kcpsugar.com

Prevention of Insider Trading:

The Company has framed a Code of Conduct for prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 1992. The Code is applicable to all the Directors / Officers and Designated Employees. The Code also aims to prevent dealing in the shares by persons having access to unpublished information.

Subsidiary Companies:

The Company does not have any material non-listed Indian Subsidiary Company and hence is not required to have an Independent Director of the Company on the Board of such Subsidiary Company. The Audit Committee periodically reviews the financial statements and the minutes of both the Subsidiaries are placed before the Board of Directors of the Company.

Risk Management

The Company has laid down procedures to inform Board Members about the risk assessment and minimization procedures. The Board periodically discusses the significant business risks identified by the Management and mitigation measures to address such risks.

9. Means of communication :

- The quarterly, half yearly and annual results are generally published in widely circulating national & local dailies such as The Business Line or The Financial Express (in English) and Dina Malar or Malai Murasu (in Tamil).
- The Company has a website, www.kcpsugar.com. There were no presentations made to the institutional investors or analysts.
- As required under clause 47(f) of the listing agreement the Company has created a dedicated email ID investorservices@kcpsugar.com for registration and redressal of investor's grievances.
- The Management Discussion and Analysis Report forms part of the Annual Report.
- As required under Clause 51 of the Listing Agreement, the Company has posted the required documents on the Electronic Data Information Filing And Retrieval (EDIFAR) website maintained by the National Informatics Centre (NIC) from the quarter ending December 2002 onwards.

10. Corporate Social Responsibility:

Corporate Social Responsibility Guidelines 2009 released by Ministry of Corporate Affairs (MCA) is intended to assist the business houses to adopt responsible governance practices. Today's business environment demands that corporates play a pivotal role in shouldering social responsibility. The Company has steadfastly stood for the principles stated in these guidelines and would endeavour further to strengthen its attention to abide by the spirit of these guidelines.

- The Company has committed to safety, health and environment protection and education and has extended helping hands to the needy during times of distress and calamity. The Company conducts rallies and awareness programmes on water management, drip irrigation and ground water development.
- The Company has extended financial assistance in recharging bore-wells in the villages around the factory area, and plants trees on either side of the road from Vuyyuru to Machilipatnam and Kankipadu to avoid environmental pollution.
- The Company has selected some villages for development of parks, greenery and drainage systems, and is also planning to take up safe water project for supply of drinking water to all the villages around the factory area.
- The Company is regularly arranging mega health camps for cardiac ailments, neurological and ophthalmic disorders and distribution of medicines to the needy.
- The Company has provided bus shelters around factory zone for the benefit of the public, and also provided public toilets with the help of local municipal bodies.
- The Company had also extended its helping hand to the cyclone victims by providing shelters, food, drinking water and medical assistance in the year 2006.
- The Company has also volunteered in donating a substantial amount to the Andhra Pradesh Chief Minister's Flood Relief Fund in the year 2009, for implementing relief measures.
- Way back in the year 1969 an elementary school was established in Telugu medium in memory of our founder Shri. Velagapudi Ramakrishna, ICS in the name and style of "VELAGAPUDI RAMAKRISHNA MEMORIAL SCHOOL" in our Lakshmana nagar colony with two teachers in a small room. The objective in establishing the school was to create education facility for our employees children and also to the children of surrounding villages. Over the years, the school has been developed into a full-fledged high school with all facilities. As part of corporate social responsibility, we are continuing to run the educational institutions, mostly catering to the children from below poverty line families. Our school had achieved many accolades in education, cultural and also sports and games at District, State and National levels. The alumni of the school comprises array of distinguished persons in all walks of life, who have been successful in their pursuits and professions.

11. General Shareholder Information :

- **AGM: Date, Time and Venue:** 15th Annual General Meeting – on 19th day of August 2010 at 10.00 a.m. at “Sathguru Gnanananda Hall”, Narada Gana Sabha, No.314, T.T.K.Road, Chennai 600018.

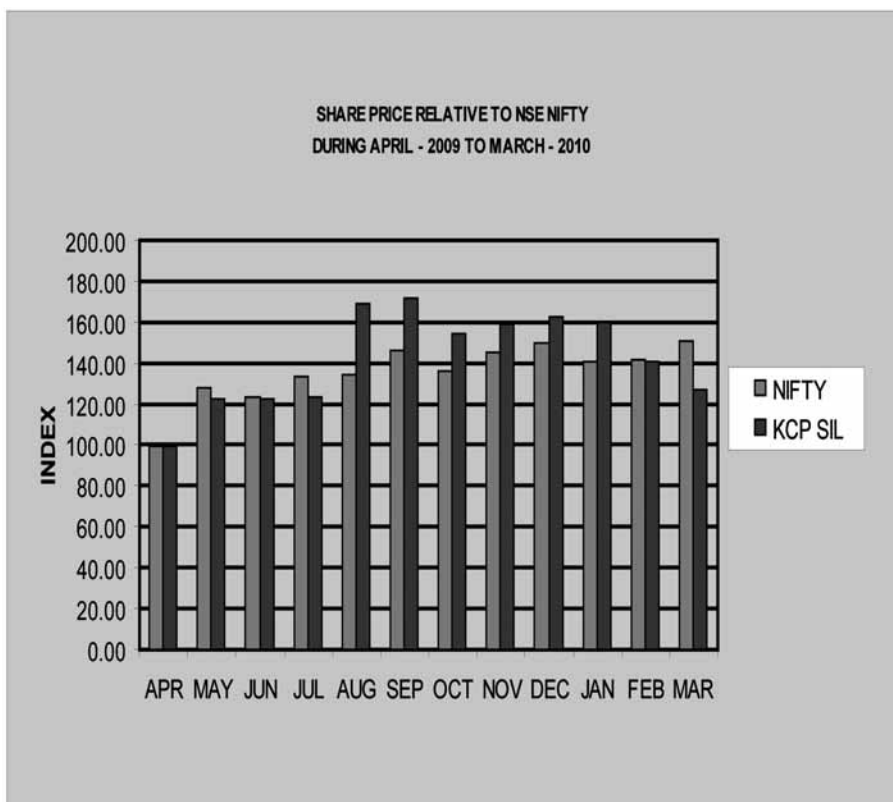
Date of Book Closure

For the year ended 31.03.2010	Book Closure Date (s)	Dividend paid / payable
Dividend	12.08.2010 to 19.08 2010 (both dates inclusive)	The Board of Directors at their Meeting held on 17.06.2010 has recommended a dividend of Re. 0.75 per equity share of face value Re.1/-, subject to the approval of Shareholders at the ensuing Annual General Meeting.
Payment date		On approval thereat, this dividend will be paid to the Shareholders on or after 19th August 2010 but within the statutory time limit.

- **Tentative Financial calendar :**
 - i. Financial Year – 1st April to 31st March.
 - ii. First Quarter Results by July 2010.
 - iii. Half-yearly Results by October 2010.
 - iv. Third Quarter Results by January 2011.
 - v. Results for the year ending 31.03.2011 by May 2011.
- **Listing on Stock Exchanges :** National Stock Exchange of India Ltd and The Bombay Stock Exchange Ltd {regular listing under B Group w.e.f 23.04.2010}
Annual listing fees have been paid to the National Stock Exchange and there is no amount outstanding as on date.
- **Stock Code - Physical :** “KCPSUGIND ” on both the National Stock Exchange and Bombay Stock Exchange (Scrip No. 533192)
- **De-mat ISIN Number :** INE790B01024.
- **CIN :** L15421TN1995PLC033198
- **High / Low of market price of the Company’s shares (Face Value Re.1/-) traded on the National Stock Exchange and Bombay Stock Exchange, during the financial year 2009 – 10 is furnished below:**

Period	High		Low		Period	High		Low		(Rs. per share)
	NSE	BSE	NSE	BSE		NSE	BSE	NSE	BSE	
	April'09	19.50	19.30	12.90		13.00	October'09	29.50	29.85	25.00	24.50
May'09	23.20	22.90	16.50	15.75	November'09	29.95	30.10	23.25	23.10	
June'09	23.10	23.15	18.55	18.95	December'09	27.00	27.10	24.10	24.00	
July'09	21.25	21.20	16.70	16.75	January'10	33.50	31.75	25.15	25.00	
August'09	32.75	32.70	20.30	20.15	February'10	29.40	27.70	22.00	21.00	
September'09	31.10	31.75	25.90	25.95	March'10	26.40	25.90	20.15	20.50	

Source: Stock Exchange Website



- AGM: Date, Time and Venue : 15th Annual General Meeting - on 19th day of August 2010 at 10.00 a.m. at "Sathguru Gnanananda Hall", Narada Gana Sabha, No.314, T.T.K. Road, Chennai - 600 018.
- Registrar /Transfer Agents : Integrated Enterprises (India) Ltd
Kences Towers, 2nd Floor,
1,Ramakrishna Road, North Usman Road,
T.Nagar, Chennai 600017.
Tel : 044-28140801 to 03 : Fax : 044-28142479
Website: www.iepindia.com
- Share Transfer System : The shares of the Company are included in the list of shares under the compulsory dematerialization and are transferable through the depository system. All documents received for physical transfer of shares are processed by the Registrar and Transfer Agents and are approved by the Share Transfer Committee which normally meets twice / once in a month depending on the volume of transfers. Share transfers are registered and returned within a maximum of 30 days from the date of lodgment, if documents are complete in all respects.

• Distribution of Shareholding and shareholding pattern as on 31.03.2010:

a. By number of Shares held:

No of shares held	No. of Shareholders	% of Shareholders	Aggregate shares held	% of Shareholding
Upto 100	8,499	29.91	5,30,847	0.47
101- 200	3,891	13.70	7,09,977	0.63
201- 300	2,182	7.68	5,98,639	0.53
301- 400	1,107	3.90	4,20,326	0.37
401- 500	3,031	10.67	15,00,616	1.32
501 - 1000	4,221	14.86	35,69,525	3.15
1001-2000	2,295	8.08	35,16,262	3.10
2001-3000	850	2.99	21,90,310	1.93
3001-4000	428	1.50	15,48,588	1.36
4001-5000	415	1.46	19,75,092	1.74
5001-10000	701	2.47	51,22,388	4.52
10001 and above	790	2.78	9,17,02,480	80.88
TOTAL	28,410	100.00	11,33,85,050	100.00

b. By ownership:

I (a) STATEMENT SHOWING SHAREHOLDING PATTERN							Shares pledged or otherwise encumbered		
Name of the Company: K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED.									
Scrip Code: KCPSUGIND		Quarter ended: 31.03.2010							
(I) Category Code	(II) Category of Share holder	(III) No. of Share holders	(IV) Total No. of Shares [Face Value: Re.1/- per Share]	(V) No. of Shares held in Dematerialised Form	Total No. of shareholding as a percentage of Total No. of Shares		(VIII) Number	(IX) As a % (IX)=(VIII)/(IV)*100	(X) (X)=(VIII)/(IV) A + B + C *100
					(VI) As a % of (A+B)	(VII) As a % of (A+B+C)			
A	Shareholding of Promoter and Promoter Group:								
1	INDIAN								
a.	Individual / Hindu Undivided Family	4	17,33,300	17,12,180	1.529	1.529	Nil	Nil	Nil
b.	Central Government / State Govt.	0	0	0	0	0	Nil	Nil	Nil
c.	Bodies Corporate	1	4,07,49,277	4,07,49,277	35.939	35.939	Nil	Nil	Nil
d.	Financial Institutions / Banks	0	0	0	0	0	Nil	Nil	Nil
e.	Any other (specify)	0	0	0	0	0	Nil	Nil	Nil
	SUB TOTAL A (1)	5	4,24,82,577	4,24,61,457	37.468	37.468	Nil	Nil	Nil

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

REPORT ON CORPORATE GOVERNANCE (CONTD.)

2	FOREIGN								
a.	Individual (Non-Resident / Foreign)	0	0	0	0	0	N.A	N.A	N.A
b.	Bodies Corporate	0	0	0	0	0	N.A	N.A	N.A
c.	Institutions	0	0	0	0	0	N.A	N.A	N.A
d.	Any other (Specify)	0	0	0	0	0	N.A	N.A	N.A
	SUB-TOTAL A (2)	0	0	0	0	0	N.A	N.A	N.A
	Total share holding of Promoter and Promoter Group (A) = A(1)+A(2)	5	4,24,82,577	4,24,61,457	37.468	Nil	N.A	N.A	N.A
B	PUBLIC SHAREHOLDING								
1	Institutions								
a.	Mutual Funds / UTI	6	11,220	4,750	0.010	0.010	NA	NA	NA
b.	Financial Institutions / Banks	13	29,090	2,250	0.026	0.026	NA	NA	NA
c.	Central Government / State Govt.	0	0	0	0.000	0.000	NA	NA	NA
d.	Venture Capital Funds	0	0	0	0.000	0.000	NA	NA	NA
e.	Insurance Companies	2	10,06,995	10,06,995	0.888	0.888	NA	NA	NA
f.	Foreign Institutional Investors	2	6,46,750	6,46,250	0.570	0.570	NA	NA	NA
g.	Foreign Venture Capital Investors	0	0	0	0	0	NA	NA	NA
h.	Any Other (specify)	0	0	0	0	0	NA	NA	NA
	SUB TOTAL B (1)	23	16,94,055	16,60,245	1.494	1.494	NA	NA	NA
2	Non-Institutions								
a.	Bodies Corporate (Indian / Foreign / Overseas)	573	1,57,74,033	57,97,883	13.912	13.912	NA	NA	NA
b.	Individuals (Resident / NRI / Foreign National)								
(i).	Individual shareholders holding Nominal Share Capital upto Rs.1 lakh	27,620	3,68,92,183	2,85,87,222	32.537	32.537	NA	NA	NA

(ii).	Individual shareholders holding Nominal Share Capital above Rs.1 lakh.	66	1,60,16,825	1,29,34,865	14.126	14.126	NA	NA	NA
c.	Any other								
(i).	Clearing Member	122	5,22,857	5,22,857	0.461	0.461	NA	NA	NA
(ii).	Trust	1	2,520	2,520	0.002	0.002	NA	NA	NA
	SUB TOTAL B (2)	28,382	6,92,08,418	4,78,45,347	61.038	61.038	NA	NA	NA
	Total Public shareholding (B) = B(1)+B(2)	28,405	7,09,02,473	4,95,05,592	62.532	62.532	NA	NA	NA
	TOTAL (A) + (B)	28,410	11,33,85,050	9,19,67,049	100.000	100.000			
C.	Shares held by Custodians and against which Depository Receipts have been issued:	NOT APPLICABLE							
	GRAND TOTAL (A) + (B) + (C)	28,410	11,33,85,050	9,19,67,049	100.000	100.000			

Shares in Physical and Electronic form:

Shareholders in	No. of Shareholders	(%)	No. of Shares	%
Physical Mode	4,643	16.34	2,14,18,001	18.89
- Sub-Total	4,643	16.34	2,14,18,001	18.89
Electronic Mode:				
- NSDL	17,464	61.47	8,36,75,726	73.80
- CDSL	6,303	22.19	82,91,323	7.31
- Sub-Total	23,767	83.66	9,19,67,049	81.11
GRAND TOTAL	28,410	100.00	11,33,85,050	100.00

- The Company has not so far issued any GDRs/ADRs/Warrants or any other convertible instruments.
- Top ten individual shareholders of the Company other than Promoter category as on 31.03.2010:

Sl. No	Name of the Shareholder	Shares	% to Capital
1	HAROON MAHMUD ADAM	8,85,000	0.78
2	SAKUNTHALA DEVI BOPANA	8,70,100	0.77
3	PADMINI RAJAN,	8,67,790	0.77
4	BOPANA VINAY KUMAR	8,55,250	0.75
5	RANI S B	5,09,060	0.45
6	DIWAN BAHADUR P.S.G. RANGASWAMY NAIDU	4,68,270	0.41
7	NAREN RAJAN	4,44,170	0.39
8	KOGANTY HARINADHA BABU	3,55,086	0.31
9	KOGANTY SRIHARI RAO	3,41,063	0.30
10	MALINI NARASIMHAN	3,10,120	0.27
	Total	59,05,909	5.20

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

- Plant Locations The Company has got sugar, distillery, ethanol, Biotech, Incidental Cogeneration, CO2, Calcium Lactate units at Vuyyuru; sugar and Incidental Cogeneration units at Lakshmipuram, both in Krishna District and all of them in Andhra Pradesh.
- Address for Correspondence Shareholders correspondence should be addressed to Registrar and Share Transfer Agents at the address mentioned above. Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant. Shareholders may also contact Shri.S.Chidambaram, Deputy General Manager (Finance) & Company Secretary at the Registered Office of the Company for any assistance.

Tel.Nos. 28555171 – 76 Extn: 117

E-mail id: kcpsugar@vsnl.com. An exclusive e-mail ID investorservices@kcpsugar.com has been created for registering investors complaints.

For and on behalf of the Board of Directors

Place : Chennai
Date : 17.06.2010

VINOD R. SETHI
EXECUTIVE CHAIRMAN

DECLARATION ON CODE OF CONDUCT

The Board of Directors
K.C.P.Sugar and Industries Corporation Limited
Ramakrishna Buildings
239, Anna Salai, Chennai - 600 006.

This is to confirm that the Members of the Board as well as the Employees in the Senior Management personnel have affirmed compliance with the Code of Conduct for the financial year ended 31.03.2010, as envisaged in clause 49 of the Listing Agreement with Stock Exchanges.

For K.C.P. Sugar and Industries Corporation Limited

Place : Chennai
Date : 17.06.2010

IRMGARD VELAGAPUDI M. RAO
MANAGING DIRECTOR

CERTIFICATE

To THE MEMBERS OF
K.C.P. SUGAR AND INDUSTRIES CORPORATION LTD,
CHENNAI.

We have examined the compliance of the conditions of Corporate Governance by K.C.P. Sugar and Industries Corporation Ltd, for the year ended 31st March, 2010 as stipulated in clause 49 of the Listing agreement of the said company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the 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 the 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, during the aforesaid year, complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

We state that, as at 31st March, 2010, no investor grievances were pending for a period exceeding one month against the Company as per the records maintained by the Company and produced for our verification.

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 **B. Purushottam & Co**
Chartered Accountants
FRN 002808S

B.S. Purshotham
(M. No. 26785)
Partner

Place : Chennai
Date : 17th June, 2010.

To,

THE MEMBERS OF K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

- 1) We have audited the attached Balance Sheet of K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED, as at 31st March, 2010, and the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 4) Further to our comments in the Annexure referred to above, we report that :
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - iii) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies act, 1956;
 - v) On the basis of written representations received from the directors, of the company as at 31st March, 2010 and taken on record by the board of directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of under clause (g) of sub section (1) of section 274 of the companies act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes and Accounting Policies give the information required by the companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010 and
 - b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date. and
 - c) In the case of the Cash Flow Statements, of the Cash Flows for the year ended on that date.

Place : Chennai
Date : 17th June, 2010.

For B Purushottam & Co.
Chartered Accountants,
FRN 002808S

B.S. Purshotham
(M. No. 26785)
Partner

ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

- i) In respect of Fixed assets:
 - a) The Company has maintained proper records showing full particulars including Quantitative details and situation of fixed assets.
 - b) All the assets have not been physically verified by the Management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Material discrepancy noticed between book balance and physical assets of fixed assets have been properly dealt with in the books of accounts.
 - c) During the year, the Company has not disposed off any substantial part of Fixed Assets.
- ii) In respect of inventory:
 - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) The procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) In respect of Loans:
 - a) According to the information and explanations given to us, the Company has granted loan to two companies, covered in the register maintained under section 301 of the companies act, 1956. The maximum amount involved during the year was Rs.6,54,12,143 and the year-end balance of the loans granted to such parties was Rs.1,35,00,000.
 - b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie, prejudicial to the interest of the company.
 - c) The companies have repaid the principal amount as stipulated and have also been regular in the payment of interest to the company.
 - d) There is no overdue amount in excess of Rs.1 lakh in respect of the above loans.
 - e) The Company has not taken any loans, from companies, firms or other parties, covered in the register maintained u/s 301 of the companies Act, 1956, except an amount of Rs.3.00 Crores (Rupees Three crores only) from a Director of the company in accordance with the companies (Acceptance of Deposits) Rules 1975.
In our opinion, the rate of interest and other terms and conditions on which loans (deposits) have been taken by the company from the parties covered in the register maintained under section 301 of the companies act, 1956 are not, prima facie, prejudicial to the interest of the company.
The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets, for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.
- v)
 - a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58A and 58AA and other applicable provisions of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information furnished to us, the Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal has passed no order on the company.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of account and records maintained by the company at its Sugar, Distillery, and Power generation units pursuant to the Rules made by the Central Government for the maintenance of Cost Records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

- ix) a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Service tax, Custom duty, Excise Duty, cess and other material statutory dues applicable to it except the following:

Name of the statute	Nature of the dues	Amount Rs.	Period to which the amount relates	Due date	Date of payment
Andhra Pradesh Agri Lands Assessment Act	Non Agri Land Assessment Tax	10,42,933	F.Y 1993-94 to 1999-2000, and 2005-06.	On 30th September of each year, on receipt of demand	Not paid at the date of our report

- b) According to the information and explanation given to us no undisputed amounts payable in respect of Income tax, Sales tax, wealth tax, Service tax, Customs Duty and Excise Duty and Cess were in arrears, as at 31-03-2010 for a period of more than six months from the date they became payable.
- c) According to the information given to us, there no dues of Income tax, Sales tax, Wealth tax, Service tax, Customs duty and Cess which have not been deposited on account of dispute except in respect of Excise duty which have not been deposited on account of dispute. The details are given as under:

Nature of the dues	Name of the Statute	Amount Rs.	Pending before
Central Excise Duty	Central Excise Act 1994	1,91,12,314	Andhra Pradesh High court

- x) The company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) Based on our audit procedures and on the basis of information and explanations given by the Management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks.
- xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) In our opinion, the company is not a Chit Fund or a Nidhi /Mutual Benefit Fund/Society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv) The nature of Company's business/activities during the year does not include dealing in shares, securities, debentures or other investments. Accordingly, the requirements of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv) According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions, except in respect of its wholly owned subsidiary. However there is no outstanding guarantee at the year end.
- xvi) According to the information and explanations given to us the company did not avail of any term loans during the year under report.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures during the year under report.
- xx) The Company has not raised any money by way public issue during the year and hence the question of disclosure and verification of end use of such moneys does not arise during the year.
- xxi) Based upon the audit procedures performed and information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

Place : Chennai
Date : 17th June, 2010.

For B Purushottam & Co.
Chartered Accountants,
FRN 002808S
B.S. Purshotham
(M. No. 26785)
Partner

		AMT IN RS.	
Schedule		As at 31.03.2010	As at 31.03.2009
I SOURCES OF FUNDS:			
1. Shareholders' Funds			
Share Capital	A	11,33,85,050	11,33,85,050
Reserves & Surplus	B	<u>159,25,95,072</u>	<u>145,46,49,267</u>
		170,59,80,122	156,80,34,317
2. Loan Funds			
Secured Loans	C	15,08,00,583	27,46,77,379
Unsecured Loans	D	<u>27,30,75,000</u>	<u>23,97,59,000</u>
		42,38,75,583	51,44,36,379
3. Deferred Tax Liability (Net) (See Note 7)			
Deferred Tax Liability		27,33,87,498	28,78,93,073
Less: Deferred Tax Asset		<u>3,55,22,337</u>	<u>3,41,85,093</u>
		23,78,65,161	25,37,07,980
TOTAL		<u>236,77,20,866</u>	<u>233,61,78,676</u>
II APPLICATION OF FUNDS:			
1. Fixed Assets			
(a) Gross Block	E	224,42,54,858	217,85,03,874
(b) Less: Depreciation		<u>89,19,10,077</u>	<u>79,66,49,926</u>
(c) Net Block		135,23,44,781	138,18,53,948
(d) Capital Work-in-Progress		<u>1,74,77,285</u>	<u>1,40,65,017</u>
		136,98,22,066	139,59,18,965
2. Investments	F	18,95,93,192	5,38,45,587
3. Current Assets, Loans and Advances			
(a) Inventories	G	110,98,19,602	128,45,84,247
(b) Sundry Debtors	H	5,05,57,226	3,62,65,260
(c) Cash and Bank Balances	I	5,35,11,251	5,78,68,827
(d) Other Current Assets	J	52,89,046	18,15,538
(e) Loans and Advances	K	<u>30,25,24,380</u>	<u>21,44,20,338</u>
		152,17,01,505	159,49,54,210
Less: Current Liabilities and Provisions			
(a) Liabilities	L	57,67,90,672	59,53,89,436
(b) Provisions		<u>13,66,05,225</u>	<u>11,31,50,650</u>
		71,33,95,897	70,85,40,086
Net Current Assets		<u>80,83,05,608</u>	<u>88,64,14,124</u>
TOTAL		<u>236,77,20,866</u>	<u>233,61,78,676</u>

Schedules A - L , Statement of Accounting Policies & Notes form an integral part of the Balance Sheet.

As per our report of even date

For and on behalf of the Board

For B.PURUSHOTTAM & CO.

IRMGARD VELAGAPUDI M. RAO

Chartered Accountants
FRN 002808S

Managing Director

B.S.PURSHOTHAM

V. KIRAN RAO

Partner

Executive Director

M.No. 26785

Chennai

R.GANESAN

S.CHIDAMBARAM

K.A.RANGASWAMY

17.06.2010

General Manager (Finance)

Dy.General Manager (Finance) &
Company Secretary

Director &
Chairman-Audit Committee

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	AMT IN RS	
		2009 - 2010	2008 - 2009
I INCOME:			
Sale of Products and Services		301,54,54,926	250,34,68,041
Less: Inter Divisional Transfers		(42,58,37,843)	(56,14,78,153)
		<u>258,96,17,083</u>	<u>194,19,89,888</u>
Less: Excise Duty collected		(9,26,69,186)	(10,96,37,859)
Net Sale of Products and Services		<u>249,69,47,897</u>	<u>183,23,52,029</u>
Other Income	M	4,10,25,697	5,34,74,777
		<u>253,79,73,594</u>	<u>188,58,26,806</u>
II EXPENDITURE:			
Raw Materials Consumed		142,29,81,414	114,45,61,509
Less: Inter Divisional Transfers		(8,31,24,159)	(12,36,01,038)
Net Raw Materials Consumed		<u>133,98,57,255</u>	<u>102,09,60,471</u>
Decrease in Stocks	N	18,44,28,867	(3,21,15,278)
Payments and Benefits to Employees	O	24,66,88,583	23,60,89,194
Manufacturing, Selling, Administrative and other expenses	P	28,56,88,992	33,38,66,695
Interest		3,19,62,187	3,60,18,087
Depreciation		10,62,53,594	10,85,34,709
		<u>219,48,79,478</u>	<u>170,33,53,878</u>
PROFIT BEFORE TAXATION		<u>34,30,94,116</u>	<u>18,24,72,928</u>
Less: Provision for taxation - Current Tax		12,15,00,000	6,80,00,000
Deferred Tax		(1,58,42,819)	(1,70,220)
Fringe Benefit Tax		—	15,00,000
Add: Reversal of excess provision for taxation relating to earlier years		—	1,45,115
PROFIT AFTER TAX		<u>23,74,36,935</u>	<u>11,32,88,263</u>
Balance brought forward from previous year		<u>40,80,99,157</u>	<u>39,91,05,878</u>
		<u>64,55,36,092</u>	<u>51,23,94,141</u>
III APPROPRIATIONS			
Transfer to General Reserve	2,38,00,000		1,14,36,596
Proposed Dividend	8,50,38,788		7,93,69,535
Tax on Proposed Dividend	<u>1,44,52,342</u>		<u>1,34,88,853</u>
		<u>12,32,91,130</u>	<u>10,42,94,984</u>
Balance Carried to Balance Sheet		<u>52,22,44,962</u>	<u>40,80,99,157</u>
Basic and Diluted Earnings Per Share (Face Value Re.1)(See Note 21)		<u>2.09</u>	<u>0.999</u>

Schedules M - P, Statement on Accounting Policies & Notes form an integral part of the Profit & Loss Account.

As per our report of even date

For B.PURUSHOTTAM & CO.

Chartered Accountants

FRN 002808S

B.S.PURSHOTHAM

Partner

M.No. 26785

Chennai

17.06.2010

R.GANESAN
General Manager
(Finance)

S.CHIDAMBARAM
Dy.General Manager (Finance) &
Company Secretary

For and on behalf of the Board

IRMGARD VELAGAPUDI M. RAO

Managing Director

V. KIRAN RAO

Executive Director

K.A.RANGASWAMY

Director &
Chairman-Audit Committee

	AMT IN RS			
	As at 31.03.2010	As at 31.03.2009		
A . SHARE CAPITAL				
Authorised :				
25,00,00,000 Equity Shares of Re.1/- each	25,00,00,000	25,00,00,000		
Issued, Subscribed and Paid-up:				
11,33,85,050 Equity Shares of Re.1/- each	11,33,85,050	11,33,85,050		
<i>Note: Of the above shares, 11,33,76,050 shares of Re.1/- each, have been allotted as fully paid-up shares without payment being received in cash by the erstwhile Company.</i>				
B . RESERVES & SURPLUS				
	As at 01.04.2009	Added during the Year	Withdrawn during the Year	As at 31.03.2010
Investment Allowance Reserve (Utilised)	45,05,000			45,05,000
Capital Redemption Reserve - Shares Buy Back	1,55,45,110			1,55,45,110
General Reserve	102,65,00,000	2,38,00,000		105,03,00,000
Surplus (i.e.) Balance in Profit and Loss A/c	40,80,99,157			52,22,44,962
	145,46,49,267			159,25,95,072
C . SECURED LOANS				
From Banks				
a) Working capital borrowings		2,23,916		11,86,77,379
<i>(Secured by hypothecation of work-in-progress, finished goods, raw materials, stores and spares, book debts, all other current assets and further secured by a third charge created on movable fixed assets of the Sugar Units at Vuyyuru and Lakshmipuram and guaranteed by the Managing Director.)</i>				
b) Term Loans		15,05,76,667		15,60,00,000
<i>(Secured by pari passu second charge on the movable fixed assets at Vuyyuru and Lakshmipuram units and guaranteed by the Managing Director.)</i>				
		15,08,00,583		27,46,77,379
D . UNSECURED LOANS				
Fixed Deposits		27,43,43,000		24,12,62,000
Less: Unclaimed Fixed deposits shown under Current Liabilities		(12,68,000)		(15,03,000)
		27,30,75,000		23,97,59,000

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET (CONTD.)

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

Description	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	Cost up to 31.03.2009	Additions during the Year	Deductions during the Year	Cost up to 31.03.2010	For the Year	IMPAIRMENT LOSS	On Deductions	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
Lands	8,47,81,458	16,000	—	8,47,97,458	—	—	—	—	8,47,97,458	8,47,81,458
Buildings										
- Own Buildings	26,55,56,503	19,46,201	2,17,281	26,72,85,423	57,99,234	—	46,039	4,65,06,097	22,07,79,326	2,248,03,601
- Leasehold Buildings	1,12,189	—	—	1,12,189	2,880	—	—	57,477	54,712	57,592
Plant & Machinery	168,79,32,260	7,44,67,999	1,77,65,547	174,46,34,712	8,80,29,530	—	71,00,833	76,12,03,989	98,34,30,723	100,76,56,968
Tramways & Railways Sidings	2,30,97,526	—	—	2,30,97,526	11,66,516	—	—	89,87,250	1,41,10,276	1,52,76,792
Computers, Office Equipments & Furniture	6,71,63,616	14,24,043	—	6,85,87,659	66,85,780	—	—	4,92,27,724	1,93,59,935	2,46,21,672
Vehicles	4,98,60,322	1,04,09,052	45,29,483	5,57,39,891	45,69,654	—	38,46,571	2,59,27,540	2,98,12,351	2,46,55,865
Total	217,85,03,874	8,82,63,295	2,25,12,311	224,42,54,858	79,66,49,926	10,62,53,594	1,09,93,443	89,19,10,077	135,23,44,781	138,18,53,948
Previous year	216,25,26,621	3,45,84,462	1,86,07,209	217,85,03,874	70,11,93,785	—	1,30,78,568	79,66,49,926	138,18,53,948	146,13,32,836
NOTE: 1) Titles in Land and other Immovable Properties acquired from The K.C.P. Limited pursuant to the Scheme of Arrangement, are in the process of endorsement in the name of the Company. 2) Land measuring 6.55 acres acquired at a cost of Rs.12,95,880/- is pending formal transfer of title in the name of the Company.										
Acetic Acid Unit, Vuyyuru	1,79,70,270	—	—	1,79,70,270	1,79,70,250	—	—	1,79,70,250	20	20
Registered Office, Chennai	4,27,18,802	7,71,075	15,32,378	4,19,57,499	2,77,88,723	—	11,66,560	2,96,01,198	1,23,56,301	1,49,30,079
Sugar Unit, Vuyyuru	58,51,93,060	6,46,07,270	1,08,56,704	63,89,43,626	20,59,13,656	—	34,39,512	22,96,62,974	40,92,80,652	37,95,08,321
Distillery Unit, Vuyyuru	21,60,06,133	19,46,201	3,32,253	21,76,20,081	3,83,04,164	—	1,86,292	4,94,97,454	16,81,22,627	17,77,01,969
Sugar Unit, Lakshimpuram	47,26,03,226	1,72,18,499	6,63,898	48,91,57,827	21,55,32,577	—	2,82,822	23,62,70,275	25,28,87,552	25,70,70,649
Research & Development Unit, Vuyyuru	5,33,50,161	97,097	42,92,411	4,91,54,847	2,44,18,289	—	23,09,581	2,45,31,267	2,46,23,580	2,89,31,872
Bio Tech unit, Vuyyuru	5,02,88,767	24,71,734	10,97,063	5,16,63,438	1,42,59,778	—	10,60,611	1,58,53,927	3,58,09,511	3,60,28,989
Workshop unit, Tada	1,13,85,481	—	—	1,13,85,481	25,30,328	—	—	28,89,258	84,96,223	88,55,153
Cogen unit, Vuyyuru	51,55,52,769	16,88,341	36,08,477	51,36,32,633	17,75,10,807	—	25,17,575	20,20,78,721	31,15,53,912	33,80,41,962
Cogen unit, Lakshimpuram	13,42,16,580	—	4,35,219	13,37,81,361	5,50,00,164	—	2,14,138	6,19,97,673	7,17,83,688	7,92,16,416
1MW Power Plant, Vuyyuru	3,01,95,242	—	—	3,01,95,242	1,22,81,021	—	—	1,38,42,409	1,63,52,833	1,79,14,221
Calcium Lactate Plant, Vuyyuru	3,09,15,875	18,126	—	3,09,34,001	34,20,615	—	—	48,60,834	2,60,73,167	2,74,95,260
C02 Unit, Vuyyuru	1,81,07,508	—	2,48,956	1,78,58,552	19,48,471	—	45,269	28,53,837	1,50,04,715	1,61,59,037
Total	217,85,03,874	8,88,18,343	2,30,67,359	224,42,54,858	79,68,78,843	10,62,53,594	1,12,22,360	89,19,10,077	135,23,44,781	138,18,53,948
Less: Internal Transfers	—	5,55,048	5,55,048	—	2,28,917	—	2,28,917	—	—	—
Grand total	217,85,03,874	8,82,63,295	2,25,12,311	224,42,54,858	79,66,49,926	10,62,53,594	1,09,93,443	89,19,10,077	135,23,44,781	138,18,53,948

E. FIXED ASSETS

AMT IN RUPEES

		AMT IN RS.	
		As at 31.03.2010	As at 31.03.2009
F. INVESTMENTS :			
SHARES OF COMPANIES:		<i>No. of Shares</i>	
Long Term			
A. Trade Investments:			
<i>Unquoted Equity Shares - Fully paid</i>			
<i>In subsidiary companies:</i>			
(1) The EIMCO-K.C.P Limited	6,00,000	60,00,000	60,00,000
<i>(including 10 Shares held by the nominees of the Company)</i>			
(2) KCP Sugars Agricultural Research Farms Limited	22,50,000	2,25,00,000	2,25,00,000
<i>(including 6 Shares held by the nominees of the Company)</i>			
B. Non- Trade Investments:			
<i>(i) Unquoted Equity Shares - Fully paid</i>			
Agri Business Finance (AP) Ltd	50,000	5,00,000	5,00,000
<i>(ii) Quoted Equity Shares - Fully Paid:</i>			
(1) The Jeypore Sugar Company Limited	16,580	8,21,936	8,21,936
(2) Krishna Industrial Corporation Limited	52,501	5,00,010	5,00,010
(3) Sri Sarvaraya Sugars Limited	1,50,000	17,00,000	17,00,000
(4) Nava Bharat Ventures Ltd	68,040	3,47,934	3,47,934
<i>(Face value of Rs.2/- each)</i>			
(5) Balrampur Chini Mills Ltd	1,000	9,146	9,146
<i>(Face value of Re.1/- each)</i>			
(6) Bannari Amman Sugars Ltd	50	2,547	2,547
(7) The Dhampur Sugar Mills Ltd	100	6,013	6,013
(8) Sakthi Sugars Ltd	50	815	815
(9) Bajaj Hindustan Limited	1000	5,601	5,601
<i>(Face value of Re.1/- each)</i>			
(10) Kothari Sugars and Chemicals Limited	5	50	50
(11) Oswal Sugars Limited	100	404	404
(12) Thiru Arooran Sugars Limited	100	7,326	7,326
(13) Simbholi Sugars Limited	100	1,026	1,026
(14) EID Parry (India) Ltd	500	7,486	7,486
<i>(Face value of Rs.2/- each)</i>			
(15) Coromandel International Ltd <i>(Formerly Coromandel Fertilizers Ltd). (Face value of Rs.2/- each)</i>	165	—	—
<i>(Allotted one share for every 3 shares of EID Parry (I) Ltd as per demerger)</i>			
(16) The Andhra Sugars Ltd	100	2,348	2,348
(17) Avon Organics Ltd	100	5,580	5,580
(18) Indian Sucrose Ltd	100	680	680
(19) Citric (I) Ltd <i>(Pending registration of transfer)</i>	100	790	790
(20) Jubilant Organosys Ltd <i>(formerly Vam Organic Chemicals Ltd) (Face value of Re.1/- each)</i>	1,600	11,268	11,268

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET (CONTD.)

		AMT IN RS.	
		As at 31.03.2010	As at 31.03.2009
F. INVESTMENTS (Continued)			
B. Non- Trade Investments Current			
(ii) Quoted Equity Shares - Fully Paid:			
(21) Automotive Stampings and Assemblies Ltd.	2,000	2,08,814	2,08,814
(22) Blue Star Ltd. (Face value of Rs.2/- each) (Includes 15,800 shares purchased during the year for Rs.58,17,511/-)	22,168	67,01,244	8,83,733
(23) Gujarat Gas Company Ltd. (Face value of Rs. 2/- each) (Includes 2,500 shares purchased during the year for Rs.6,50,186/- and 2,250 Bonus Shares)	7,000	11,26,323	4,76,137
(24) Indraprastha Gas Ltd. (Includes 49,500 shares purchased during the year for Rs.95,59,781/-)	1,01,784	1,57,06,570	61,46,789
(25) ISMT Ltd.	12,000	6,61,917	6,61,917
(26) Subex Azure Ltd.	4,268	15,26,151	15,26,151
(27) Yuken India Ltd.	715	1,22,009	1,22,009
(28) Container Corporation of India Ltd.	3,128	27,03,468	27,03,468
(29) Marico Ltd. (Face value of Re.1/- each)	24,000	12,43,982	12,43,982
(30) Bank of Baroda	370	1,00,191	1,00,191
(31) Bharat Petroleum Corporation Ltd.	30	11,732	11,732
(32) Bank of India	650	1,00,095	1,00,095
(33) Hero Honda Motors Ltd. (Face value of Rs.2/- each)	125	96,910	96,910
(34) Union Bank of India	775	99,540	99,540
(35) Precision Wires India Ltd.	2,600	4,48,027	4,48,027
(36) Apar Industries Ltd	2,078	3,69,636	3,69,636
(37) Asian Paints Ltd. (Includes 200 shares purchased during the year for Rs.3,56,363/-)	1,845	17,99,313	14,42,950
(38) Savitha Oil Technologies Ltd (formerly Savita Chemicals Ltd.) (Includes 5434 shares purchased during the year for Rs.18,78,948/-)	6,279	20,95,832	2,16,884
(39) Axy's Health	50,000	32,50,000	32,50,000
(40) Geodesic Information Systems Ltd. (Face value of Rs.2/- each)	6,136	4,55,816	4,55,816
(41) Global Telesystems Ltd	2,000	3,84,368	3,84,368
(42) Tata Motors Ltd.	233	1,43,686	1,43,686
(43) Tata Motors Ltd (A Ordinary Shares).	33	10,065	10,065
(44) Tata Tea Ltd.	200	1,40,559	1,40,559
(45) Monsanto India Ltd.	100	1,71,168	1,71,168
Purchased during the year:			
(46) Vikas Wsp Ltd. (Face value of Re.1/- each)	3,51,850	1,09,04,704	—
Mutual Fund			
(47) SBI Mutual Fund-Liquid Fund-Institutional-Daily Dividend Option (Units).	1,06,51,620.223	10,65,80,112	—
Purchased and Sold during the year:			
(48) ING Treasury Advantage Fund - Institutional-Daily Dividend (10182521.7350 units purchased and sold during the year)			
(49) ING Liquid Fund-Institutional-Daily Dividend Option (4045105.419 units purchased and sold during the year)			
(50) SBI SHF Ultra Short Term Fund - Institutional plan - Daily Dividend (23476083.661 units purchased and sold during the year)			
(51) SBI Magnum Insta Cash Fund - Daily Dividend Option (18731094.3519 units purchased and sold during the year)			
(52) LIC MF - Savings Plus Fund - Daily Dividend Plan (28577462.2030 units purchased and sold during the year)			
(53) HDFC Cash Management Fund - Treasury Advantage Plan - wholesale Daily Dividend (25715489.465 units purchased and sold during the year)			
(54) UTI Liquid Cash Plan Regular Daily Income Option - Reinvestment (13812.811 units purchased and sold during the year)			
		18,95,93,192	5,38,45,587

NOTE:

1. The Face value of the above Equity Shares is Rs.10/- each unless otherwise mentioned.			
2. Aggregate of Quoted Investments	- At cost	5,40,13,080	2,48,45,587
	- At market value	11,25,43,943	3,48,23,786
3. Aggregate of Unquoted Investments at Cost		2,90,00,000	2,90,00,000
4. Aggregate of Investments in Mutual Funds - At Cost		10,65,80,112	—

	AMT IN RS.	
	As at 31.03.2010	As at 31.03.2009
G. INVENTORIES		
Stores and Spares	5,48,20,616	4,51,45,561
Raw Materials	92,463	1,03,296
Crops under cultivation	28,19,599	7,07,974
Work-in-progress	97,27,396	93,17,904
Finished Goods	<u>104,23,59,528</u>	<u>122,93,09,512</u>
	<u>110,98,19,602</u>	<u>128,45,84,247</u>
H. SUNDRY DEBTORS		
Sundry Debtors - Unsecured		
Debts outstanding for a period exceeding six months - Considered Good	31,39,459	98,13,772
Considered doubtful	<u>63,04,846</u>	<u>0</u>
	<u>94,44,305</u>	<u>98,13,772</u>
Less: Provision	<u>63,04,846</u>	<u>0</u>
	<u>31,39,459</u>	<u>98,13,772</u>
Other Debts - Considered Good	<u>4,74,17,767</u>	<u>2,64,51,488</u>
	<u>5,05,57,226</u>	<u>3,62,65,260</u>
I. CASH AND BANK BALANCES		
Cash on hand	7,96,517	7,09,547
Balances at Scheduled Banks :		
In Current Accounts	4,46,22,080	4,91,99,149
In Fixed Deposits	<u>80,92,654</u>	<u>79,60,131</u>
	<u>5,35,11,251</u>	<u>5,78,68,827</u>
J. OTHER CURRENT ASSETS		
Interest and Dividend accrued on Deposits and Investments	52,89,046	18,15,538
K. LOANS AND ADVANCES		
Advances		
(unsecured, recoverable in cash or in kind or for value to be received)		
Considered Good:		
To Subsidiary Companies *	1,35,00,000	1,73,90,211
To others	<u>17,05,65,881</u>	<u>14,16,23,770</u>
	<u>18,40,65,881</u>	<u>15,90,13,981</u>
Considered doubtful	<u>4,19,925</u>	<u>4,19,925</u>
	<u>18,44,85,806</u>	<u>15,94,33,906</u>
Less: Provision	<u>4,19,925</u>	<u>4,19,925</u>
	<u>18,40,65,881</u>	<u>15,90,13,981</u>
Prepaid expenses	4,01,12,956	41,62,762
Excise duty paid in advance	40,22,800	25,71,903
Advance Income-tax paid (including FBT) (Net)	2,31,27,238	1,46,27,238
Income Tax deducted at source	53,47,816	44,21,062
Deposits with the Government Departments etc. recoverable	65,61,607	63,67,571
Claims receivable	<u>3,92,86,082</u>	<u>2,32,55,821</u>
	<u>30,25,24,380</u>	<u>21,44,20,338</u>

* Outstanding Advances with Subsidiary Companies consist of :-

The Eimco KCP Ltd - Rs.1,35,00,000/- (P.Y. Rs.1,73,90,211/-) The Maximum outstanding during the year was Rs.6,47,76,823/- (P.Y. Rs.2,60,28,415/-)

KCP Sugars Agricultural Research Farms Ltd :- "Nil" (P.Y. Nil) The Maximum outstanding during the year was Rs.6,35,320/- (P.Y. Rs.3,31,060/-)

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET (CONTD.)

	AMT IN RS.	
	As at 31.03.2010	As at 31.03.2009
L CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES :		
Sundry Creditors		
- Due to micro,small and medium enterprises (Refer note No.4)	—	—
- Due to others	54,07,10,586	56,08,56,425
(including Rs.1,01,75,378/- due to Directors. P.Y. Rs.16,71,878/- & Rs.NIL due to Subsidiary Companies P.Y. Rs.Nil)		
Unclaimed Fixed Deposits *	14,09,392	18,50,741
Unclaimed Dividends	1,12,14,339	1,08,82,854
Unclaimed Interest on Fixed Deposits	41,43,606	34,64,203
Advances received against sales	26,43,029	72,90,085
Trade Deposits	1,23,300	1,23,300
Staff Security Deposits	1,73,000	2,04,387
Interest accrued but not due on loans	1,63,73,420	1,07,17,441
	<u>57,67,90,672</u>	<u>59,53,89,436</u>
B. PROVISIONS :		
Provision for Leave encashment	1,38,36,266	1,20,95,182
Provision for Gratuity	2,32,77,829	81,97,080
Proposed Dividend (See Directors' Report)	8,50,38,788	7,93,69,535
Tax on Distributed Profits	1,44,52,342	1,34,88,853
	<u>13,66,05,225</u>	<u>11,31,50,650</u>
	<u>71,33,95,897</u>	<u>70,85,40,086</u>

* There is no unclaimed deposit for more than 7 years which is required to be transferred to Investor Education and Protection Fund.

	AMT IN RS.	
	2009-2010	2008-2009
M. OTHER INCOME		
Interest received from Banks and others (Tax deducted on above Rs.7,21,652/- P.Y. Rs.24,33,116/-)	66,99,235	1,60,76,685
Dividends Received on other than Trade Investments	1,53,30,025	68,38,881
Rent received (Tax deducted on above Rs.2,51,430/- P.Y. Rs.3,20,661/-)	39,50,049	40,31,650
Miscellaneous Receipts	83,18,878	1,14,97,824
Profit on sale of Assets	38,01,922	1,34,23,960
Unclaimed balances credited back	64	5,007
Claims received	6,58,816	10,23,171
Provision for expenses no longer required credited back	22,66,708	5,77,599
	<u>4,10,25,697</u>	<u>5,34,74,777</u>
N. INCREASE / (DECREASE) IN STOCKS		
Opening Stocks :		
Crops under cultivation	7,07,974	20,02,454
Work-in-Progress	93,17,904	2,09,91,208
Finished goods	122,93,09,512	118,42,26,450
	<u>123,93,35,390</u>	<u>120,72,20,112</u>
Closing Stocks :		
Crops under cultivation	28,19,599	7,07,974
Work-in-Progress	97,27,396	93,17,904
Finished goods	104,23,59,528	122,93,09,512
	<u>105,49,06,523</u>	<u>123,93,35,390</u>
Increase/(Decrease) in stocks	(18,44,28,867)	3,21,15,278
O. PAYMENTS AND BENEFITS TO EMPLOYEES		
Salaries, Wages and Bonus	19,39,16,796	18,91,39,566
Payments under Voluntary Retirement Scheme	33,92,343	1,28,87,452
Contribution to Provident Fund and Pension Scheme	1,27,44,680	1,15,93,784
Contribution to Superannuation Fund	8,82,268	10,48,989
Contribution to Gratuity Fund & Gratuity paid including provision	1,95,42,418	62,68,487
Workmen and Staff Welfare expenses	1,62,10,078	1,51,50,916
	<u>24,66,88,583</u>	<u>23,60,89,194</u>

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT (CONTD.)

		AMT IN RS.	
		2009-2010	2008-2009
P. MANUFACTURING, SELLING, ADMINISTRATIVE AND OTHER EXPENSES			
MANUFACTURING			
Process Chemicals		1,82,72,504	2,59,52,105
Packing Materials		2,93,93,700	3,40,80,206
Cultivation Expenses		57,03,829	43,90,851
Power and Fuel	Rs.35,70,71,920/-		P.Y. Rs.45,48,25,573/-
Less: Inter Divisional Transfers	<u>Rs.34,27,13,684/-</u>		<u>P.Y. Rs.43,78,77,115/-</u>
Net Power and Fuel		1,43,58,236	1,69,48,458
Insurance		25,89,438	38,83,410
Research & Development		3,94,07,668	6,94,59,111
Repairs to Buildings		58,86,836	62,16,164
Repairs to Machinery		5,04,68,363	6,08,14,883
Repairs to Other Assets		34,38,218	29,30,153
		<u>16,95,18,792</u>	<u>22,46,75,341</u>
SELLING			
Loading, Unloading, Transport etc.		89,35,847	95,03,462
Royalty		1,23,051	3,48,308
		<u>90,58,898</u>	<u>98,51,770</u>
ADMINISTRATIVE			
Rent		3,06,510	2,93,460
Payments to Auditors (see note No 14)		6,48,018	6,39,094
Directors Sitting fees		12,00,000	10,20,000
Remuneration to Whole time and other Directors (See Note No 15)		1,90,81,901	1,05,90,056
Miscellaneous expenses		4,72,66,053	4,91,96,267
		<u>6,85,02,482</u>	<u>6,17,38,877</u>
Others			
Loss on Sale of assets		2,31,140	1,20,648
Net value of discarded assets written off		94,67,195	39,54,589
Bad debts and Debit balances written off		17,184	19,85,289
Provision for Doubtful Debts		63,04,846	—
Excises Duty and Taxes		2,25,88,455	3,15,40,181
		<u>3,86,08,820</u>	<u>3,76,00,707</u>
		<u>28,56,88,992</u>	<u>33,38,66,695</u>

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL

The Financial Statements have been prepared on the basis of going concern, under the historic cost convention, to comply in all the material aspects with applicable accounting principles in India, the Accounting Standards notified under section 211 (3C) of the Companies Act, 1956 and the relevant provisions of the said Act.

2. FIXED ASSETS

- a. Fixed assets are stated at the values at which they are acquired, less accumulated depreciation. The value at which fixed assets are acquired includes all related expenses upto the date of putting them to use.
- b. Modvat Credit availed on acquisition of Fixed Assets is reduced from the cost of the concerned assets.

3. DEPRECIATION

Depreciation is provided under straight line method except in respect of assets appearing in the books of the Registered Office of the Company, which are depreciated under written down value method, in accordance with the rates and rules prescribed under Schedule XIV to the Companies Act, 1956. Assets costing less than Rs.5000/- are depreciated within the year of acquisition.

4. INVESTMENTS

Long-term investments are stated at cost, less provision for other than temporary diminution in value. Current investments are stated at the lower of cost or market value.

5. INVENTORIES

- a) Finished goods are valued as follows and increased by Excise Duty thereon as applicable.
 - All finished goods are valued at lower of weighted average cost or net realisable value except Levy Sugar which is valued at lower of weighted average cost or levy rate.
 - Molasses, a by product is valued at estimated net realisable value.
- b) Stock of Scrap is not valued and therefore not recognised in the accounts. Sale of Scrap, as and when made, is accounted for.
- c) Crops under cultivation are valued at cost.
- d) Work in progress is valued at lower of weighted average cost or net realisable value of the finished goods duly adjusted according to the percentage of progress.
- e) Raw materials, stores, spares, materials in transit are valued at weighted average cost. However, when the net realisable value of the finished goods they are used in is less than the cost of the finished goods and if the replacement cost of such materials etc. is less than their holding cost in such an event, they are valued at replacement cost.

6. SALES AND OTHER EARNINGS

- a) Sales are inclusive of excise duty, freight, insurance etc. recovered thereon.
- b) Power generated in Power Plant Units and supplied to the other units of the Company is accounted for at the rate at which the Company purchases power from other power producers.

7. FOREIGN EXCHANGE TRANSACTIONS

- a) Transactions in foreign currency are initially accounted at the exchange rate prevailing on the date of the transaction, and adjusted appropriately with the difference in the rate of exchange arising on actual receipt/payment during the year.
- b) At each Balance Sheet date
 - foreign currency monetary items are reported using the rate of exchange on that date
 - foreign currency non-monetary items are reported using the exchange rate at which they were initially recognized
- c) In respect of forward exchange contracts in the nature of hedges
 - Premium or discount on the contract is amortised over the term of the contract,
 - Exchange differences on the contract are recognized as profit or loss in the period in which they arise

8. RESEARCH AND DEVELOPMENT EXPENDITURE

In respect of approved Research and Development programmes, expenditure of capital nature is included in the Fixed Assets and the other expenditure is charged off to revenue, in the year in which such expenditure is incurred.

9. EMPLOYEE BENEFITS**(i) Long-term Employee Benefits****(a) Defined Contribution Plans**

The Company has Defined Contribution Plans for post employment benefits for certain employees in the form of Superannuation Fund which is recognised by the Income Tax authorities and administered through Trustees and Life Insurance Corporation of India (LIC) and Provident Fund for all employees. These plans constitute insured benefits, as the Company has no further obligation beyond making the contributions. The Company's contributions to Defined Contribution Plans are charged to the Profit and Loss Account as incurred.

(b) Defined Benefit Plans

(i) Gratuity - The Company has Defined Benefit Plan for post employment benefit for all employees in the form of Gratuity. For certain employees the post employment benefits in the form of Gratuity Fund, which is recognised by the Income Tax authorities and administered through Trustees and Life Insurance Corporation of India (LIC). Liability for Defined Benefit Plan is provided on the basis of valuation, as at the Balance Sheet date, carried out by LIC of India. The actuarial valuation method used by LIC of India for measuring the liability is the Projected Unit Credit Method.

(ii) Leave Encashment – Entitlement to annual leave and sick leave are recognised when they accrue to employees. The Company determines the liability for such accumulated leaves at each Balance Sheet date and the same is charged to revenue accordingly.

10. TAXATION

Provision is made for income tax liability estimated to arise on the results for the year at the current rate of tax in accordance with the Income Tax Act, 1961.

Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax.

Deferred tax assets arising on account of brought forward losses and unabsorbed depreciation are recognized only when there is virtual certainty supported by convincing evidence that such assets will be realized. Deferred tax assets arising on other temporary timing differences are recognized only if there is a reasonable certainty of realization.

11. BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing cost are charged to revenue.

12. IMPAIRMENT OF ASSETS

At the date of each Balance Sheet, the company evaluates internally, indications of the impairment if any, to the carrying amount of its fixed and other assets. If any indication does exist, the recoverable amount is estimated at the higher of the realizable value and value in use, as considered appropriate. If the estimated realizable value is less than the carrying amount, an impairment loss is recognized.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

13. 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 in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

BALANCE SHEET

1. Contingent liabilities:

- i) Claims against the company not acknowledged as debts:

Particulars	31.03.2010	31.03.2009
	Amount – Rs.	
Labour Cases	44,62,194	3,84,495
Central Excise Cases	1,91,12,314	1,91,12,314
Case on Duty relating to Captive Power Generation	2,61,69,375	2,61,69,375
TOTAL	4,97,43,883	4,56,66,184

- ii) Outstanding Guarantees furnished by banks on behalf of the company is Rs.53,49,438/- (P.Y. Rs. 59,24,438/-)

2. Cash and Bank Balances include:

- i) Rs.2,81,243/- (P.Y. Rs.3,17,769/-) on account of staff security deposits.
- ii) Rs.8,83,362/- (P.Y. Rs.8,73,362/-) representing Fixed Deposit receipts lodged with bankers as margin money against guarantees issued by them.
- iii) Rs.68,19,000/- (P.Y. Rs.67,69,000/-) in Fixed Deposit in accordance with the Companies (Acceptance of deposits) Rules 1975.
- iv) Rs.1,12,14,339/- (P.Y. Rs.1,08,82,854/-) towards unclaimed dividends in accordance with Section 205 of the Companies Act.

3. "Unsecured Loans" - include: Fixed Deposits of Rs. 3,00,00,000/- (P.Y. Rs. 3,00,00,000/-) received from a Whole-time Director of the Company.

4. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the Act have not been given.

5. Disclosure under Accounting standard 15 (AS 15):

Employee Benefits:

Defined benefit plans	Amt in Rs.	
	2009-2010	2008-2009
Gratuity		
(I) Change in Benefit Obligation		
Liability at the beginning of the year	6,33,83,088	5,99,33,869
Transitional liability		
Interest Cost	50,58,809	42,75,733
Current Service Cost	40,19,201	40,27,524
Benefit Paid	59,05,464	-59,55,861
Actuarial (gain)/loss on obligations	1,50,41,746	11,01,823
Liability at the end of the year	8,15,97,380	6,33,83,088
(II) Fair value of Plan Assets		
Fair value of plan assets at the beginning of the year	5,51,86,008	2,53,86,351
Expected Return on Plan Assets	49,16,007	35,43,487
Contributions	33,09,712	3,15,69,300
Benefit Paid	50,92,176	51,41,662
Actuarial gain/(loss) on Plan Assets	—	1,71,468
Fair Value of plan assets at the end of the year	5,83,19,551	5,51,86,008
(III) Actual Return on Plan Assets		
Expected Return on Plan Assets	49,16,007	35,43,487
Actuarial gain/(loss) on plan Assets	—	-1,71,468
Actual Return on Plan Assets	49,16,007	33,72,019
(IV) Amount Recognised in the Balance Sheet		
Liability at the end of the year	8,15,97,380	6,33,83,088
Fair value of Plan Assets at the end of the year	5,83,19,551	5,51,86,008
Difference (Unfunded)	2,32,77,829	81,97,080
Amount Recognised in the Balance Sheet	2,32,77,829	81,97,080
(V) Expenses Recognised in the Income Statement		
Current Service Cost	40,19,201	40,27,524
Interest Cost	50,58,809	42,75,733
Expected Return on Plan Assets	49,16,007	35,43,487
Net Actuarial (Gain)/ loss to be recognised	1,50,41,746	12,73,291
Expenses Recognised in P & L	1,92,03,749	60,33,061
(VI) Actuarial Assumptions For the Year		
Discount Rate Current	8.00%	7.50%
Salary Escalation Current	7.00%	5.00%
Expected rate of return on plan assets	8.00%	9.25%
L I C Mortality rate 1994 - 1996 ultimate		

Provident Fund:

The Company manages Provident fund plan through a Provident Fund Trust for its employees, which is permitted under The Employees Provident Fund and Miscellaneous Provisions Act, 1952. The plan envisages contribution by the employer and employees and guarantees interest at the rate notified by the Provident Fund Authority. The contribution by employer & employee, together with interest, are payable at the time of separation from service or retirement, whichever is earlier. The benefit under this plan vests immediately on rendering of service.

The Guidance Note on implementing AS-15, Employee Benefits(revised 2005) issued by the Accounting Standard Board (ASB) states that provident fund set up by employers, which require interest shortfall to be met by the employer, need to be treated as defined benefit plan. Pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed inability to reliably measure the Provident fund liability. However, there is no deficit in the fund in this regard.

6. Details of provisions made in the accounts are:

Description	At the beginning of the year	Addition	Used	At the end of the year
	Rs.	Rs.	Rs.	Rs.
Provision for leave encashment	1,20,95,182	68,14,422	50,73,338	1,38,36,266
Provision for gratuity	81,97,080	1,97,13,248	46,32,499	2,32,77,829
Provision for Income Tax	9,65,88,002	12,15,00,000		21,80,88,002
Provision for FBT	31,24,681	-	47,355	30,77,326
Proposed Dividend	7,93,69,535	8,50,38,788	7,93,69,535	8,50,38,788
Tax on Proposed Dividend	1,34,88,853	1,44,52,342	1,34,88,853	1,44,52,342
Total	21,28,63,333	24,75,18,800	10,26,11,580	35,77,70,553

7. Major components of deferred tax assets and liabilities arising on account of timing differences are

Particulars	Assets Rs.		Liabilities Rs.	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
a) Depreciation			27,33,87,498	28,78,93,073
b) Unamortized Voluntary Retirement Compensation	35,98,857	39,37,529		
c) Excise Duty on Closing Stock	1,35,56,190	2,12,21,739		
d) Other deferred tax assets	1,83,67,290	90,25,825		
Total	3,55,22,337	3,41,85,093	27,33,87,498	28,78,93,073

8. Disclosure required by Clause 32 of the Listing Agreement:

Loans and Advances to Subsidiary Companies	Outstanding as at Rs.		Maximum Amount outstanding during the year Rs.	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
The Eimco-K.C.P.Ltd.	1,35,00,000	1,73,90,211	6,47,76,823	2,60,28,415
KCP Sugars Agricultural Research Farms Ltd.	NIL	NIL	6,35,320	3,31,060

PROFIT AND LOSS ACCOUNT:

9. Sale of Products and Services (including Excise Duty)

Products / Services	Units	2009-2010		2008-2009	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar	Qtls	8,53,284	226,12,30,134	8,71,363	152,42,28,174
Molasses	MTs	15,522	10,96,92,791	28,808	12,57,96,953
Bagasse	MTs	39,774	4,95,49,078	52,920	7,73,95,002
Industrial Alcohol	BLs	28,62,705	9,28,75,226	48,05,199	12,40,04,898
Anhydrous Alcohol	BLs	—	—	16,35,000	4,02,33,263
Bio Fertiliser	Qtls	1,58,982	2,98,54,990	1,58,965	3,50,44,466
Electrical Energy	Kwh	1,14,79,000	3,25,21,846	9,93,900	29,23,319
Others	—	—	1,38,93,018	—	1,23,63,813
TOTAL			258,96,17,083		194,19,89,888

Note: Sale of Products does not include the following inter unit transfers:

Products / Services	Units	2009-2010		2008-2009	
		Quantity	Value in Rs	Quantity	Value in Rs
Sugar	Qtls	760	22,27,815	1,350	23,16,000
Molasses	MTs.	12,480	7,76,63,519	29,090	11,84,70,128
Bagasse	MTs.	1,43,616	15,55,73,334	1,50,110	19,88,83,192
Electrical energy	KWH	1,35,08,799	4,32,28,154	1,29,00,843	4,19,50,771
Steam	MTs.	4,51,064	14,38,24,924	3,01,175	19,70,43,152
Filter Cake	MTs.	37,500	3,75,000	37,250	3,72,500
Sugarcane - Agricultural Produce	MTs.	1,045	28,57,825	1,764	24,42,410
Bio Gas	M3	2,18,179	87,272	—	—
TOTAL			42,58,37,843		56,14,78,153

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

10. Raw Materials Consumed

Particulars	Units	2009-2010		2008-2009	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar - Sugarcane	MTs	6,40,281	133,24,59,470	7,17,363	100,38,86,851
Distillery - Molasses	MTs	12,480	8,56,94,403	29,090	13,46,20,315
Others			48,27,541		60,54,343
TOTAL			142,29,81,414		114,45,61,509
Less: Inter Divisional Transfers			8,31,24,159		12,36,01,038
Net Consumption			133,98,57,255		102,09,60,471

11. Opening Stock of Finished Goods

Particulars	Units	As at 01.04.2009		As at 01.04.2008	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar	Qtls	6,24,173	105,83,47,267	7,62,580	107,69,51,310
Molasses	MTs	22,961	14,01,40,151	46,339	9,29,93,308
Industrial Alcohol	BLs	8,01,050	1,92,19,924	5,62,766	65,90,428
Bio Fertiliser	Qtls	25,558	85,63,857	85,129	26,09,417
Others		—	30,38,313	—	50,81,987
TOTAL			122,93,09,512		118,42,26,450

12. Closing Stock of Finished Goods

Particulars	Units	As at 31.03.2010		As at 31.03.2009	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar	Qtls	3,63,445	88,24,57,798	6,24,173	105,83,47,267
Molasses	MTs	27,469	10,26,57,485	22,961	14,01,40,151
Industrial Alcohol	BLs	15,14,414	4,48,79,966	8,01,050	1,92,19,924
Bio Fertiliser	Qtls	5,161	1,05,30,804	25,558	85,63,857
Others			18,33,475		30,38,313
TOTAL			104,23,59,528		122,93,09,512

13. Particulars regarding Capacity and Production

Class of Goods	Capacity			Actual Production	
	Licensed	Installed	Units	2009-2010	2008-2009
	(as certified by the Management)				
a. Sugar					
(i) Vuyyuru Unit	7,500	7,500	Qtls	4,64,110	6,11,620
	(Tonnes of Cane crushed per day)				
(ii) Lakshmipuram	4,000	4,000	Qtls	1,29,206	1,22,686
	(Tonnes of Cane crushed per day)				
b. Molasses (By-Product)			MT's	32,510	34,523
c. Industrial Alcohol / Anhydrous Alcohol	50,000	50,000	BL per day	35,93,969	64,03,467
d. Bio Fertiliser			Qtls	1,38,585	99,394
e. Electrical Power					
(i) Incidental Co - Generation Power Plant. Vuyyuru	15 MW	15 MW	Kwh	2,51,74,400	1,46,04,700
(ii) Incidental Co - Generation Power Plant. Lakshmipuram	5 MW	5 MW	Kwh	36,52,500	31,13,427

14. Payments to Auditors comprise:

Particulars	2009-2010 Rs.	2008-2009 Rs.
For Statutory audit	2,75,750	2,75,750
For Certification and other Services	2,09,570	2,13,484
Out of Pocket Expenses	52,398	37,500
	5,37,718	5,26,734
Fees to Cost Auditor	1,10,300	1,12,360
Total	6,48,018	6,39,094

15. REMUNERATION TO DIRECTORS

- (i) Computation of Net Profit in accordance with Sec 349 of the Companies Act, 1956 for the year ended 31.03.2010

	Rs.
Net Profit as per Profit and Loss Account	34,30,94,116
ADD:	
Directors' sitting fees	12,00,000
Remuneration to Directors	1,90,81,901
Profit on Sale of Fixed assets allowable in accordance with the proviso to sub section (3)(d) of Section 349	28,85,838
	2,31,67,739
LESS:	
Profit on sale of fixed assets considered separately	38,01,922
	38,01,922
Adjusted Net Profit for the year Under section 349	36,24,59,933

- (ii) Details of Remuneration to Directors

Particulars	Managing Director	Executive Director
Salaries	48,00,000	36,00,000
Contribution to Provident Fund	—	4,32,000
Other Perquisites	—	74,523
Commission	60,73,798	31,42,676
Total	1,08,73,798	72,49,199

Note:

- (i) In addition to above, the cost to the company charged in its accounts for the year on account of the perquisites allowed to the Executive Director, works out to Rs.23,946/- and Rs.5,57,200/- as per Income Tax rules respectively.
- (ii) Aggregate Commission @ 1% of the above Profits, payable to the Non-wholetime Directors for the period they were in office subject to a ceiling of Rs.1,75,000/- to each of them, works out to Rs.9,58,904/-

	2009-2010 Rs.	2008-2009 Rs.
16. a) Miscellaneous Expenses include - Donations	21,76,086	4,60,000
b) Interest paid includes:		
On Fixed Loans	3,02,73,236	2,34,18,667
On Deposits from Wholetime Director	31,61,644	30,09,515

17. Value of Imports made by the Company during the financial year calculated on C.I.F. basis:

Particulars	2009 – 2010	2008 – 2009
	Rs.	Rs.
i) Raw Materials	Nil	Nil
(ii) Components and Spare parts	Nil	Nil
(iii) Capital Goods	Nil	Nil

18. Expenditure in Foreign Currency during the financial year on account of:

(i) Foreign Travel	2,75,900	84,554
(ii) Others	1,00,048	6,56,801

19. Comparison between consumption of Imported and Indigenous raw materials, spare parts and components during the financial year:

	Particulars	2009 – 2010 Rs.	%	2008 – 2009 Rs.	%
a)	Raw Materials:				
i)	Imported	Nil	—	Nil	—
ii)	Indigenous	133,98,57,255	100.00	102,09,60,471	100.00
b)	Spare parts and Components: (debited to respective heads)				
i)	Imported	Nil	—	Nil	—
ii)	Indigenous	10,80,01,358	100.00	12,26,22,498	100.00

20. Related party disclosures:

(As required under paragraphs 23 and 26 of Accounting Standard 18)

A. Note: Names of related parties and description of relationship:

- | | |
|-----------------------------|--|
| 1. Subsidiaries | a) The Eimco-K.C.P.Ltd., Chennai, India.
b) KCP Sugars Agricultural Research Farms Ltd. Chennai, India. |
| 2. Key Management Personnel | a) Shri. Vinod R. Sethi, Executive Chairman
b) Smt. Irmgard Velagapudi M Rao, Managing Director.
c) Smt. V. Kiran Rao, Executive Director. |

Particulars	Subsidiaries		Key Management Personnel	
	2009-10	2008-09	2009-10	2008-09
B. Transactions during the year				
Sale of asset	—	5,81,723		
Interest received	22,25,166	20,48,454		
Rent received	2,70,000	2,70,000		
Remuneration paid to key management personnel			1,84,97,997	98,35,056
Advances given	5,12,03,624	2,39,73,794		
Advances received back	5,50,93,835	1,91,92,060		
Guarantees given on behalf of	—	—		
Interest on fixed deposits paid to			31,61,644	30,09,515
C. Closing balances as on 31/03/2010				
(a) The EIMCO KCP Ltd	1,35,00,000	1,73,90,211		
(b) KCP Sugars Agricultural Research Farms Ltd	NIL	NIL		
(c) Share capital held in subsidiary companies	2,85,00,000	2,85,00,000		
(d) Share capital held by key management personnel			17,33,310	17,33,310
(e) Fixed deposits held by			3,00,00,000	3,00,00,000

21. Earnings per share (EPS) – The numerators and denominators used to calculate Basic and Diluted Earnings per share

Particulars		2009-2010 Rs.	2008-2009 Rs.
Profit attributable to the Shareholders	A	23,74,36,935	11,32,88,263
Basic / Weighted average number of Equity Shares outstanding during the year	B	11,33,85,050	11,33,85,050
Nominal value of Equity Shares		1.00	1.00
Basic / Diluted Earnings per share	A/B	2.09	0.999

22. General :

Sundry debtors, creditors and loans and advances are subject to confirmation.

Paise have been rounded off.

Figures in brackets indicate those for the previous year.

Figures for the previous year have been regrouped, wherever necessary.

Signature to Schedules A to P, Statement of Significant Accounting policies and Notes.

As per our report of even date

For and on behalf of the Board

For **B.PURUSHOTTAM & CO.**
Chartered Accountants
FRN 002808S

IRMGARD VELAGAPUDI M. RAO
Managing Director

B.S.PURSHOTHAM
Partner
M.No. 26785

V. KIRAN RAO
Executive Director

Chennai
17.06.2010

R.GANESAN
General Manager (Finance)

S.CHIDAMBARAM
Dy.General Manager (Finance) &
Company Secretary

K.A.RANGASWAMY
Director &
Chairman-Audit Committee

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

CASH FLOW STATEMENT ANNEXED TO FINANCIAL STATEMENTS
Pursuant to Clause 32 of the Listing Agreement

Amt. in Rs.

	2009 - 10	2008 - 09
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and Extraordinary Items	34,30,94,116	18,24,72,928
Adjustments for:		
Depreciation	10,62,53,594	10,85,34,709
Loss/(Profit) on Sale of Assets	(35,70,782)	(1,33,03,312)
Assets written off	94,67,195	39,54,589
Provision for doubtful debts	63,04,846	
Bad debts and Debit balances written off	17,184	
Dividend Income	(1,53,30,025)	(68,38,881)
Interest paid	3,19,62,187	3,60,18,087
Interest received	(66,99,235)	(1,60,76,685)
Operating Profit before Working Capital Changes	47,14,99,080	29,47,61,435
Adjustments for :		
Trade and other Receivables	10,27,64,792	1,83,72,333
Inventories	(17,47,64,645)	1,68,05,408
Trade Payables	17,76,931	16,49,05,431
	(7,02,22,922)	20,00,83,172
Cash Generated from Operation	54,17,22,002	9,46,78,263
Direct Taxes Paid	13,09,26,754	3,78,65,310
Cash Flow Before Extraordinary Items	41,07,95,248	5,68,12,953
Extraordinary items	—	—
NET CASH FROM OPERATING ACTIVITIES	41,07,95,248	5,68,12,953
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	8,82,63,295	3,45,84,462
Investments purchased	13,57,47,605	1,92,453
Increase in Capital Work in Progress	34,12,268	(4,30,577)
Sale of Investments	—	—
Sale of Fixed Assets	(56,22,455)	(1,48,77,364)
Interest Received	(66,99,235)	(1,60,76,685)
Dividend Received	(1,53,30,025)	(68,38,881)
NET CASH USED IN INVESTING ACTIVITIES	19,97,71,453	(34,46,592)

Amt. in Rs.		
	2009 - 10	2008 - 09
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Long Term Borrowings	9,05,60,796	10,84,50,600
Interest Paid	3,19,62,187	3,60,18,087
Repayment of Finance Lease Liabilities	—	—
Dividends and Tax on dividend Paid (Including Interim)	9,28,58,388	6,63,27,420
NET CASH USED IN FINANCING ACTIVITIES	21,53,81,371	21,07,96,107
Net Increase in Cash and Cash Equivalents (A+B+C)	(43,57,576)	(15,05,36,562)
Cash and Cash Equivalents as at 01.04.2009	578,68,827	20,84,05,389
Cash and Cash Equivalents as at 31.03.2010	5,35,11,251	5,78,68,827

As per our report of even date

For and on behalf of the Board

For B.PURUSHOTTAM & CO.
Chartered Accountants
FRN 002808S

IRMGARD VELAGAPUDI M. RAO
Managing Director

B.S.PURSHOTHAM
Partner
M.No. 26785

V. KIRAN RAO
Executive Director

Chennai
17.06.2010

R.GANESAN
General Manager (Finance)

S.CHIDAMBARAM
Dy.General Manager (Finance) &
Company Secretary

K.A.RANGASWAMY
Director &
Chairman-Audit Committee

CERTIFICATE

To

The Members of

K.C.P. Sugar and Industries Corporation Limited

Chennai.

We have examined the attached Cash Flow Statement of **K.C.P. Sugar and Industries Corporation Limited**, for the year ended 31st March, 2010. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreement with the National Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our Report of 17th June, 2010 to the Members of the Company.

Place : Chennai

Date : 17th June, 2010.

For B Purushottam & Co.
Chartered Accountants,
FRN 002808S

B.S. Purshotham
(M. No. 26785)
Partner

I. Registration Details

Registration No. State Code Balance Sheet dated

II. Capital raised during the Year (Amount in Rs.Thousands)

Public Issue	Rights Issue	Bonus Issue	Private Placement	Others
<input type="text" value="NIL"/>	<input type="text" value="NIL"/>	<input type="text" value="NIL"/>	<input type="text" value="NIL"/>	<input type="text" value="NIL"/>

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Assets

Total Liabilities

Sources of Funds

Application of Funds

Paid-up Capital	1,13,385	Net Fixed Assets	13,69,822
Reserves & Surplus	15,92,595	Investments	1,89,593
Secured Loans	1,50,801	Net Current Assets	8,08,306
Unsecured Loans	2,73,075	Misc. Expenditure	—
Deferred Tax Liability	2,37,865		
Total	23,67,721	Total	23,67,721

IV. Performance of Company for the year ended 31st March 2010 (Amount in Rs.Thousands)

Turnover	Other Income	Decrease in stocks	Total Expenditure
<input type="text" value="30,15,455"/>	<input type="text" value="41,026"/>	<input type="text" value="1,84,429"/>	<input type="text" value="25,28,958"/>
Profit/(Loss) for the year before tax	Profit/Loss after tax	E.P.S. in Rs.	Dividend Rate %
<input type="text" value="3,43,094"/>	<input type="text" value="2,37,437"/>	<input type="text" value="2.09"/>	<input type="text" value="75"/>

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Product Description	Item Code No. ITC Code
<input type="text" value="Sugar"/>	<input type="text" value="170111.09"/>
<input type="text" value="Industrial Alcohol"/>	<input type="text" value="29.05"/>

As per our report of even date

For and on behalf of the Board

For **B.PURUSHOTTAM & CO.**

Chartered Accountants
FRN 002808S

B.S.PURSHOTHAM

Partner
M.No. 26785

Chennai
17.06.2010

R.GANESAN
General Manager (Finance)

S.CHIDAMBARAM
Dy.General Manager (Finance) &
Company Secretary

IRMGARD VELAGAPUDI M. RAO

Managing Director

V. KIRAN RAO
Executive Director

K.A.RANGASWAMY
Director &
Chairman-Audit Committee

I. THE EIMCO-KCP LIMITED:

1. The above Company is a wholly owned subsidiary of 'K.C.P.Sugar and Industries Corporation Limited', in which the Company holds the entire 6,00,000 shares of Rs.10/- each fully paid up (including 10 shares held by its Nominees).
2. The EIMCO-KCP Limited has earned a Net Profit of Rs.93,35,394/- (P.Y: Rs. 60,89,987/-) for the year ended 31.03.2010. After providing for current taxation of Rs.34,00,000/- (P.Y.Rs. 29,15,000) and reversal of Deferred Tax provision of Rs.3,71,380/- (P.Y.:Rs. 1,40,810/-) and the balance brought forward from previous year of Rs.2,86,40,902/- (P.Y.:Rs. 2,53,25,105/-) there remained a surplus of Rs.3,42,04,916/- (Rs.2,86,40,902/-) which is carried forward to next year.
3. The accumulated reserves as on 31.03.2010 stood at Rs.4,62,09,104/-.
4. The Eimco-KCP limited has not proposed any dividend for the year-ended 31.03.2010. (Previous year: Nil) .
5. No part of the above profits or reserves have been dealt with in the Company's Accounts.

II. KCP SUGARS AGRICULTURAL RESEARCH FARMS LIMITED:

1. The above Company is a wholly owned subsidiary of 'K.C.P.Sugar and Industries Corporation Limited', in which the Company holds the entire 22,50,000 shares (P:Y.:22,50,000) of Rs.10/- each fully paid up (including 6 shares held by its Nominees) as on 31st March 2010.
2. For the year ended 31.03.2010, KCP Sugars Agricultural Research Farms Limited earned a Profit of Rs.3,86,814/- (P.Y:- Rs. 8,66,279/-). After making a provision of Rs.54,647/- for Income Tax (P.Y: Rs. 84,172/-) and a provision of Rs.40,503/- (P.Y. Rs.2,52,515/-) for Deferred Tax and adding thereto the balance of Loss brought forward from previous year of Rs.1,10,620/- (P.Y: Rs. 6,40,212/-), the net profit of Rs.1,81,044/- (P.Y.: Loss: Rs. 1,10,620/-) is carried forward to next year.
3. KCP Sugars Agricultural Research Farms Limited has not proposed any dividend for the period ended 31.03.2010.
4. 4. No part of the above profits or reserves have been dealt with in the Company's Accounts.

For **B.PURUSHOTTAM & CO.**
Chartered Accountants
FRN 002808S

B.S.PURSHOTHAM
Partner
M.No. 26785

Chennai
17.06.2010

R.GANESAN
General Manager (Finance)

S.CHIDAMBARAM
Dy.General Manager (Finance) &
Company Secretary

IRMGARD VELAGAPUDI M. RAO
Managing Director

V. KIRAN RAO
Executive Director

K.A.RANGASWAMY
Director &
Chairman-Audit Committee



THE EIMCO-K.C.P. LTD

Forty Second Annual Report 2009 – 2010

BOARD OF DIRECTORS

Chairperson	Smt. Irmgard Velagapudi M.Rao
Vice Chairperson	Smt. V. Kiran Rao
Directors	Shri. J. Satyanarayana Shri. K.Kalyanaraman
Auditors	B. Purushottam & Co., Chartered Accountants, Flat No.3-D, "Pioneer Homes" 23/A, North Boag Road, T.Nagar, Chennai 600017.
Bankers	Axis Bank Limited Canara Bank
Registered and Corporate Office	"Ramakrishna Buildings", 239, Anna Salai, Chennai 600 006.
Works	11-A, 3 rd Main Road, Industrial Estate, Ambattur, Chennai 600 058.



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Forty second Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at No.239, Anna Salai, Chennai 600006, on Wednesday, 18th day of August 2010 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the period ended on that date and consider the Reports of the Directors and Auditors.
- 2 To appoint a Director in place of Smt. Irmgard Velagapudi M.Rao, who retires by rotation and is eligible for reappointment.
- 3 To appoint the Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

// By Order of the Board //

For THE EIMCO-K.C.P. LIMITED

Place : Chennai
Date : 16.06.2010

**IRMGARD VELAGAPUDI M. RAO
CHAIRPERSON**

NOTES :

A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The proxy form, in order to be effective must be duly completed, stamped and lodged with the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.

// By Order of the Board //

For THE EIMCO-K.C.P. LIMITED

Place : Chennai
Date : 16.06.2010

**IRMGARD VELAGAPUDI M. RAO
CHAIRPERSON**

TO THE SHAREHOLDERS

Your Directors have pleasure in submitting their Report for the year ended 31st March 2010 together with the Balance Sheet and the Profit and Loss Account for the year ended on that date.

REVIEW OF OPERATIONS

During the period under review the Company has received Orders totaling to Rs.2947.22 lakhs as compared to Rs. 3849.66 lakhs during the previous year. From the enclosed Annual Accounts it may be noted that the income earned from the sale of product and services by the Company for the year ended 31st March 2010 was Rs.3051.78 lakhs as against Rs. 2925.33 lakhs in the previous year. The Profit was at Rs93.35 lakhs for the year under review as against profit of Rs. 60.90 lakhs for the previous year. After providing for current and deferred taxation, the net profit for the year was Rs..55.64 lakhs to which after adding the brought forward surplus of Rs.286.41 lakhs, the carry forward surplus to the next year amounted to Rs. 342.05 lakhs.

DIVIDEND

Your Directors have not recommended any dividend for the Financial Year under review with a view to conserve profits.

CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION

This Industry is not energy intensive with maximum demand being much below 250 KVA. Consequently there is very little Scope of conservation of energy.

PARTICULARS OF EMPLOYEES

Information as per Section 217 (2A) of the Companies Act 1956 read with Companies (Particulars of employees) Rule 1975 and forming a part of Director's Report for the year ended 31st March 2010 is not applicable as there was no employee covered by the same.

EXPORTS & FOREIGN EXCHANGE EARNINGS & OUTGO

Our Exports earnings during 2009 - 2010 was Rs. 40.96 lakhs (P.Y.- Rs. NIL). During the period under review the Company has incurred expenditure in foreign currency amounting to Rs.140.89 lakhs towards foreign travel and import of components There are no specific areas in which Research and Development has been carried out by the Company.

DIRECTORS

At the forthcoming Annual General Meeting Smt. Irmgard Velagapudi M.Rao retires by rotation and is eligible for re-appointment,

STAFF RELATIONS

Industrial Relations with Staff and Workers continue to be Cordial.

DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 217(2AA) of the Companies Act 1956, your Directors certify as follows:

- i) that in the preparation of the annual accounts, the applicable Accounting Standards have been followed and that there were no material departures there from;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2010 and of the profit of the Company for that year.
- iii) that the Directors had taken proper and sufficient care for the Maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the annual accounts on a going concern basis.

SECRETARIAL COMPLIANCE CERTIFICATE

The Secretarial Compliance certificate in terms of the Amended Section 383 A of the Companies Act, 1956 is attached with this Report.

AUDITORS

M/s. B.Purushottam & Co., Chartered Accountants, Chennai, retire at the conclusion of this Annual General Meeting and are eligible for reappointment. The Members approval is being sought to the reappointment of M/s.B. Purushottam & Co., as the Statutory Auditors and to authorize the Board of Directors, to determine the remuneration payable to the Auditors.

For and on behalf of the Board of Directors

SMT. IRMGARD VELAGAPUDI M.RAO
CHAIRPERSON

Place : Chennai
Date : 16.06.2010



Registration No : CIN U27209TN1967PLC005550
Nominal Capital : Rs. 100.00 Lakhs

To,
The Members
M/s. The Eimco KCP Limited
"Ramakrishna Buildings"
239, (Old 183), Anna Salai, Chennai: 600 006.

I have examined the registers, records, books and papers of M/s. THE EIMCO KCP LIMITED as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year.

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company is a Public Limited Company and hence no comments are required.
4. The Board of Directors duly met 5 (Five) times respectively on 24-06-2009, 27-07-2009, 23-09-2009, 13-10-2009 and 25-01-2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members.
6. The Annual General Meeting for the financial year ended on 31st March 2009 was held on 22nd September 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the year.
8. The Company has not advanced any loans to its directors and/or persons or firms or companies referred to under Section 295 of the Act.
9. According to the Register of Contracts, the Company has not entered into any contracts falling within the purview of Section 297 of the Act during the financial year.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act the Company was not required to obtain any approvals from the Board of Directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate certificates during the financial year.
13. The Company has :
 - i. not made any allotment / Transmission / transfer of securities during the financial year.
 - ii. not declared any dividend for the financial year.
 - iii. Payment/Posting of dividend warrants to all the members within a period of 30 days from the date of declaration and transfer of unclaimed/unpaid dividend to unpaid dividend Account of the Company is not applicable since the Company has not declared any dividend for the year under review.
 - iv. Transfer of amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund is not applicable to the Company.
 - v. As per the information/explanation provided by management, the company has complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and there was no appointment / cessation of Directors during the year.
15. The Company's Paid -up Capital being less than the prescribed Rs.5.00 crores, it is not required to appoint the Managing Director / Whole-time Director / Manager and accordingly the provisions of Section 269 of the Act to that extent are not applicable.
16. The Company has not appointed any sole-selling agents during the financial year.
17. During the said year, the Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the year under review.
20. The Company has not bought back any shares during the year under review.
21. The Company has not issued any Redeemable Preference Shares / Debentures.
22. There were no transaction necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.

23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act, during the year under review.
24. The Company has not made any borrowings during the financial year ended 31st March 2010, however the company had renewed its credit facilities availed from the bank during the financial year.
25. The Company has not made any loans or advances, or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to Share Capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. There was no prosecution initiated against or show cause notices received by the company, and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The provisions of Section 418 of the Companies Act 1956 are not applicable to the company.

Place: Chennai
Date : 15.06.2010

P. R. SUDHA
COMPANY SECRETARY
C.P.No : 4468

ANNEXURE A
Registers as maintained by the Company

1. Register of Members u/s.150 and Index of Members u/s. 151.
2. Minutes of General Meetings and Board Meetings u/s 193.
3. Register of Directors u/s 303.
4. Register of Directors' Shareholding u/s 307.
5. Register of Transfers.
6. Register of Charges u/s.143.
7. Register of Investments.
8. Register of Contracts, Companies and firms in which Directors of the Company are interested u/s. 297,299,301 and 301 (3).
9. Register of Common Seal.
10. Books of Accounts u/s.209.

ANNEXURE B
Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2010.

S. No	eForm No/Return	Filed U/s	For	Date of Filing & SRN	Whether filed within prescribed time Yes/ No	If delay in filing whether requisite additional fee paid Yes/No
1	Balance Sheet -23AC	220	the year ended 31.03.2009	19-10-2009 P36399012	Yes	NA
2	Annual Return -20B	159	As on 10-09-2009	02-11-2009 P39395488	Yes	NA
3	Secretarial Compliance Certificate - 66	383A	the year ended 31.03.2009	19-10-2009 P36398956	Yes	NA
4.	Appointment of Auditors - Form 23B	224	The year ended 31-03-2010	15-10-2009 S01235134	Yes	NA

Place: Chennai
Date : 15.06.2010

P. R. SUDHA
COMPANY SECRETARY
C.P.No : 4468

TO THE MEMBERS OF THE EIMCO-K.C.P.LIMITED

- 1) We have audited the attached Balance Sheet of THE EIMCO-K.C.P.LIMITED, as at 31st March, 2010, and also the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 4) Further to our comments in the Annexure referred to above, we report that
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books;
 - iii) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies act, 1956;
 - v) On the basis of written representations received from the directors, of the company as at 31st March, 2010 and taken on record by the board of directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of under clause (g) of sub section (1) of section 274 of the companies act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes and Accounting Policies give the information required by the companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010 and
 - b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date. and
 - c) In the case of the Cash Flow Statements, of the Cash Flows for the year ended on that date

Place : Chennai.
Date : 16-06-2010.

ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

- i) In respect of Fixed assets:
 - a) The Company has maintained proper records showing full particulars including Quantitative details and situation of fixed assets.
 - b) The assets have not been physically verified by the Management during the year under report.
 - c) During the year, the Company has not disposed of any substantial part of Fixed Assets.
- ii) In respect of inventory:
 - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) The procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) In respect of Loans:
 - a) According to the information and explanations given to us, the Company has not granted Loans to companies, Firms or other parties covered in the register maintained under section 301 of the companies Act, 1956. Accordingly, clauses iii(b), iii(c), iii(d) of Para 4 of the Order, are not applicable. The Company has taken loan from one company, covered in the register maintained u/s 301 of the companies Act, 1956. The maximum amount involved during the year was Rs.647.77 Lakhs and the year-end balance of the loan taken from such party was Rs.135.00 Lakhs. In our opinion, the rate of interest and other terms and conditions on which loan has been taken are not, prima facie, prejudicial to the interest of the company. According to the information and explanations furnished to us, the company has been regular in paying the principal and interest amounts as stipulated on the loans taken by it from the persons listed in the register maintained under Section 301 of the Companies Act 1956.
 - iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets, for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.
 - v) a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
 - vi) In our opinion and according to the information and explanations given to us, the company has not accepted public deposits covered under the provisions of section 58A and 58AA and other applicable provisions of the Companies Act, 1956.
 - vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
 - viii) The Provisions of Section 209(1)(d) of the Companies Act 1956, relating to maintenance of cost records, do not apply to the company, during the year under report.
 - ix) a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Service tax, Custom duty, Excise Duty, and other material statutory dues applicable to it.
 - b) According to the information and explanation given to us no undisputed amounts payable in respect of Income tax, Sales tax, wealth tax, Service tax, Customs Duty and Excise Duty and Cess were in arrears, as at 31-03-2010 for a period of more than six months from the date they became payable.
 - c) According to the information given to us, there no dues of Income tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess which have not been deposited on account of any dispute except in respect of Sales tax which have not been deposited. The details are given as under

Sl.No.	Nature of the dues	Name of the Statute	Amount Rs.	Pending before
1	Sales Tax and related demands	Sales Tax	9,21,111	Various Appellate Tribunals

- x) The company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) Based on our audit procedures and on the basis of information and explanations given by the Management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks.
- xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) In our opinion, the company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv) The nature of Company's business/activities during the year does not include dealing in shares, securities, debentures or other investments. Accordingly, the requirements of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company during the year under report.
- xv) According to the information and explanations given to us and records made available to us, the company has not given any guarantees for loans taken by others from any banks or financial institution.
- xvi) In our opinion, the company did not avail of any term loans during the year.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) During the period covered by our audit report, the Company has not issued any debentures requiring report under the clause.
- xx) The Company has not raised any money by way public issue during the year and hence the question of disclosure and verification of end use of such moneys does not arise during the year.
- xxi) Based upon the audit procedures performed and information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

FOR B. PURUSHOTTAM & CO
Chartered Accountants
FRN 002808S

K.V.N.S. KISHORE
Partner
M.No. 206734

Place : Chennai
Date : 16-06-2010



Particulars	Schedule	As at 31.03.2010		As at 31.03.2009	
		Rs.	Rs.	Rs.	Rs.
(I) SOURCES OF FUNDS:					
1. Shareholder's Funds:					
(a) Share Capital	A	60,00,000		60,00,000	
(b) Reserves & Surplus	B	4,62,09,104	5,22,09,104	4,06,45,090	4,66,45,090
2. Loan Funds:					
(a) Secured Loans	C		7,53,83,370		8,65,22,221
(b) Unsecured Loans	D		1,35,00,000		1,63,00,000
3. Deferred Tax Liability (Net) (See note 18):					
Deferred Tax Liability		9,80,337		—	
Less: Deferred Tax Asset		7,63,116	2,17,221	—	—
Total			14,13,09,695		1,49,46,7311
(II) APPLICATION OF FUNDS:					
1. Fixed Assets:					
(a) Gross Block	E	5,23,59,758		4,97,39,096	
(b) Less: Depreciation		3,22,16,473		2,86,76,834	
(c) Net Block			2,01,43,285		2,10,62,262
2. Investments:					
3. Deferred Tax Asset (Net) (See note 18)	F		10,841		10,841
Deferred Tax Asset		—		8,72,813	
Less: Deferred Tax Liability		—	—	7,18,654	1,54,159
4. Current Assets, Loans & Advances:					
(a) Inventories	G	7,64,57,254		6,51,66,493	
(b) Sundry Debtors	H	11,77,56,877		16,08,40,847	
(c) Cash & Bank balances	I	1,19,14,481		1,16,53,714	
(d) Loans & Advances	J	3,06,41,670		2,56,88,669	
		23,67,70,282		26,33,49,723	
Less: Current Liabilities & Provisions					
(a) Liabilities	K	9,47,44,206		11,80,25,617	
(b) Provisions	L	2,08,70,507		1,70,84,057	
		11,56,14,713	12,11,55,569	13,51,09,674	12,82,40,049
Total			14,13,09,695		1,49,46,7311

Schedules A-L, Statement on Accounting policies & Notes form an integral part of the Balance Sheet

As per our report of even date

For B. Purushottam & Co.
Chartered Accountants
FRN 002808S

K.V.N.S.KISHORE
Partner
M.No. 206734

For and on Behalf of the Board

IRMGARD VELAGAPUDI M.RAO
Chairperson

V. KIRAN RAO
Vice-Chairperson

Chennai
16.06.2010

Particulars	Schedule	2009-2010	2008-2009
		Rs.	Rs.
INCOME			
Sale of Products and Services		30,51,77,923	29,25,33,479
Less: Excise Duty collected		1,92,56,736	2,69,48,428
Net Sale of Product and Services		28,59,21,187	26,55,85,051
Other Income	M	74,98,884	37,01,757
		29,34,20,071	26,92,86,808
EXPENDITURE			
Material Consumed	N	16,70,36,638	15,85,26,701
Purchase of Finished goods		—	10,35,206
Payments and Benefits to Employees	O	3,37,60,357	2,63,53,798
Manufacturing, Selling, Administrative and Other expenses	P	6,44,54,247	5,89,17,709
Taxes and Licenses (Excluding Income Tax)	Q	27,02,368	10,51,231
Interest & Financial Charges	R	1,22,05,582	1,34,82,566
Depreciation		39,25,485	38,29,610
		28,40,84,677	26,31,96,821
PROFIT/LOSS FOR THE YEAR BEFORE TAXATION		93,35,394	60,89,987
Less: Provision for Taxation			
Current		34,00,000	25,00,000
Deferred Tax-(Asset)/Liability		3,71,380	1,40,810
Fringe Benefit tax		—	4,15,000
PROFIT AFTER TAX		55,64,014	33,15,797
Add: Balance brought forward from Previous year		2,86,40,902	2,53,25,105
Surplus carried over to Balance Sheet		3,42,04,916	2,86,40,902
Basic and Diluted Earnings per Share (Face value Rs.10/-) (See Note no.17)		9.27	5.53

Schedules M-R, and Statement on Accounting policies & Notes form an integral part of the Profit and Loss Account

As per our report of even date

For B. Purushottam & Co.
Chartered Accountants
FRN 002808S

For and on Behalf of the Board

IRMGARD VELAGAPUDI M.RAO
Chairperson

Chennai
16.06.2010

K.V.N.S.KISHORE
Partner
M.No. 206734

V. KIRAN RAO
Vice-Chairperson



Share Capital		SCHEDULE - A	
PARTICULARS		31-03-2010	31-03-2009
		Rs.	Rs.
Authorised:			
10,00,000 equity shares of Rs.10/- each		1,00,00,000	1,00,00,000
Issued, Subscribed and Paid-Up: 6,00,000 equity shares of Rs.10/- each fully paid (All the shares are held by the holding company, K.C.P Sugars & Industries Corporation Ltd.,and its Nominees)		60,00,000	60,00,000
		60,00,000	60,00,000

Reserves & Surplus		Schedule - B		
PARTICULARS	As at 31-3-2009	Additions During The Year	Withdrawal During The Year	As at 31-03-2010
	Rs.	Rs.	Rs.	Rs.
General Reserve	1,20,04,188	—	—	1,20,04,188
Surplus (i.e) Balance In Profit And Loss Account	2,86,40,902	55,64,014	—	3,42,04,916
	4,06,45,090	55,64,014	—	4,62,09,104

Secured Loans		Schedule - C	
Particulars		31-03-2010	31-03-2009
		Rs.	Rs.
a) From a Bank			
<i>(secured by exclusive charge on the entire current assets of the company & collaterally by hypothecation of entire movable fixed assets of the company along with equitable mortgage of factory land and building at Ambattur, Chennai.</i>		7,53,83,370	8,65,22,221
		7,53,83,370	8,65,22,221

b) Unsecured Loan		Schedule - D	
Particulars		31-03-2010	31-03-2009
		Rs.	Rs.
From Holding Company- KCP Sugar and Industries Corporation Ltd.,		1,35,00,000	1,63,00,000
		1,35,00,000	1,63,00,000

Fixed Assets		Schedule - E								
DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS ON 1-4-2009	ADDITONS DURING THE YEAR	DEDUCTIONS DURING THE YEAR	COST AS ON 31-03-2010	DEPRECIATION UP TO 31-03-2009	DEPRECIATION FOR THE YEAR	DEPRECIATION ON DEDUCTIONS	DEPRECIATION UP TO 31-03-2010	WDV AS ON 31-03-2010	WDV AS ON 31-3-2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	6,32,110	—	—	6,32,110	—	—	—	—	6,32,110	6,32,110
Buildings	1,17,80,642	4,79,250	—	1,22,59,892	31,44,787	8,23,717	—	39,68,504	82,91,388	86,35,855
Plant & Machinery	2,33,21,755	12,11,293	3,98,202	2,41,34,846	1,53,11,736	16,86,426	3,85,846	1,66,12,316	75,22,530	80,10,019
Furniture & Fittings	43,09,598	1,45,002	—	44,54,600	30,33,369	2,52,190	—	32,85,559	11,69,041	12,76,229
Computers	92,75,346	6,25,952	—	99,01,298	68,77,418	10,74,516	—	79,51,934	19,49,364	23,97,928
Knowhow and Designs	2,35,000	—	—	2,35,000	2,35,000	—	—	2,35,000	—	—
Vehicles	1,84,645	5,57,367	—	7,42,012	74,524	88,636	—	1,63,160	5,78,852	1,10,121
Total	4,97,39,096	30,18,864	3,98,202	5,23,59,758	2,86,76,834	39,25,485	3,85,846	3,22,16,473	2,01,43,285	2,10,62,262
Previous Year	3,05,96,171	1,95,04,889	3,61,964	4,97,39,096	2,51,34,063	38,29,610	2,86,839	2,86,76,834	2,10,62,262	54,62,108

<i>Investments</i>		SCHEDULE - F			
Particulars		31-03-2010 Rs.	31-03-2009 Rs.		
(i) Shares in Companies -(Quoted - Non-Trade-Long term) 120 Equity Shares of Rs.10/- each in Hindustan Dorr Oliver Ltd., fully paid-up (Market value:Rs..12480/- Previous year Rs.4680/-) Less:Provision for shortfall in market value	4,841 —	4,841	4,841		
100 Equity Shares of Rs.10/- each in Jorde Engineers India Ltd., fully paid-up Less:Provision for shortfall in market value	1,571 1,571	—	—		
(ii) Other Investments: 7-year National Savings Certificates (Lodged as Security with A.P Sales Tax Department)		6,000	6,000		
		10,841	10,841		
Note:All the above are long term investments valued at cost and adjusted by the shortfall other than temporary, in their market value					
<i>Current Assets</i>		SCHEDULE - G			
Particulars		31-03-2010 Rs.	31-03-2009 Rs.		
INVENTORIES :					
<i>(As certified by the management)</i>					
1. Raw materials,stores & components [includes stock of Raw Mateials Rs. 18150432/- (PY. Rs.13195890/-)]		3,63,15,474	2,62,55,142		
2. Loose tools		2,15,538	2,21,302		
3. Work-in-progress		3,97,72,191	3,50,66,475		
4. Stock of finished goods		1,54,051	36,23,574		
		7,64,57,254	6,51,66,493		
SUNDRY DEBTORS					
(Unsecured and considered good)					
(a) Debts outstanding for a period exceeding six months		3,68,72,020	2,25,22,472		
(b) Other Debts		8,08,84,857	13,83,18,375		
		11,77,56,877	16,08,40,847		
CASH AND BANK BALANCES					
(i) Cash on Hand					
(ii) Balances with Scheduled Banks; in Current Accounts in Fixed Deposit Accounts (Earmarked for Margin money for Bank Guarantees & L/c's issued by Axis Bank Ltd.,)		81,051 13,17,055 1,05,16,375	71,219 26,45,312 89,37,183		
		1,19,14,481	1,16,53,714		
LOANS AND ADVANCES					
1. Advances,unsecured,considered good (recoverable in cash or in kind or for value to be received)		60,59,797	59,71,714		
2.Prepaid expenses		45,957	—		
3.Deposits Recoverable		13,42,278	15,87,967		
4 Advance excise duty(including unutilised Cenvat Credit)		25,72,604	7,36,153		
5.Income Tax paid in Advance		18236208	1,53,42,577		
6.Advance Fringe Benefit Tax		14,66,850	14,66,850		
7.Income Tax deducted at source		9,17,976	5,83,408		
		3,06,41,670	2,56,88,669		
CURRENT LIABILITIES					
(1) Sundry Creditors					
Due to Micro,Small & Medium Scale Industries-(Refer Notes on Accounts Sl.No:11)		—	—		
Due to others		5,93,21,900	8,30,01,978		
(2) Advances received from customers		3,54,22,306	3,50,23,639		
		9,47,44,206	11,80,25,617		
PROVISIONS		SCHEDULE - L			
Description	As at 31.3.2009 Rs.	Additions During The year Rs.	Used During The year Rs.	Reversed During The year Rs.	As at 31.03.2010 Rs.
Provision for Taxation	1,34,00,000	34,00,000	—	—	1,68,00,000
Provision for FBT	14,65,000	—	—	—	14,65,000
Provision for Leave encashment	18,91,550	23,70,481	3,20,531	15,71,019	23,70,481
Provision for Bonus	3,27,507	2,35,026	3,27,507	—	2,35,026
	1,70,84,057	60,05,507	6,48,038	15,71,019	2,08,70,507



PARTICULARS	2009-2010 Rs.	2008-2009 Rs.
1. OTHER INCOME		SCHEDULE - M
Interest on Bank Deposits Etc., [IT deducted at Source Rs.71,790/- P.Y.Rs.1,13,858/-]	7,17,894	5,52,975
Miscellaneous receipts	7,410	150
Profit on sale of assets	54,285	120
Packing and Forwarding Charges	7,71,118	4,79,499
Difference in Foreign Exchange	7,93,126	—
Excess provision credited back	50,75,266	25,40,980
Credit Balance Written Back	79,785	1,28,033
	74,98,884	37,01,757
2. MATERIALS CONSUMED		Schedule - N
Opening Stocks:		
Work-in-progress	3,50,66,475	2,63,40,124
Finished Goods	36,23,574	31,39,463
	3,86,90,049	2,94,79,587
Raw materials, Stores and Spares Consumed [including Raw materials consumed Rs.2,10,76,886/- (P.Y.Rs.7,41,34,716)]	16,82,72,831	16,77,37,163
	20,69,62,880	19,72,16,750
Less: Closing Stocks		
Work-in-progress	3,97,72,191	3,50,66,475
Finished Goods	1,54,051	36,23,574
	3,99,26,242	3,86,90,049
	16,70,36,638	15,85,26,701
3. PAYMENT AND BENEFITS TO EMPLOYEES		Schedule - O
Salaries,Wages and Bonus	3,02,89,170	2,29,72,493
Company's Contribution to Provident fund and family pension	13,30,310	12,32,431
Company's Contribution to Employees State Insurance	83,166	1,24,988
Company's Contribution to Gratuity fund	3,15,950	3,83,468
Staff Welfare Expenses	17,41,761	16,40,418
	3,37,60,357	2,63,53,798
4. MANUFACTURING ,SELLING,ADMINISTRATIVE AND OTHER EXPENSES:		Schedule - P
Manufacturing:		
Machining and fabrication charges	2,96,95,382	2,89,72,470
Contract Labour Wages	9,11,525	10,05,480
Drawing office stationery	4,35,896	3,38,185
Security Charges	8,81,193	8,83,340
Research, Inspection and Testing charges	3,04,333	2,00,801
Power and Fuel	21,25,940	19,57,645
Insurance	1,28,587	1,70,670
Tools written off	32,893	74,995
Repairs and Maintenance: Machinery	31,448	79,123
Buildings	9,23,938	4,79,179
Other assets	3,50,479	1,17,986
(A)	3,58,21,614	3,42,79,874

PARTICULARS	2009-2010 Rs.	2008-2009 Rs.
Selling:		
Advertisement and Business Development expenses	4,03,936	4,01,657
Selling expenses (comprising Tendering, Packing & Forwarding)	47,27,858	64,05,187
Travelling-Domestic	41,45,867	41,07,213
Travelling-Foreign	5,84,418	4,93,005
Commission on Sales	15,48,875	1,34,749
(B)	1,14,10,954	1,15,41,811
Administrative :		
Office Rent	2,70,000	2,70,000
Post & Telegrams	3,84,482	2,87,119
Telephone & Trunk-call Charges	10,08,474	9,91,728
Printing & Stationery	3,24,627	3,15,022
Computer Expenditure	6,31,486	6,07,532
Conveyance	9,53,965	13,04,902
Car Charges	1,29,391	1,85,761
Consultancy Charges	15,70,191	13,10,145
Internal Audit Fees	88,240	89,064
General expenses	11,18,877	9,66,603
Payment to Auditors:		
For Statutory Audit	22,060	22,060
Fees for Certification	5,515	5,515
(C)	65,07,308	63,55,451
Other items:		
Performance and Delivery Guarantee Claims	98,26,205	62,98,816
Loss on sale of Assets	—	29,745
Loss on sale of Capital work in progress	—	1,10,569
Short Provision made in the Earlier Years	3,83,160	15,689
Difference in foreign exchange		2,53,989
Debit balances written off	4,72,549	—
Prior year adjustments	32,457	31,765
(D)	1,07,14,371	67,40,573
(A+B+C+D)	6,44,54,247	5,89,17,709
5. TAXES AND LICENCES(excluding income tax)		SCHEDULE - Q
Excise duty paid	19,14,682	2,48,510
Other Taxes	7,87,686	8,02,721
	27,02,368	10,51,231
6. INTEREST AND FINANCIAL CHARGES		SCHEDULE - R
Interest paid	11,60,784	4,59,076
Financial charges	78,11,604	86,98,995
- Fixed Loans	32,33,194	43,24,495
- Others		
Financial charges	1,22,05,582	1,34,82,566



ACCOUNTING POLICIES

i Basis of Preparation of Financial Statements

The Financial statements have been prepared on the basis of going concern, under the historical cost convention to comply in all the material aspects with applicable accounting principles in India, the Accounting Standards notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions of the said Act.

ii. Fixed Assets:

(a) Fixed Assets are stated at cost less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of all freight, duties, taxes, incidental expenses relating to the cost of acquisition and the cost of installation/erection as applicable.

(b) Modvat availed, if any, during the year on Fixed Assets, is not included in the cost of such Fixed Assets capitalized during the year.

iii. Depreciation:

Depreciation on all assets is provided on written down value method in accordance with the provisions of Section 205(2) (b) of the Companies Act, 1956, in the manner and the rates specified in schedule XIV of the said act. Assets costing individually upto Rs.5000/- are fully depreciated in the year of acquisition.

iv Investments:

Long-term investments are carried at cost and provision for diminution in the value there of other than temporary in nature is accounted for Current Investments are stated at the lower of cost and fair value.

v Inventories:

a. Finished Goods are valued at lower of cost and net realizable value, as increased by excise duty thereon as applicable.

b. Scrap is valued at net realizable value.

c. Work in progress is valued at lower of cost or net realizable value of the finished goods duly adjusted according to the percentage of progress.

d. Raw materials, Stores, Spare parts, Material in Transit, etc., are valued at cost, except when the net realizable value of the finished goods they are used in is less than the cost of the finished goods and if in such an event the replacement cost of such materials etc., is less than their holding cost, in which case they are valued at replacement cost. Cost is determined on the basis of weighted average method.

vi Revenue Recognition:

Revenue from the sale of goods is recognized as and when dispatches were made, as per the terms of the contract.

Sales are inclusive of excise duty recovered and net of discount and rebates.

Revenue from service related activities is recognized as and when the activity is completed under the terms of the contract.

vii Foreign Currency Transactions:

a. Transactions in foreign currency are initially accounted at the exchange rate prevailing on the date of the transaction, and adjusted appropriately to capital or revenue, with the difference in the rate of exchange arising on actual receipt /payment during the year.

b. At each Balance Sheet Date

i. Foreign currency monetary items are reported using the rate of exchange on that date

ii. Foreign currency non-monetary items are reported using the exchange rate at which they were initially recognized

c. In respect of forward exchange contracts in the natures of hedges

i. Premium or discount on the contract is amortized over the term of contract

ii Exchange differences on the contract are recognized as profit or loss in the period in which they arise.

viii Research and Development Expenditure:

In respect of approved Research and Development programmes, expenditure of capital nature is included in the Fixed Assets and the other expenditure is charge off to revenue, in the year in which such expenditure is incurred.

ix Employee Benefits:

a. Defined Contribution Plans: Fixed contribution to provident fund and employees state insurance made on monthly basis with relevant authorities are absorbed in Profit and Loss Account.

b. Defined Benefit Plans (Long term employee benefits):

Gratuity: Contributions to Gratuity Fund are made on the basis of Actuarial Valuation made by LIC using Projected Unit Credit Method. Gratuity Benefits is funded with LIC.

Leave Encashment: Provision is made in the accounts for the estimated liability towards leave encashment on retirement / cessation of the services of the staff, as per the rules of the company. In respect of workmen, un-availed leave wages is paid during the end of the calendar year and accounted on accrual basis.

Short Term employee benefits: Short-term employee benefits are absorbed as an expense as per the company's scheme based on expected obligation on undiscounted basis.

x Taxation:

Provision is made for income tax liability estimated to arise on the results for the year at the current rate of tax in accordance with the Income tax Act – 1961.

- Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax.

- Deferred tax assets arising on account of brought forward losses and unabsorbed depreciation are recognized only when there is virtual certainty supported by convincing evidence that such assets will be realized. Deferred tax assets arising on other temporary timing differences are recognized only if there is a reasonable certainty of realization.

xi Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

xii Impairment of Assets:

At the date of each Balance Sheet, the company evaluates internally, indications of the impairment if any, to the carrying amount of its fixed and other assets. If any indication does exist, the recoverable amount is estimated at the higher of the realizable value and value in use, as considered appropriate. If the estimated realizable value is less than the carrying amount, an impairment loss is recognized.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

xiii Provisions, Contingent Liabilities, Contingent Assets, Warranty and Guarantee Claims:

Provisions involving substantial degree of estimation in measurement are recognized 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 recognized in the accounts, but are disclosed after a careful evaluation of the concerned facts and legal issues involved.

Company's liability for performance warranties is recognized in the accounts in the year of claim by the customers. Liability in respect of delivery guarantees is recognized in accounts in the year in which delay occurs as per the contract.

1. Contingent Liabilities:

(a) The Guarantees issued by the Company's Bankers in favour of the customers against advances from them and other obligations amounting to Rs.7,09,88,421/- (Rs. 7,24,70,681/-) are secured by stores and spares (including those lying with subcontractors), Work in progress and Finished goods.

(b) No provision has been made towards:-

- i. Disputed Sales Tax demands raised by the Sales Tax Authorities under TNGST and CST for the years 1989-90, 1991-92 & 1992-93 amounting to Rs.13,19,731/- for which company preferred appeals before Appellate authorities. Pending decision in appeals an amount of Rs.3,98,620/- has been paid under protest and the same is grouped under Loans and Advances.
- ii. Disputed ESI demand raised by ESI authorities under ESI Act for the years 1990-91 to 1993-94 amounting to Rs.68233/-. Pending disposal of its appeal against the said demands the company paid Rs.15,000/- under protest, and the same is grouped under Loans and Advances.
- Disputed ESI demand raised by ESI authorities under ESI Act for the years 2000-01 to 2003-04 amounting to Rs.106256/-. Pending disposal of its appeal against the said demands the company paid Rs.26,564 /- under protest, and the same is grouped under Loans and Advances.

2. Sale of Products and services (including Excise Duty recovered).

	Current Year		Previous Year	
	Qty.	Value Rs.	Qty.	Value Rs.
(I) SALES:				
Filters (in Nos)	4 Nos	1,14,25,814	11 Nos	4,89,93,512
Thickeners, Components, Spares, Bar screens, etc. (Unit quantification not possible)		28,61,21,268		23,83,02,817
Scrap	1,25,255 Kgs	15,64,421	1,14,546 Kgs	21,37,171
Chemicals	1,500 Kgs	3,22,472	5,900 Kgs	14,80,246
TOTAL		29,94,33,975		29,09,13,746
(II) SERVICES:				
Service Charges		39,04,871		7,46,733
Design, Erection & Fabrication		18,39,077		8,73,000
TOTAL		30,51,77,923		29,25,33,479

3. Raw Materials Consumed (in MT)

Stainless Steel	24.59	44,55,047	60.62	2,80,28,105
Iron and Steel	563.13	1,66,21,839	1,158.82	4,61,06,611
TOTAL	587.72	2,10,76,886	1,219.44	7,41,34,716

Note : The above does not include of Rs.14,71,95,945/- (P.Y.Rs. 9,36,02,447/-) being the cost of Motors, Components, Pipes, Spares etc., consumed.

4. Opening and Closing Stock of Finished Goods.

	OPENING STOCK				CLOSING STOCK			
	Current Year		Previous Year		Current Year		Previous Year	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Filters	—	—	—	—	—	—	—	—
Washers, Classifiers, Clarifiers, Components Spares etc (Unit Quantification not Possible)	—	34,51,040	—	28,54,508	—	1,54,051	—	34,51,040
Chemicals	—	1,72,534	—	2,84,956	—	—	—	1,72,534
Total		36,23,574	—	31,39,464		1,54,051	—	36,23,574

	Current Year		Previous Year	
	Qty	Value(Rs.)	Qty	Value(Rs.)
5. Purchase of Finished Goods-Chemicals	Nil	Nil	9,000 Kgs	10,35,206

6. Particulars regarding Capacity and Production : The Business carried on by the company does not require any Industrial Licence. Owing to the nature of the company's Business the installed Capacity cannot be quantified.

Actual Production : 4Nos.(11Nos.) Filters, besides Washers, Classifiers, Clarifiers, Components, Spares etc



7. Comparison between consumption of imported and indigenous raw materials, spares and components during the financial year (debited to various accounts)

	Current Year		Previous Year	
	Value	%	Value	%
	Rs		Rs	
Raw materials:				
Imported	NIL	NIL	NIL	NIL
Indigenous	2,10,76,886	100.00	7,41,34,716	100.00
Spares and Components:				
Imported	1,38,04,813	9.38	18,47,712	1.97
Indigenous	13,33,91,132	90.62	9,17,54,735	98.03
TOTAL	14,71,95,945	100.00	9,36,02,447	100.00

8. Expenditure incurred in Foreign Currency during the year.

	Current Year	Previous Year
Foreign Travel Expenses	2,83,737	4,93,005
TOTAL	2,83,737	4,93,005

9. Value of imports made by the company during the year calculated on CIF Basis.

Components	1,38,04,813	18,47,712
Finished Goods- Chemicals	—	10,44,330
TOTAL	1,38,04,813	28,92,042

10. Earnings in Foreign Exchange from Export of Goods & Services, on FOB basis

Export of Goods- FOB Value*	40,95,947/-	—
Total	40,95,947/-	—

11. The company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

12. Disclosure under Accounting Standard 15-Employee Benefits

GRATUITY :

a. Assumptions	31/03/2010	31/03/2009
Discount Rate	8.0%	8.0%
Salary Escalation	5%	4.50%
Attrition Rate	1-3%	1-3%
Expected return on plan assets	8%	8%
b. Table showing changes in present value of obligations		
Present value of obligations as at beginning of year	27,35,362	23,74,588
Interest cost	2,18,829	1,81,071
Current Service Cost	3,20,077	2,75,794
Benefits Paid	0	2,22,406
Actuarial loss on obligation	22,601	1,26,315
Present value of obligations as at end of year	32,96,869	27,35,362
c. Table showing changes in the fair value of Plan assets LIC Fund		
Fair value of plan assets at beginning of year	29,68,735	25,64,362
Expected return on plan assets	2,76,246	2,12,104
Contributions	3,28,134	3,96,283
Benefits paid	0	2,22,406
Actuarial gain on plan assets	0	18,392
Fair value of plan assets at the end of year	35,73,115	29,68,735

	31/03/2010	31/03/2009
d. Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	29,68,735	25,64,362
Actual return of plan assets	2,76,246	2,30,496
Contributions	3,28,134	3,96,283
Benefits Paid	—	2,22,406
Fair value of plan assets at the end of year	35,73,115	29,68,735
Funded status (Asset)	2,76,246	2,33,373
Excess of Actual over estimated return on plan assets	—	18,392
e. Actuarial Gain/Loss recognised		
Actuarial Gain on obligation	22,601	1,26,315
Actuarial Gain on plan assets	—	18,392
Total Gain for the year	22,601	1,07,923
Actuarial Gain recognized in the year	22,601	1,07,923
f. The amounts to be recognized in the balance sheet and statement of profit and loss		
Present value of obligations as at the end of year	32,96,869	27,35,362
Fair value of plan assets as at the end of the year	35,73,115	29,68,735
Funded status (Asset)	2,76,246	2,33,373
NET ASSET RECOGNIZED IN THE BALANCESHEET	2,76,246	2,33,373
g. Expenses Recognized in statement of Profit & Loss		
Current Service Cost	3,20,077	2,75,794
Interest Cost	2,18,829	1,81,071
Expected return on plan assets	(2,76,246)	2,12,104
Net Actuarial loss recognized in the year	(22,601)	1,07,923
Expenses recognized in the profit & loss	2,85,261	3,52,684
h. Opening Net asset	2,33,373	1,89,774
Contributions	3,28,134	3,96,283
Expenses	2,85,261	3,52,684
Closing Net asset	2,76,246	2,33,373

13. Borrowing Cost as per AS-16

Company has capitalized an amount of Rs.Nil (Rs.241656/-) as borrowing cost on qualifying asset

14. The Company operates in a single segment hence there are no reportable segments as per the requirements of Accounting Standard 17 "Segment Reporting".**15. Related Party Disclosures – As per AS-18:****i) Name of related parties and description of relationship:**

1. Holding Company: Kcp Sugar and Industries Corporation Ltd.,
2. Key Management Personnel: Smt. Irmgard Velagupudi M. Rao
Smt. Kiran. V. Rao

ii) Transactions with Related Parties:

Particulars	Holding Company	Key Management Personnel
	Rs.	Rs
Rent Paid	2,70,000 (P.Y. 2,70,000)	NIL
Interest Paid	22,25,166 (P.Y. 20,48,454)	NIL
Advance Received	5,05,68,304 (P.Y. 2,30,81,734)	NIL
Advance Repaid	5,44,58,515 (P.Y. 1,83,00,000)	NIL
Guarantees given by	NIL - (P.Y NIL)	NIL

iii) Closing Balances with related parties:

	As on 31.03.2010	As on 31.03.2009
	Rs.	Rs.
Outstanding Balance payable to K.C.P. Sugar & Industries Corp.Ltd., (Holding Company)	Rs. 1,35,00,000/-	Rs. 1,73,90,211/-

16. Operating Lease Disclosures – As per AS-19:

Rent expenses of Rs.2,70,000/- (P.Y. Rs.2,70,000 /-) in respect of obligation under operating leases have been recognized in the Profit and Loss Account.

There are no future obligations in respect of the operating leases



17. Earning per Share (EPS)- As per AS-20

Particulars	2009-2010 Rs.	2008-2009 Rs.
Profit attributable to the Shareholders (A)	55,64,014	33,15,797
Basic / Weighted average number of Equity shares outstanding during the year (B)	6,00,000	6,00,000
Nominal Value of Equity Shares	10	10
Basic/ Diluted Earnings per Share (A / B)	9.27	5.53

18. Major Components of deferred tax assets and liabilities arising on account of timing differences are As per AS-22:

Sl.No.	Particulars	Assets Rs.	Liabilities Rs.
1.	Depreciation	—	3,10,488 (P.Y.3,65,286)
2.	Amounts disallowed u/s 43B of I.T Act	7,32,479 (P.Y.8,11,539/-)	—
3.	VRS Payments amortized as per I.T Act	30,637 (P.Y.61,274/-)	—
4.	Gratuity	—	85,360 (PY 72,112/-)
5.	Leave encashment-Disallowed last year-U/s 43(b) of Income Tax Act	—	5,84,489 (PY 2,81,256/-)
	TOTAL	7,63,116 (PY 8,72,813)	9,80,337 (PY 7,18,654/-)

19. Balances due to or from various parties are subject to confirmation by and reconciliation with such parties.

20. All figures in brackets indicate those of previous year.

21. Previous year figures have been regrouped wherever necessary.

22. Paise have been rounded off.

Signature to Schedules A to R, Accounting Policies and Notes on Accounts.

As per our report of even date

For B. Purushottam & Co.
Chartered Accountants
FRN 002808S

For and on Behalf of the Board

IRMGARD VELAGAPUDI M.RAO
Chairperson

Chennai
16.06.2010

K.V.N.S.KISHORE
Partner
M.No 206734

V. KIRAN RAO
Vice-Chairperson

PARTICULARS	Amount in Rs.			
	2009-2010		2008-2009	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extraordinary items		93,35,394		60,89,987
Adjustment for				
Depreciation	39,25,485		38,29,610	
(Profit)/Loss on Sale of Assets(Net)	(54,285)		29,624	
(Profit)/Loss on Sale of Capital WIP	—		1,10,569	
Debit Balance written off	4,72,549		—	
Excess Provision credited back	(50,75,266)		(25,40,980)	
Credit Balance written back	(79,785)		(1,28,033)	
Interest Paid	1,22,05,582		1,34,82,566	
Interest Received	(7,17,894)	1,06,76,386	(5,52,975)	1,42,30,381
Operating Profit before Working Capital Change		2,00,11,780		2,03,20,368
Adjustments for				
Trade and other Receivables	4,08,86,619		(6,97,88,826)	
Inventories	(1,12,90,761)		(1,50,02,637)	
Trade Payables	(1,77,39,910)	1,18,55,948	4,63,47,556	(3,84,43,907)
Cash generated from Operations		3,18,67,728		(1,81,23,539)
Direct Taxes Paid(Net Off Refunds)		(32,28,199)		(41,65,737)
Cash Flow before extraordinary items		2,86,39,529		(2,22,89,276)
Extraordinary items:		—		—
NET CASH USED IN OPERATING ACTIVITIES		2,86,39,529		(2,22,89,276)
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets	(30,18,864)		(45,93,588)	
Increase in Captial Work-in-progress	—		4,71,154	
Sale of Fixed Assets	66,641		45,501	
Interest Received	7,17,894		5,52,975	
NET CASH USED IN INVESTING ACTIVITIES		(22,34,329)		(35,23,958)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Secured Loan	(1,11,38,851)		4,19,23,155	
Receipt of Unsecured loan	5,00,00,000		2,25,00,000	
Repayment of Unsecured Loan	(5,28,00,000)		(1,83,00,000)	
Interest Paid	(1,22,05,582)		(1,34,82,566)	
NET CASH FROM IN FINANCING ACTIVITIES		(2,61,44,433)		3,26,40,589
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		2,60,767		68,27,355
Cash and Cash equivalents as at the beginning of the year		1,16,53,714		48,26,359
Cash and Cash equivalents as at the end of the year		1,19,14,481		1,16,53,714

As per our report of even date
For B. Purushottam & Co.
Chartered Accountants
FRN 002808S

K.V.N.S.KISHORE
Partner
M.No.206734

For and on Behalf of the Board
IRMGARD VELAGAPUDI M.RAO
Chairperson

V. KIRAN RAO
Vice-Chairperson



Note:

- 1) The cash flow statement had been prepared adopting the indirect method as set out in the accounting standard – 3 on cash flow statement issued by the Institute of Chartered Accountants of India.
- 2) Cash and cash equivalents comprises of cash on hand and balances with bank, cash and cash equivalents included in the cash flow statement comprise of the following balance sheet items:

	Current Year	Previous Year
Cash on Hand	Rs. 81,051	- Rs. 71,219
Balances with Banks in	Rs. 1,18,33,430	- Rs. 1,15,82,495*
Cash & cash equivalents as restated	<u>Rs. 1,19,14,481</u>	<u>- Rs. 1,16,53,714</u>

*Out of these an amount of Rs.1,05,16,375 are held by company's bankers as margin money against the guarantees issued by them on behalf of the company.

As per our report of even date

For B. Purushottam & Co.
Chartered Accountants
FRN 002808S

For and on Behalf of the Board

IRMGARD VELAGAPUDI M.RAO
Chairperson

Chennai
16.06.2010

K.V.N.S.KISHORE
Partner
M.No.206734

V. KIRAN RAO
Vice-Chairperson

(Amount In Thousands)

I	Registration Details	
	a). Registration No.	5550
	b). State Code	18
	c). Balance Sheet Date	31.03.2010
II	Capital Raised During The Year	
	a). Public Issue	Nil
	b). Rights Issue	Nil
	c). Bonus Issue	Nil
	d). Private Placement	Nil
III	Position Of Mobilisation & Development Of Funds	
	a). Total Assets	2,56,924
	b). Total Liabilities	2,56,924
	Sources Of Funds	
	a). Paid Up Capital	6,000
	b). Reserves And Surplus	46,209
	c). Secured Loans	75,383
	d). Unsecured Loans	13,500
	e). Deferred Tax Liability (Net)	217
	Total	<u>1,41,309</u>
	Application Of Funds	
	a). Net Fixed Assets	20,143
	b). Investments	11
	c). Net Current Assets	1,21,155
	Total	<u>1,41,309</u>
IV	Performance Of The Company	
	a). Turnover	2,85,921
	b). Other Income	7,499
	c). Total Expenditure	2,84,085
	d). Profit / (Loss) Before Tax	9,335
	e). Profit / (Loss) After Tax	5,564
	f). Earnings Per Share In Rupees	9.27
	(Profit of Rs. 55.64 lakhs/600000 Equity Shares Of Rs.10- Each)	
	g). Dividend Rate %	—
V	Generic Names Of Three Principal Products / Services Of Company	
	(As Per Monetary Terms)	
	Item Code No.	842110
	(ITC Code)	
	Product Description	Solid Liquid Separation Equipment

As per our report of even date
For B. Purushottam & Co.
Chartered Accountants
FRN 002808S

K.V.N.S.KISHORE
Partner
M.No.206734

For and on Behalf of the Board
IRMGARD VELAGAPUDI M.RAO
Chairperson

V. KIRAN RAO
Vice-Chairperson

Chennai
16.06.2010

KCP SUGARS AGRICULTURAL RESEARCH FARMS LIMITED

Eleventh Annual Report 2009- 2010

BOARD OF DIRECTORS

Chairperson	Smt. Irmgard Velagapudi M. Rao
Directors	Shri. Vinod R. Sethi Shri. R. Ganesan
Auditors	Venkat & Rangaa., Chartered Accountants, Flat No.5, 1st Floor 6, Soundararajan Street T. Nagar - Chennai 600017.
Bankers	Corporation Bank
Registered and Corporate Office	“Ramakrishna Buildings” 239, Anna Salai, Chennai 600 006.
Farm	Thirupukuzhi and Melambi Villages Kanchipuram Dist, Tamil Nadu

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at No.239, Anna Salai, Chennai 600006, on Wednesday, 18th day of August 2010 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the period ended on that date and consider the Reports of the Directors and Auditors.
- 2 To appoint a Director in place of Shri. R. Ganesan, who retires by rotation and is eligible for reappointment.
- 3 To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

NOTES :

A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The proxy form, in order to be effective must be duly completed, stamped and lodged with the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.

// By Order of the Board //

For KCP SUGARS AGRICULTURAL RESEARCH FARMS LTD.

Place : Chennai

IRMGARD VELAGAPUDI M. RAO

Date : 16.06.2010

CHAIRPERSON

Your Directors have pleasure in presenting the Eleventh Annual Report of your Company together with the Audited Accounts for the year ended 31st March 2010.

REVIEW OF OPERATIONS:

During the year ended 31.03.2010, the turnover and other income Decreased to Rs.10.66 lakhs from Rs. 16.08 lakhs primarily on account of lesser interest earned on deposits. This resulted in profit of Rs. 3.87 lakhs as against Rs. 8.66 lakhs in the previous year. After providing for taxation of Rs. 0.95 lakhs, the profit was Rs. 2.92 lakhs. After set off against brought forward loss of Rs. 1.11 lakhs, the balance loss carried to the Balance Sheet was Rs. 1.81 lakhs.

FIXED DEPOSITS:

Your Company has not accepted any fixed deposits during the period under review.

DIRECTORS:

In accordance with the Companies Act 1956 and the Articles of the Association of the Company, Shri. R. Ganesan, Director, retires by rotation and is eligible for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT :

Your Directors confirm:

- i. that in the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- ii. 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 at the end of the period ended 31st March 2010 and of the profit of the Company for that period ;
- iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors have prepared the annual accounts on a going concern basis.

STATUTORY STATEMENTS:

The Statement containing Particulars of Employees required in terms of Section 217(2A) of the Companies Act, 1956 and the rules framed thereunder have not been appended herewith as there is no employee covered by the same.

The Statement pursuant to Section 217(1)(e) of the Companies Act 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not enclosed as the same does not apply to the Company.

SECRETARIAL COMPLIANCE CERTIFICATE:

The Secretarial Compliance Certificate in terms of the amended Section 383A of the Companies Act 1956 is attached with this report.

AUDITORS:

M/s.Venkat & Rangaa, Chartered Accountants, Chennai 600028, who were appointed as the Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The members' approval is being sought for the re-appointment of M/s. Venkat & Rangaa Chartered Accountants as Statutory Auditors and to authorize the Board of Directors to fix their remuneration.

For and on behalf of the Board of Directors

Place : Chennai
Date : 16.06.2010

IRMGARD VELAGAPUDI M. RAO
CHAIRPERSON

SECRETARIAL COMPLIANCE CERTIFICATE
Registration No : CIN – U73100TN1978PTC041501
Nominal Capital : Rs. 500.00 Lakhs

To,
 The Members

M/s. KCP Sugars Agricultural Research Farms Limited
 *Ramakrishna Buildings, 239, Old 183, Anna Salai, Chennai: 600 006.

I have examined the registers, records, books and papers of M/s. **KCP SUGARS AGRICULTURAL RESEARCH FARMS LIMITED** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2010**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company is a Public Limited Company and therefore no comments are required.
4. The Board of Directors duly met **4 (Four)** times respectively on 24.06.2009, 27.07.2009, 13.10.2009 and 25.01.2010, in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members.
6. The Annual General Meeting for the financial year ended on **31st March 2009** was held on **22nd September 2009** after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. The Company has not conducted any Extra Ordinary General Meeting during the year.
8. The Company has not advanced any loans to its directors and/or persons or firms or companies referred to under Section 295 of the Act.
9. According to the Register of Contracts, the Company has not entered into any contracts falling within the purview of Section 297 of the Act during the financial year.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate share certificate during the year under review.
13. The Company has :
 - i. not made any allotment / Transmission / transfer of securities during the financial year.
 - ii. not declared any dividend for the financial year.
 - iii. Payment/Posting of dividend warrants to all the members within a period of 30 days from the date of declaration and transfer of unclaimed/unpaid dividend to unpaid dividend Account of the Company is not applicable since the Company has not declared any dividend for the year under review.
 - iv. Transfer of amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund is not applicable to the Company.
 - v. As per the information/explanation provided by management, the company has complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and there was no appointment / cessation of a Director during the year.
15. The Company's Paid-up Capital being less than the prescribed Rs.5.00 crores, it is not required to appoint the Managing Director / Whole-time Director / Manager and accordingly the provisions of Section 269 of the Act to that extent are not applicable.
16. The Company has not appointed any sole-selling agents during the financial year.
17. During the said year, the Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the year under review.
20. The Company has not bought back any shares during the year under review.
21. The Company has not issued any Redeemable Preference Shares / Debentures.
22. There were no transaction necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act, during the year under review.

24. The Company has not made any borrowings during the financial year ended **31st March 2010**.
25. The Company has not made any loans or advances, or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to Share Capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. There was no prosecution initiated against or show cause notices received by the company, and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Provisions of Section 418 of the Companies Act 1956 are not applicable to the company.

Place : Chennai
 Date : 15.06.2010

P. R. SUDHA
 COMPANY SECRETARY
 C.PNo : 4468

ANNEXURE A

Registers as maintained by the Company

1. Register of Members u/s.150 and Index of Members u/s. 151.
2. Minutes of General Meetings and Board meetings u/s 193.
3. Register of Directors u/s 303.
4. Register of Directors' Shareholding u/s 307.
5. Register of Transfers.
6. Register of Charges u/s.143.
7. Register of Investments.
8. Register of Contracts, Companies and firms in which Directors of the Company are interested u/s. 297,299,301 and 301 (3).
9. Register of Common Seal.
10. Books of Accounts u/s.209.

ANNEXURE B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2010.

S. No	eForm No/ Return	Filed U/s	For	Date of Filing & SRN	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1	Balance Sheet -23AC	220	the year ended 31.03.2009	19-10-2009 P36399111	Yes	NA
2	Annual Return -20B	159	As on 10-09-2009	31-10-2009 P39231022	Yes	NA
3	Secretarial Compliance Certificate - 66	383A	the year ended 31.03.2009	19-10-2009 P36399079	Yes	NA
4	Appointment of Auditors - Form 23B	224	The year ended 31-03-2010	26-02-2010 S02485266	No	NA

Place : Chennai
 Date : 15.06.2010

P. R. SUDHA
 COMPANY SECRETARY
 C.PNo : 4468

To the Members of KCP SUGARS AGRICULTURAL RESEARCH FARMS LIMITED

1. We have audited the attached Balance Sheet of K.C.P. AGRICULTURAL & RESEARCH FARMS LIMITED No.239 (Old No 183), Ramakrishna Buildings, Anna Salai, Chennai 600 006 as at 31st March, 2010, the Profit and loss account and also the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss account and Cash flow statement dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the Directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010 and
 - ii) in the case of the Profit and loss account of the profit for the year ended on that date; and
 - iii) in the case of cash flow statement, of the cash flows for the year ended on that date

For Venkat & Rangaa
Chartered Accountants
FRN 004597S

K.R. Adivarahan
Partner
M. No. 25420

Place : Chennai
Date : 16.06.2010

ANNEXURE TO THE AUDITORS' REPORT**Annexure referred to in Para 3 above, as required under Section 227(4A) of the Companies Act, 1956.**

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) All the assets have been physically verified by the management during the year, and in our opinion, is reasonable, having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.
- ii. Substantial part of the assets has not been disposed during the year to affect the going concern.
- iii. Physical verification of stock of finished goods, stores and raw materials are not applicable to this Company as it is in the business of agriculture.
- iv. (a) The Company has not taken or granted any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence clauses (b) and (c) not applicable.
- v. As the Company is in the business of agriculture research the requirement of an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials, including components, plant and machinery, equipment and other assets and for the sale of goods does not apply.
- vi. On the basis of the verification of the register maintained under Section 301 of the Act, we are of the opinion that all transactions that need be entered in the register have been so entered.
- vii. The Company has not accepted deposits from the public and the provisions of Section 58A of the Companies Act, 1956 and the rules framed there under are not applicable to the Company for the year under review.
- viii. According to the information and explanations given to us and on the basis of our verification we are of the opinion that the Company has an internal audit system commensurate with the size and operations of the Company.
- ix. The maintenance of Cost records is not applicable to this Company.
- x. (a) According to the information and explanation provided to us, Employee Provident Fund Act and ESI Act are not applicable to the Company. Other applicable statutory dues have been remitted in time.
(b) There are no disputed amounts payable in respect of Sales tax/Income Tax/customs tax/excise duty/cess which are outstanding for a period of more than 6 months from the date they became payable.
- xi. According to the information and explanations furnished to us, the Company has accumulated losses at the end of the year under report. During the current year and during the immediately preceding financial year the Company has not incurred cash losses.
- xii. The Company has not obtained any loans from a financial institution or bank or issued any debentures and hence this clause is not applicable.
- xiii. The Company has not granted any loans and advances against pledge of shares, debentures and other securities.
- xiv. As the Company is in the business of agriculture research Clause 4(xiii) is not applicable.
- xv. The Company is not a dealer or trader in shares, securities, debentures and other investments.
- xvi. The Company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interests of the company.
- xvii. No term loans have been obtained by the company from bank or financial institutions.
- xviii. No short term or long term funds in the nature of loans have been raised by the Company.
- xix. The Company has not made preferential allotment of shares to parties and Companies covered in the Register maintained under Section 301 of the Act during the year.
- xx. No debentures have been issued by the Company.
- xxi. No issue of shares were made by the Company during the year. The company has not made any issue of shares for the public since inception.
- xxii. No fraud on or by the Company has been noticed or reported during the year.

For Venkat & Rangaa
Chartered Accountants
FRN 004597S

K.R. Adivarahan
Partner
M. No. 25420

Place : Chennai
Date : 16.06.2010

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31.03.2010 Rs.		As at 31.03.2009 Rs.	
SOURCES OF FUNDS					
1. Share Holder's Funds:					
Equity Share Capital	A	2,25,00,000		2,25,00,000	
Reserves & Surplus		1,81,044	2,26,81,044	—	2,25,00,000
Deferred Tax Asset (Net) (see note 6)					
Deferred Tax Liability		1,11,734		1,24,410	
Less: Deferred Tax Asset		—	1,11,734	53179	71,231
			<u>2,27,92,778</u>		<u>2,25,71,231</u>
APPLICATION OF FUNDS:					
2. Fixed Assets:					
Gross Block	B	47,54,256		47,32,221	
Less: Depreciation		<u>3,28,797</u>		<u>2,86,997</u>	
Net Block			44,25,459		44,45,224
3. Investments	C		19,26,408		19,26,408
4. Current Assets, Loans and Advances					
Inventories	D	3,03,961		1,53,606	
Sundry debtors	E	—		—	
Cash and Bank balances	F	1,54,62,704		1,53,07,633	
Loans & Advances	G	<u>8,99,998</u>		<u>7,98,845</u>	
Less: Current Liabilities & Provisions	H	<u>1,66,66,663</u>		<u>1,62,60,084</u>	
(a) Liabilities		30,207		30,207	
(b) Provisions		<u>1,95,545</u>		<u>1,40,898</u>	
		225,752		171,105	
Net Current Assets			1,64,40,911		1,60,88,979
5. Miscellaneous Expenditure and Losses <i>(to the extent not written off)</i>					
Preliminary Expenses		—		—	
Profit and Loss Account Balance		—		1,10,620	1,10,620
			<u>2,27,92,778</u>		<u>2,25,71,231</u>
Notes forming part of accounts	L				

	As per our report of even date for VENKAT & RANGAA Chartered Accountants FRN 004597S	For and on behalf of the Board IRMGARD VELAGAPUDI M.RAO Chairperson
Chennai 16.06.2010	K.R.ADIVARAHAN Partner M. No. 25420	R.GANESAN Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	2009 - 2010 Rs.		2008 - 2009 Rs.	
Income					
Sale of Products		50,129		41,225	
Other Income	J	10,16,054		15,66,755	
			<u>10,66,183</u>		<u>16,07,980</u>
Expenditure					
Payments and Benefits to Employees		3,86,226		3,43,363	
Manufacturing, Selling and Administrative Expenses	K	3,97,537		4,00,824	
Depreciation	B	45,281		38,484	
Decrease in Stock	I	<u>(1,49,675)</u>		<u>(40,970)</u>	
			<u>6,79,368</u>		<u>7,41,701</u>
Profit/(Loss) before taxation		3,86,814		8,66,279	
Less: Provision for taxation					
Current		54,647		84,172	
Deferred		40,503		2,52,515	
Profit/(Loss) after taxation		2,91,664		5,29,592	
Loss brought forward from previous year		<u>(1,10,620)</u>		<u>(6,40,212)</u>	
Balance carried to Balance Sheet		<u>1,81,044</u>		<u>(1,10,620)</u>	
Basic and Diluted Earnings Per Share		0.13		0.24	

	As per our report of even date for VENKAT & RANGAA Chartered Accountants FRN 004597S	For and on behalf of the Board IRMGARD VELAGAPUDI M.RAO Chairperson
Chennai 16.06.2010	K.R.ADIVARAHAN Partner M.No. 25420	R.GANESAN Director

KCP SUGARS AGRICULTURAL RESEARCH FARMS LTD

SCHEDULES Forming part of the Accounts for the year ended 31.03.2010

Schedule A - Share Capital	31.03.2010	31.03.2009
	Rs.	Rs.
Authorised 50,00,000 equity shares of Rs.10 each	<u>5,00,00,000</u>	<u>5,00,00,000</u>
Issued, Subscribed & Paid Up Capital		
22,50,000 equity shares of Rs.10 each		
(all the shares are held by the Holding Company	<u>2,25,00,000</u>	<u>2,25,00,000</u>
K.C.P. Sugar and Industries Corporation Ltd. and their nominees)	<u>2,25,00,000</u>	<u>2,25,00,000</u>

Schedule B - Fixed Assets				Amt.in Rs						
Name of the Asset	Gross Block at cost			Depreciation				Net Block		
	Cost Upto 31.3.2009	Additions during the year	Deductions during the year	Cost Upto 31.3.2010	Upto 31.3.2009	for the year	On Deductions upto 31.3.2010	As at 31.3.2010	As at 31.3.2009	
Land (including development)	36,86,503	—	—	36,86,503	—	—	—	36,86,503	36,86,503	
Fencing	3,06,424	—	—	3,06,424	93,963	10,235	—	2,02,226	2,12,461	
Building	1,26,500	—	—	1,26,500	31,323	4,225	—	90,952	95,177	
Plant & Machinery	6,05,319	—	—	6,05,319	1,56,401	28,753	—	4,20,165	4,48,918	
Vehicles	7,475	27,510	5,475	29,510	5,310	2,068	3,481	25,613	2,165	
Total	47,32,221	27,510	5,475	47,54,256	2,86,997	45,281	3,481	44,25,459	44,45,224	
Previous Year	44,70,357	2,61,864	—	47,32,221	2,48,513	38,484	—	44,45,224	42,21,844	

C . INVESTMENTS	As at 31.03.2010		As at 31.03.2009
	No. of Shares	Amt. in Rs.	Amt. in Rs.
SHARES OF COMPANIES			
Non- Trade Investments			
Quoted Equity Shares - Fully Paid:			
(1) Asian Paints Ltd	200	2,32,837	2,32,837
(2) Blue Star Ltd. <i>(Face value of Rs.2/- each)</i>	300	1,20,315	1,20,315
(3) Container Corporation of India Ltd. <i>(Includes 100 Bonus Shares received during the year)</i>	200	1,70,161	1,70,161
(4) Geodesic Information Systems Ltd. <i>(Face value of Rs.2/- each)</i>	400	80,458	80,458
(5) Gujarat Gas Company Ltd. <i>(Includes 300 Bonus Shares received during the year)</i> <i>(Face value of Rs.2/- each)</i>	600	84,681	84,681
(6) Indraprastha Gas Ltd.	3500	4,62,427	4,62,427
(7) ISMT Ltd.	3800	3,00,380	3,00,380
(8) Marico Limited <i>(Face value of Re.1/- each)</i>	3500	2,22,814	2,22,814
(9) Nucleus Soft	200	38,058	38,058
(10) Subex Azure Ltd.	50	26,322	26,322
(11) Yuken India Ltd.	100	20,137	20,137
(12) Monsanto India Ltd	100	1,67,818	1,67,818
TOTAL		19,26,408	19,26,408

NOTE:

1. The Face value of the above Equity Shares is Rs.10/- each unless otherwise mentioned.		
2. Aggregate of Quoted Investments	- At cost	19,26,408
	- At market value	12,67,735
	31.03.2010	31.03.2009
	Rs.	Rs.

Schedule D - Inventories: (as certified by the management)

Stock in trade	a) Pesticides/fertilisers	2,620	1,940
	b) Standing crops	2,97,601	1,51,666
	c) Finished Products	<u>3,740</u>	<u>-</u>
		<u>3,03,961</u>	<u>1,53,606</u>

Schedule E - Sundry Debtors:

Sundry debtors-unsecured	—	—
Debts outstanding for a period exceeding six months - considered good	—	—
Other Debts - considered good	<u>—</u>	<u>—</u>

Schedule F - Cash and Bank Balances:

Cash on hand	3,023	9,276
Balances at Scheduled Banks:		
in Fixed Deposits	1,54,50,681	1,52,69,627
in Current Accounts	<u>9,000</u>	<u>28,730</u>
	<u>1,54,62,704</u>	<u>1,53,07,633</u>

Schedule G- Loans & Advances:

Advances,unsecured,considered good	—	—
(recoverable in cash or in kind or for value to be received)	92	92
Refund due from Income Tax Department	1,87,684	1,87,684
Income Tax deducted at source	<u>7,12,222</u>	<u>6,11,069</u>
	<u>8,99,998</u>	<u>7,98,845</u>

	<u>31.03.2010</u>	<u>31.03.2009</u>
	Rs.	Rs.
Schedule H- Current Liabilities & Provisions		
Current Liabilities		
Sundry Creditors (K.C.P.Sugar & Ind. Corp. Ltd.)	—	—
Sundry Creditors for expenses	30,207	30,207
Provision for taxation	<u>1,95,545</u>	<u>1,40,898</u>
	<u>2,25,752</u>	<u>1,71,105</u>
	2009-10	2008-09
	Rs.	Rs.
Schedule I - Increase/(Decrease) in stock:		
Opening Stock:		
Standing crops	<u>1,51,666</u>	1,10,696
Closing Stock:		
Standing crops	2,97,601	1,51,666
Finished goods	<u>3,740</u>	—
	<u>(1,49,675)</u>	<u>(40,970)</u>
Schedule J - Other income		
Interest received from Banks	9,82,435	15,17,680
Dividend received from Investments	33,113	49,075
Profit on sale of Asset	506	—
	<u>10,16,054</u>	<u>15,66,755</u>
Schedule K - Manufacturing, selling and Administrative Expenses		
Manufacturing Expenses:		
Cultivation Expenses	1,63,506	1,90,317
Labour charges	1,06,234	1,07,102
Pesticides/fertilisers	69,281	38,892
Repairs	<u>11,592</u>	<u>16,025</u>
	3,50,613	3,52,336
Administrative & Selling Expenses		
Bank Charges	1,450	1,265
Filing fees	1,500	
Audit fees	13,236	14,719
Professional charges	10,148	
Preliminary expenses	—	2,648
Loss on sale of Asset		
Miscellaneous Expenses	<u>20,590</u>	<u>29,856</u>
	46,924	48,488
	<u>3,97,537</u>	<u>4,00,824</u>

Schedule L - Notes on Accounts

1. Major accounting policies:

i. General:

The Financial Statements have been prepared on the basis of going concern, under the historic cost convention, to comply in all the material aspects with applicable accounting principles in India, the Accounting Standards notified under section 211 (3C) of the Companies Act, 1956 and the relevant provisions of the said Act.

ii. Fixed Assets:

Fixed Assets are stated at cost less depreciation. Cost of acquisition of fixed assets is inclusive of all freight, duties, taxes, incidental expenses relating to the cost of acquisition and the cost of installation/erection as applicable.

iii. Depreciation:

Depreciation is written off under the Straight line method in accordance with the rates and rules prescribed under Schedule XIV to the Companies Act, 1956.

iv. Investments:

Long term Investments are stated at cost, less provision for other than temporary diminution in value current investment are stated at the lower of cost or market value.

v. Inventories:

Standing crops at the year end is valued at cost.

Finished goods at the year end is valued at cost or market value whichever is lower.

As the company is engaged in agricultural and research activities quantitative particulars are not furnished.

2. Payment of gratuity Act, Provident Fund & ESI Acts are not applicable to the Company.
3. Previous years figures have be regrouped whenever necessary.
4. Contingent Liabilities not provided for : NIL
5. Foreign exchange Income & Outgo : NIL
6. Major components of deferred tax assets and liabilities arising on account of timing differences are:

	Assets	Liabilities
	Rs.	Rs.
a) Depreciation	—	1,11,734
c) Unabsorbed losses	—	—
Total	<u>—</u>	<u>1,11,734</u>

As per our report of even date

for **VENKAT & RANGAA**
Chartered Accountants
FRN 004597S

K.R.ADIVARAHAN
Partner
M.No. 25420

For and on behalf of the Board
IRMGARD VELAGAPUDI M.RAO
Chairperson

R.GANESAN
Director

Chennai
16.06.2010

AMT IN RS.		
	2009 - 10	2008 - 09
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and Extraordinary Items	3,86,814	8,66,279
Adjustments for:		
Depreciation	45,281	38,484
Profit on sale of Assets	(506)	—
Dividend Received	(33,113)	(49,075)
Interest received	(9,82,435)	(15,17,679)
Operating Profit before Working Capital Changes	(5,83,959)	(6,61,991)
Adjustments for :		
Trade and other Receivables	—	2,648
Inventories	(1,50,355)	(39,410)
Trade Payables	—	(18,764)
	(1,50,355)	(55,526)
Cash Generated from Operation	(7,34,314)	(7,17,517)
Direct Taxes Paid	1,01,153	3,12,596
Cash Flow Before Extraordinary Items	(8,35,467)	(10,30,113)
Extra ordinary items	—	—
Net Cash from Operating Activities	(8,35,467)	(10,30,113)
B. Cash Flow from Investing Activities:		
Interest Received	9,82,435	15,17,679
Dividend Received	33,113	49,075
Sale of Assets	2,500	(1,67,818)
Purchase of Fixed Assets	(27,510)	(2,61,864)
Net Cash flow from Investing Activities	9,90,538	11,37,072
C. Cash Flow from Financing Activities		
Increase in Equity Share Capital	—	—
Net Cash flow from Financing Activities	—	—
Net Increase in Cash and Cash Equivalents (A+B+C)	1,55,071	1,06,959
Cash and Cash Equivalents as at 01.04.2009	1,53,07,633	1,52,00,674
Cash and Cash Equivalents as at 31.03.2010	1,54,62,704	1,53,07,633

As per our report of even date

for VENKAT & RANGAA
Chartered Accountants
FRN 004597SChennai
16.06.2010K.R.ADIVARAHAN
Partner
M.No. 25420

For and on behalf of the Board

IRMGARD VELAGAPUDI M.RAO
ChairpersonR.GANESAN
Director

I. Registration Details		
a) Registration No.		41501
b) State Code		18
c) Balance Sheet dated		31.03. 2010
		(Amount in Rs.Thousands)
II. Capital raised during the Year		
a) Public Issue		Nil
b) Rights Issue		Nil
c) Bonus Issue		Nil
d) Private Placement		Nil
e) Others		Nil
III. Position of Mobilisation and Deployment of Funds		
a) Total Assets		23,018
b) Total Liabilities		23,018
Sources of Funds		
a) Paid-up Capital		22,500
b) Reserves & Surplus		181
c) Secured Loans		—
d) Unsecured Loans		—
e) Deferred Tax Liability		112
Total		<u>22,793</u>
Application of Funds		
a) Net Fixed Assets		4,426
b) Investments		1,926
c) Net Current Assets		16,441
d) Misc. Expenditure		0
e) Deferred Tax Assets		
Total		<u>22,793</u>
IV. Performance of Company for the period ended 31st March 2010		
a) Turnover		50
b) Other Income		1,016
c) Decrease in stocks		150
d) Total Expenditure		829
e) Profit/(Loss) for the period before tax		387
f) Profit/Loss after tax		292
g) E.P.S. in Rs.		0.13
h) Final Dividend Rate %		-
V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)		
Item Code No. ITC Code		7.10
Product Description		Agricultural Produce

Consolidated Financial Statements

of

K.C.P. Sugar and Industries Corporation Limited

and

its Subsidiaries

2009 - 2010

		AMT IN RS.	
Schedule		As at 31.03.2010	As at 31.03.2009
I SOURCES OF FUNDS:			
1. Shareholders' Funds			
Share Capital	A	11,33,85,050	11,33,85,050
Reserves & Surplus	B	<u>163,89,85,221</u>	<u>149,51,83,738</u>
		175,23,70,271	160,85,68,788
2. Loan Funds			
Secured Loans	C	22,61,83,953	36,11,99,600
Unsecured Loans	D	<u>27,30,75,000</u>	<u>23,97,59,000</u>
		49,92,58,953	60,09,58,600
3. Deferred Tax Liability (Net)			
Deferred Tax Liability		27,44,79,569	28,87,36,137
Less: Deferred Tax Asset		<u>3,62,85,453</u>	<u>3,51,11,085</u>
		23,81,94,116	25,36,25,052
TOTAL		<u>248,98,23,340</u>	<u>246,31,52,440</u>
II APPLICATION OF FUNDS:			
1. Fixed Assets			
(a) Gross Block	E	230,13,68,872	223,29,75,191
(b) Less: Depreciation		<u>92,44,55,347</u>	<u>82,56,13,757</u>
(c) Net Block		137,69,13,525	140,73,61,434
(d) Capital Work-in-Progress		<u>1,74,77,285</u>	<u>1,40,65,017</u>
		139,43,90,810	142,14,26,451
2. Investments	F	16,30,30,441	2,72,82,836
3. Current Assets, Loans and Advances			
(a) Inventories	G	118,65,80,817	134,99,04,346
(b) Sundry Debtors	H	16,83,14,103	19,71,06,107
(c) Cash and Bank Balances	I	8,08,88,436	8,48,30,174
(d) Other Current Assets	J	52,89,046	18,15,538
(e) Loans and Advances	K	<u>30,21,05,504</u>	<u>20,85,11,744</u>
		174,31,77,906	184,21,67,909
Less: Current Liabilities and provisions			
(a) Liabilities	L	67,18,00,111	71,26,82,556
(b) Provisions		<u>13,89,75,706</u>	<u>11,50,42,200</u>
		81,07,75,817	82,77,24,756
Net Current Assets		93,24,02,089	101,44,43,153
TOTAL		<u>248,98,23,340</u>	<u>246,31,52,440</u>

Schedules A - L , Statement of Accounting Policies & Notes form an integral part of the Balance Sheet

As per our report of even date
For **B.PURUSHOTTAM & CO.**
Chartered Accountants
FRN 002808S

For and on behalf of the Board
IRMGARD VELAGAPUDI M. RAO
Managing Director

B.S.PURSHOTHAM
Partner
M.No. 26785

V. KIRAN RAO
Executive Director

Chennai
17.06.2010

R.GANESAN
General Manager
(Finance)

S.CHIDAMBARAM
Dy.General Manager (Finance) &
Company Secretary

K.A.RANGASWAMY
Director &
Chairman -Audit Committee

CONSOLIDATED ACCOUNTS

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	AMT IN RS	
		2009 - 2010	2008 - 2009
I INCOME:			
Sale of Products and Services		332,06,82,978	279,60,42,745
Less: Inter Divisional Transfers		<u>(42,58,37,843)</u>	<u>(56,14,78,153)</u>
		289,48,45,135	223,45,64,592
Less: Excise Duty collected		<u>(11,19,25,922)</u>	<u>(13,65,86,287)</u>
		278,29,19,213	209,79,78,305
Other Income	M	<u>4,70,45,469</u>	<u>5,64,24,835</u>
		282,99,64,682	215,44,03,140
II EXPENDITURE:			
Raw Materials Consumed		144,40,58,300	130,30,88,210
Less: Inter Divisional Transfers		<u>(8,31,24,159)</u>	<u>(12,36,01,038)</u>
		136,09,34,141	117,94,87,172
Purchase of Finished Goods		—	10,35,206
Decrease in Stocks	N	18,30,42,999	(3,21,56,248)
Payments and Benefits to Employees	O	28,08,35,166	26,27,86,355
Manufacturing, Selling, Administrative and other Expenses	P	50,01,69,089	39,39,66,459
Interest		4,19,42,603	4,74,52,199
Depreciation		<u>11,02,24,360</u>	<u>11,24,02,803</u>
		247,71,48,358	196,49,73,946
PROFIT/(LOSS) BEFORE TAXATION		35,28,16,324	18,94,29,194
Less: Provision for - Current Tax		12,49,54,647	7,05,84,172
Deferred Tax		(1,54,30,936)	(58,515)
Fringe Benefit Tax		—	19,15,000
Add: Reversal of excess provision for taxation relating to earlier years		—	(1,45,115)
PROFIT/(LOSS) AFTER TAX		24,32,92,613	11,71,33,652
Balance brought forward from previous year		<u>43,66,29,440</u>	<u>42,37,90,772</u>
		67,99,22,053	54,09,24,424
III APPROPRIATIONS			
Transfer to General Reserve		2,38,00,000	1,14,36,596
Proposed Dividend		8,50,38,788	7,93,69,535
Tax on Proposed Dividend		<u>1,44,52,342</u>	<u>1,34,88,853</u>
Balance Carried to Balance Sheet		<u>55,66,30,923</u>	<u>43,66,29,440</u>
Basic and Diluted Earnings Per Share (See Note 4)		2.15	1.03

Schedules M - P , Statement of Accounting Policies & Notes form an integral part of the Profit & Loss Account.

As per our report of even date
For **B.PURUSHOTTAM & CO.**
Chartered Accountants
FRN 002808S

B.S.PURSHOTHAM
Partner
M.No. 26785
Chennai
17.06.2010

R.GANESAN
General Manager
(Finance)

S.CHIDAMBARAM
Dy.General Manager (Finance) &
Company Secretary

K.A.RANGASWAMY
Director &
Chairman-Audit Committee

For and on behalf of the Board
IRMGARD VELAGAPUDI M. RAO
Managing Director

V. KIRAN RAO
Executive Director

		AMT. IN RS.	
		As at 31.03.2010	As at 31.03.2009
A . SHARE CAPITAL			
Authorised :			
25,00,00,000 Equity Shares of Re.1/- each		<u>25,00,00,000</u>	<u>25,00,00,000</u>
Issued, Subscribed and Paid-up:			
11,33,85,050 Equity Shares of Re.1/- each fully paid		<u>11,33,85,050</u>	<u>11,33,85,050</u>
B . RESERVES & SURPLUS			
	As at 01.04.2009	Added during the Year	Withdrawn during the Year
Investment Allowance Reserve (Utilised)	45,05,000	—	—
Capital Redemption Reserve - Shares Buy Back	1,55,45,110	—	—
General Reserve*	103,85,04,188	2,38,00,000	—
Surplus (i.e.) Balance in Profit and Loss A/c	43,66,29,440	—	—
	149,51,83,738		163,89,85,221
C . SECURED LOANS			
From Banks			
- Working Capital Borrowings		7,56,07,286	20,51,99,600
Term Loan		15,05,76,667	15,60,00,000
		<u>22,61,83,953</u>	<u>36,11,99,600</u>
D . UNSECURED LOANS			
Fixed Deposits		<u>27,30,75,000</u>	<u>23,97,59,000</u>

Description	GROSS BLOCK AT COST						DEPRECIATION					NET BLOCK	
	Cost up to 31.03.2009	Additions during the Year	Deductions during the Year	Cost up to 31.03.2010	Up to 31.03.2009	For the Year	Impairment Loss	On Deductions	up to 31.03.2010	As at 31.03.2010	As at 31.03.2009		
Lands	8,91,00,071	16,000	-	8,91,16,071	-	-	-	-	-	8,91,16,071	8,91,00,071		
Buildings													
Own Buildings	27,77,70,070	24,25,451	2,17,281	27,99,78,240	4,40,22,975	66,37,411	-	46,039	5,06,14,347	22,93,63,893	23,37,47,095		
Leasehold Buildings	1,12,189	-	-	1,12,189	54,598	2,880	-	-	57,478	54,711	57,591		
Plant & Machinery	171,18,59,334	7,56,79,292	1,81,63,749	176,93,74,877	69,57,43,428	8,97,44,709	-	74,86,679	77,80,01,458	99,13,73,419	101,61,15,906		
Tramways & Railways													
Sidings	2,30,97,526	-	-	2,30,97,526	78,20,734	11,66,516	-	-	89,87,250	1,41,10,276	1,52,76,792		
Computers, Office Equipments & Furniture	8,07,48,560	21,94,997	-	8,29,43,557	5,24,52,731	80,12,486	-	-	6,04,65,217	2,24,78,340	2,82,95,829		
Knowhow and Designs	2,35,000	-	-	2,35,000	2,35,000	-	-	-	2,35,000	-	-		
Vehicles	5,00,52,441	1,09,93,929	45,34,958	5,65,11,412	2,52,84,291	46,60,358	-	38,50,052	2,60,94,597	3,04,16,815	2,47,68,150		
Total	223,29,75,191	9,13,09,669	2,29,15,988	230,13,68,872	82,56,13,757	11,02,24,360	-	1,13,82,770	92,44,55,347	137,69,13,525	140,73,61,434		
Previous year	219,75,93,149	5,43,51,215	1,89,69,173	223,29,75,191	72,65,76,361	11,24,02,803	-	1,33,65,407	82,56,13,757	140,73,61,434	147,10,16,788		
K.C.P. Sugar and Industries Corporation Limited	217,85,03,874	8,82,63,295	2,25,12,311	224,42,54,858	79,66,49,926	10,62,53,594	-	1,09,93,443	89,19,10,077	135,23,44,781	138,18,53,948		
The EIMCO-K.C.P. Ltd.	4,97,39,096	30,18,864	3,98,202	5,23,59,758	2,86,76,834	39,25,485	-	3,85,846	3,22,16,473	2,01,43,285	2,10,62,262		
KCP Sugars Agricultural Research Farms Ltd.	47,32,221	27,510	5,475	47,54,256	2,86,997	45,281	-	3,481	3,28,797	44,25,459	44,45,224		
Total	223,29,75,191	9,13,09,669	2,29,15,988	230,13,68,872	82,56,13,757	11,02,24,360	-	1,13,82,770	92,44,55,347	137,69,13,525	140,73,61,434		

AMT. IN RS.

E. FIXED ASSETS

CONSOLIDATED ACCOUNTS



SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET (CONTD..)

	AMT IN RS.	
	As at 31.03.2010	As at 31.03.2009
F . INVESTMENTS		
I. OTHER INVESTMENTS:		
Government Securities	6,000	6,000
II. SHARES OF COMPANIES:		
A. Non- Trade Investments:		
(i) Quoted Equity Shares - Fully Paid:	34,35,801	34,35,801
(ii) Unquoted Equity Shares - Fully paid	5,00,000	5,00,000
B. Non- Trade Investments current:		
Quoted Equity Shares - Fully Paid:	5,25,08,528	2,33,41,035
Mutual Funds	10,65,80,112	-
	16,30,30,441	2,72,82,836
G . INVENTORIES		
Stores and Spares	7,29,88,278	7,14,02,643
Loose Tools	2,15,538	2,21,302
Stocks-in-trade		
a) Raw Materials	1,82,42,895	1,03,296
b) Crops under cultivation	31,17,200	8,59,640
c) Work-in-progress	4,94,99,587	4,43,84,379
d) Finished Goods	1,04,25,17,319	1,23,29,33,086
	1,18,65,80,817	1,34,99,04,346
H. SUNDRY DEBTORS		
Sundry Debtors, Unsecured :		
Debts outstanding for a period exceeding six months considered good	4,00,11,479	4,23,14,015
Considered Doubtful	63,04,846	-
	4,63,16,325	4,23,14,015
Less Provision	63,04,846	-
	4,00,11,479	4,23,14,015
Other Debts - Considered Good	12,83,02,624	15,47,92,092
TOTAL	16,83,14,103	19,71,06,107
I. CASH AND BANK BALANCES		
Cash on hand	8,80,591	7,90,042
Balances at Scheduled Banks :		
In Fixed Deposits	4,59,48,135	5,18,73,191
In Current Accounts	3,40,59,710	3,21,66,941
TOTAL	8,08,88,436	8,48,30,174
J. OTHER CURRENT ASSETS		
Interest accrued on Investments and Deposits	52,89,046	18,15,538

CONSOLIDATED ACCOUNTS

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET (CONTD.)

	AMT IN RS.	
	As at 31.03.2010	As at 31.03.2009
K. LOANS AND ADVANCES		
Advances (unsecured recoverable in cash or in kind or for value to be received)		
Considered Good	17,66,25,770	14,75,95,576
Considered doubtful	4,19,925	4,19,925
	17,70,45,695	14,80,15,501
Less: Provision	4,19,925	4,19,925
	17,66,25,770	14,75,95,576
Prepaid expenses	4,01,58,913	41,62,762
Excise duty paid in advance	65,95,404	33,08,056
Advance Income-tax paid (Net)	2,45,57,436	1,66,18,452
Income Tax deducted at source	69,78,014	56,15,539
Deposits with the Government Departments etc. recoverable	79,03,885	79,55,538
Claims receivable	3,92,86,082	2,32,55,821
	30,21,05,504	20,85,11,744
L. CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES :		
Sundry Creditors		
- Due to small scale industrial undertakings	-	-
- Due to others	60,02,97,719	64,31,25,906
Unclaimed Fixed Deposits	14,09,392	18,50,741
Unclaimed Dividends	1,12,14,339	1,08,82,854
Unclaimed Interest on Fixed Deposits	41,43,606	34,64,203
Advances received against sales	3,80,65,335	4,23,13,724
Trade Deposits	1,23,300	1,23,300
Staff Security Deposits	1,73,000	2,04,387
Interest accrued but not due on loans	1,63,73,420	1,07,17,441
	A 67,18,00,111	71,26,82,556
B. PROVISIONS :		
Provision for Leave encashment	1,62,06,747	1,39,86,732
Provision for Gratuity	2,32,77,829	81,97,080
Proposed Dividend	8,50,38,788	7,93,69,535
Tax on Distributed Profits	1,44,52,342	1,34,88,853
	B 13,89,75,706	11,50,42,200
	A+B 81,07,75,817	82,77,24,756

	AMT IN RS.	
	2009 - 10	2008 - 09
M . OTHER INCOME		
Interest received from Banks and others	61,74,398	1,60,98,886
Dividends Received on other than trade Investments	1,53,63,138	68,87,956
Rent received	36,80,049	37,61,650
Miscellaneous Receipts	90,97,406	1,19,77,473
Profit on sale of Assets	38,56,713	1,34,24,080
Unclaimed balances credited back	79,849	1,33,040
Claims received	6,58,816	10,23,171
Excess provision credited back	73,41,974	31,18,579
Foreign exchange variation	7,93,126	—
	<u>4,70,45,469</u>	<u>5,64,24,835</u>
N . INCREASE/(DECREASE) IN STOCKS		
Opening Stocks :		
Crops under cultivation	8,59,640	21,13,150
Work-in-Progress	4,43,84,379	2,09,91,208
Finished goods	1,23,29,33,086	1,18,42,26,450
	<u>1,27,81,77,105</u>	<u>1,20,73,30,808</u>
Closing Stocks :		
Crops under cultivation	31,17,200	8,59,640
Work-in-Progress	4,94,99,587	93,17,904
Finished goods	1,04,25,17,319	1,22,93,09,512
	<u>1,09,51,34,106</u>	<u>1,23,94,87,056</u>
Increase/(Decrease) in stocks	<u>(18,30,42,999)</u>	<u>3,21,56,248</u>
O . PAYMENTS AND BENEFITS TO EMPLOYEES		
Salaries, Wages and Bonus	22,45,92,192	21,24,55,422
Payments under Voluntary Retirement Scheme	33,92,343	1,28,87,452
Contribution to Provident Fund and Pension Scheme	14074990	1,28,26,215
Contribution to Superannuation Fund	8,82,268	10,48,989
Contribution to Gratuity Fund & Gratuity Paid including provision	1,98,58,368	66,51,955
Workmen and Staff Welfare expenses	1,80,35,005	1,69,16,322
	<u>28,08,35,166</u>	<u>26,27,86,355</u>

CONSOLIDATED ACCOUNTS

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT (CONTD..)

		AMT IN RS.	
		2009 - 10	2008 - 09
P . MANUFACTURING, SELLING, ADMINISTRATIVE AND OTHER EXPENSES			
MANUFACTURING			
Stores and Spares Consumed		19,48,62,149	6,00,32,311
Machining and Fabrication Charges		3,06,06,907	2,89,72,470
Drawing Office Stationery		4,35,896	3,38,185
Testing and Inspection Charges		3,04,333	2,00,801
Cultivation Expenses		60,42,850	47,27,162
Power and Fuel	Rs.35,91,97,860/- P.Y. Rs.45,67,83,218/-		
Less: Inter Divisional Transfers	<u>Rs.34,27,13,684/- P.Y. Rs.43,78,77,115/-</u>		
Net Power and Fuel		1,64,84,176	1,89,06,103
Insurance		27,18,025	40,54,080
Research & Development		3,94,07,668	6,94,59,111
Repairs to Buildings		68,10,774	66,95,343
Repairs to Machinery		5,05,44,296	6,09,85,026
Repairs to Other Assets		37,88,697	30,48,139
	(A)	<u>35,20,05,771</u>	<u>25,74,18,731</u>
SELLING			
Loading, Unloading, Transport etc.		1,36,63,705	1,59,08,649
Commission on sales		15,48,875	1,34,749
Other Selling Expenses		52,57,272	53,50,183
	(B)	<u>2,04,69,852</u>	<u>2,13,93,581</u>
ADMINISTRATIVE			
Rent		3,06,510	2,93,460
Payments to Auditors		6,88,829	6,75,873
Directors Sitting fees		12,00,000	10,20,000
Remuneration to Whole time and other Directors		1,90,81,901	1,05,90,056
Miscellaneous expenses		5,43,90,667	5,71,82,247
	(C)	<u>7,56,67,907</u>	<u>6,97,61,636</u>
Others:			
Liquidated damages/Performance guarantee		98,26,205	62,98,816
Loss on sale of assets		2,31,140	2,60,962
Difference in Foreign Exchange		—	2,53,989
Net value of assets written off		94,67,195	39,54,589
Prior Period Adjustments		4,15,617	47,454
Bad debts written off		4,89,733	19,85,289
Provision for Doubtful debts		63,04,846	—
Excise duty and Taxes (Net)		2,52,90,823	3,25,91,412
	(D)	<u>5,20,25,559</u>	<u>4,53,92,511</u>
	(A+B+C+D)	<u>50,01,69,089</u>	<u>39,39,66,459</u>

1. SYSTEM OF ACCOUNTING:

Financial statements are prepared under the historical cost convention and in accordance with generally accepted accounting practices.

Basis Of Consolidation:

- The consolidated financial statements relate to K.C.P. Sugar and Industries Corporation Ltd., hereinafter referred to as ' the company ', and its wholly-owned subsidiary companies, viz., The Eimco-K.C.P.Ltd., and KCP Sugars Agricultural Research Farms Ltd. The consolidated financial statements have been prepared on the following basis, in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India:
- The financial statements of the Company and its subsidiary companies have been combined on a line by line basis by adding together the Book Values of like items of Assets, Liabilities, Income and Expenses.
- The intra group balances and intra group transactions resulting in unrealized profits or losses have been fully eliminated from the related Assets, Liabilities, Income and Expenses.
- The investments in the Equity Shares of the Subsidiary Companies have been fully eliminated from the Share Capital of Subsidiary Companies and investments in parent Company.

2. FIXED ASSETS

- a. Fixed assets are stated at the values at which they are acquired, less accumulated depreciation. The value at which fixed assets are acquired includes all related expenses upto the date of putting them to use.
- b. Modvat Credit availed on acquisition of Fixed Assets is reduced from the cost of the concerned assets.

3. DEPRECIATION

Depreciation is provided under straight line method except in respect of assets appearing in the books of the Registered Office of the Company, and The Eimco-K.C.P. Ltd., which are depreciated under written down value method, in accordance with the rates and rules prescribed under Schedule XIV to the Companies Act, 1956. Assets costing less than Rs.5000/- depreciated within the year of acquisition.

4. INVESTMENTS

Long-term investments are stated at cost, less provision for other than temporary diminution in value. Current investments are stated at the lower of cost or market value.

5. INVENTORIES

- a) Finished goods are valued as follows and increased by Excise Duty thereon as applicable.
 - All finished goods are valued at lower of cost or market value except Incentive free and Levy Sugar which is valued at lower of cost or levy rate.
 - Molasses, a byproduct is valued at estimated net realisable value.
- b) Stock of Scrap is not valued and therefore not recognised in the accounts. Sale of Scrap, as and when made, is accounted for. In the case of The Eimco-K.C.P.Ltd., the same is valued at net realizable value and recognized in the accountss.
- c) Crops under cultivation are valued at cost.
- d) Work in progress is valued at lower of cost or net realisable value of the finished goods duly

adjusted according to the percentage of progress.

- e) Raw materials, stores, spares, materials in transit are valued at cost, except when the net realisable value of the finished goods they are used in, is less than the cost of the finished goods and if in such an event the replacement cost of such materials etc. is less than their holding cost, they are valued at replacement cost.

6. SALES AND OTHER EARNINGS

- a) Sales are inclusive of excise duty, freight, insurance etc. recovered thereon and net of sales tax.
 b) Power generated in Power Plant Units and supplied to the other units of the Company is accounted for at which the Company purchases power from other power producers.

7. WARRANTY AND GUARANTEE CLAIMS

Company's liability for performance warranties is recognized in the accounts in the year of claim by the customers. Liability in respect of delivery guarantees is recognized in accounts in the year in which delay occurs as per the Contract.

8. FOREIGN EXCHANGE TRANSACTIONS

- a) Transactions in foreign currency are initially accounted at the exchange rate prevailing on the date of the transaction, and adjusted appropriately with the difference in the rate of exchange arising on actual receipt/payment during the year.
- b) At each Balance Sheet date
- foreign currency monetary items are reported using the rate of exchange on that date
 - foreign currency non-monetary items are reported using the exchange rate at which they were initially recognized
- c) In respect of forward exchange contracts in the nature of hedges
- Premium or discount on the contract is amortised over the term of the contract,
 - Exchange differences on the contract are recognized as profit or loss in the period in which they arise

9. EXPENDITURE ON RESEARCH AND DEVELOPMENT

In respect of approved Research and Development programmes, expenditure of capital nature is included in the Fixed Assets and the other expenditure is charged off to revenue, in the year in which such expenditure is incurred.

10 EMPLOYEE BENEFITS

- (i) Long-term Employee Benefits
 (a) Defined Contribution Plans

The Company has Defined Contribution Plans for post employment benefits for certain employees in the form of Superannuation Fund which is recognised by the Income Tax authorities and administered through Trustees and Life Insurance Corporation of India (LIC) and Provident Fund for all employees. These plans constitute insured benefits, as the Company has no further obligation beyond making the contributions. The Company's contributions to Defined Contribution Plans are charged to the Profit and Loss Account as incurred.

(b) Defined Benefit Plans

- (i) Gratuity - The Company has Defined Benefit Plan for post employment benefit for all employees in the form of Gratuity. For certain employees the post employment benefits in the form of Gratuity Fund, which is recognised by the Income Tax authorities and administered through Trustees and Life Insurance Corporation of India (LIC). Liability for Defined Benefit Plan is provided on the basis of valuation, as at the Balance Sheet date, carried out by LIC of India. The actuarial valuation method used by LIC of India for measuring the liability is the Projected Unit Credit Method.
- (ii) Leave Encashment – Entitlement to annual leave and sick leave are recognised when they accrue to employees. The Company determines the liability for such accumulated leaves at each Balance Sheet date and the same is charged to revenue accordingly.

11. TAXATION:

Provision is made for income tax liability estimated to arise on the results for the year at the current rate of tax in accordance with the Income Tax Act, 1961.

- Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax.
- Deferred tax assets arising on account of brought forward losses and unabsorbed depreciation are recognized only when there is virtual certainty supported by convincing evidence that such assets will be realized. Deferred tax assets arising on other temporary timing differences are recognized only if there is a reasonable certainty of realization.

12. IMPAIRMENT OF ASSETS

At the date of each Balance Sheet, the company evaluates internally, indications of the impairment if any, to the carrying amount of its fixed and other assets. If any indication does exist, the recoverable amount is estimated at the higher of the realizable value and value in use, as considered appropriate. If the estimated realizable value is less than the carrying amount, an impairment loss is recognized.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

13. 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 in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

CONSOLIDATED ACCOUNTS

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

1. Contingent liabilities and Capital Commitments not provided for:

Contingent Liabilities:

Claims against the company not acknowledged as debts:

Amount – Rs.

Particulars	<u>31.03.2010</u>	<u>31.03.2009</u>
Labour Cases	44,62,194	3,84,495
Central Excise Cases	1,91,12,314	1,91,12,314
Sales Tax Cases	9,21,111	9,21,111
ESI Cases	1,32,925	1,32,925
Case on Duty relating to Captive Power Generation	2,61,69,375	2,61,69,375
Bank Guarantees	<u>7,63,37,859</u>	<u>7,83,95,119</u>
TOTAL	<u>12,71,35,778</u>	<u>12,51,15,339</u>

2. Related Party Disclosures:

(AS REQUIRED UNDER PARAGRAPHS 23 AND 26 OF ACCOUNTING STANDARD 18)

(A). Names of related parties and description of relationship:

Key Management Personnel

- a) Shri. Vinod R. Sethi - Executive Chairman
- b) Smt. Irmgard Velagapudi M Rao - Managing Director.
- c) Smt. V. Kiran Rao - Executive Director

(B). Transaction During the year

Particulars	(Amt. in Rs.)	
	Key Management Personnel	
	2009-2010	2008-2009
Remuneration Paid	1,84,97,997	98,35,056
Interest on Fixed Deposits Paid	31,61,644	30,09,515
Share Capital held	17,33,310	17,33,310
Fixed Deposits held	3,00,00,000	3,00,00,000

3. Employee Benefits

Disclosure under Accounting standard 15 (AS 15):

Defined benefit plans

Amount in Rs.

	<u>2009-2010</u>	<u>2008-2009</u>
Gratuity		
(I) Change in Benefit Obligation		
Liability at the beginning of the year	6,61,18,450	6,23,08,457
Interest Cost	52,77,638	44,56,804
Current Service Cost	43,39,278	43,03,318
Benefit Paid	59,05,464	-57,33,455
Actuarial (gain)/loss on obligations	1,50,64,347	12,28,138
Liability at the end of the year	8,48,94,249	66,18,450
(II) Fair value of Plan Assets		
Fair value of plan assets at the beginning of the year	5,80,54,743	2,79,50,713
Expected Return on Plan Assets	51,92,253	37,55,591
Contributions	36,37,846	3,19,65,583
Benefit Paid	50,92,176	53,64,068
Actuarial gain /(loss) on Plan Assets	—	1,89,860
Fair Value of plan assets at the end of the year	6,17,92,666	5,81,54,743
III) Actual Return on Plan Assets		
Expected Return on Plan Assets	51,92,253	61,07,849
Actuarial gain/(loss) on plan Assets	—	59,028
Actual Return on Plan Assets	51,92,253	35,84,123
(IV) Amount Recognised in the Blance Sheet		
Liability at the end of the year	8,48,94,249	6,61,18,450
Fair value of Plan Assets at the end of the year	6,18,92,666	5,81,54,743
Difference (Unfunded)	2,35,54,075	84,30,453
Amount Recognised in the Balance Sheet	2,30,01,583	84,30,453
(V) Expenses Recognised in the Income Statement		
Current Service Cost	43,39,278	43,03,318
Interest Cost	52,77,638	44,56,804
Expected Return on Plan Assets	51,92,253	37,55,591
Net Actuarial (Gain)/ loss to be recognised	1,50,64,347	13,81,214
Expenses Recognised in P & L	1,94,89,010	63,85,745
(VII) Actuarial Assumptions : For the Year		
Discount Rate Current	8%	7.50
Salary Escalation Current	5% & 7 %	5.00
Expected rate of return on plan assets	8 %	8.00 & 9.25%
L I C Mortality rate 1994- 1996 ultimate		

CONSOLIDATED ACCOUNTS

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

Provident fund:

The Company manages Provident fund plan through a Provident Fund Trust for certain employees, which is permitted under The Employees Provident Fund and Miscellaneous Provisions Act, 1952. The plan envisages contribution by the employer and employees and guarantees interest at the rate notified by the Provident Fund Authority. The contribution by employer & employee, together with interest, are payable at the time of separation from service or retirement, whichever is earlier. The benefit under this plan vests immediately on rendering of service.

The Guidance Note on implementing AS-15, Employee Benefits(revised 2005) issued by the Accounting Standard Board (ASB) states that provident fund set up by employers, which require interest shortfall to be met by the employer, need to be treated as defined benefit plan. Pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed inability to reliably measure the Provident fund liability. However, there is no deficit in the fund in this regard.

4. Earnings per share (EPS) – The numerators and denominators used to calculate Basic and Diluted Earnings per share

		2009-2010 Rs.	2008-2009 Rs.
Profit attributable to the Shareholders (A)		24,32,92,613	11,71,33,652
Basic / Weighted average number of			
Equity Shares outstanding during the year (B)		11,33,85,050	11,33,85,050
Nominal value of Equity Shares		1.00	1.00
Basic / Diluted Earnings per share (A/B)		2.15	1.03

4a. SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2010 - BUSINESS SEGMENTS (PRIMARY SEGMENTS)

Particulars	Sugar		Chemicals		Power & fuel		Engineering Equipments		Others		Eliminations		Amount in Rs. Consolidated	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue														
External Sales	242,26,70,646	172,95,63,688	10,24,87,410	17,46,59,535	3,25,21,846	29,23,319	30,51,77,923	29,25,33,479	3,19,87,310	3,48,84,571	—	—	289,48,45,135	223,45,64,592
Inter-segment Sales	23,86,97,493	32,24,84,230	5,89,900	5,12,047	18,65,50,450	23,84,81,876	—	—	—	—	42,58,37,843	56,14,78,153	—	—
Total Revenue	266,13,68,139	205,20,47,918	10,30,77,310	17,51,71,582	21,90,72,296	24,14,05,195	30,51,77,923	29,25,33,479	3,19,87,310	3,48,84,571	42,58,37,843	56,14,78,153	289,48,45,135	223,45,64,592
Result														
Segment Result	37,39,17,878	23,04,91,772	(1,18,79,751)	(1,93,57,128)	59,59,413	(98,95,497)	2,10,93,082	1,90,19,578	1,07,30,136	1,27,22,759	—	—	39,98,20,758	23,29,81,485
Unallocated Corporate Expenses/Income	—	—	—	—	—	—	—	—	—	—	—	—	2,44,23,281	1,86,26,934
Operating Profit	—	—	—	—	—	—	—	—	—	—	—	—	37,53,97,477	21,43,54,551
Interest Expense	—	—	—	—	—	—	—	—	—	—	—	—	4,19,42,603	47,45,21,99
Interest Income	—	—	—	—	—	—	—	—	—	—	—	—	61,74,398	1,60,98,886
Dividend Income	—	—	—	—	—	—	—	—	—	—	—	—	1,53,63,138	68,87,956
Donations	—	—	—	—	—	—	—	—	—	—	—	—	21,76,086	4,60,000
Income Taxes	—	—	—	—	—	—	—	—	—	—	—	—	10,95,23,711	7,22,95,542
Net Profit From Ordinary Activities	—	—	—	—	—	—	—	—	—	—	—	—	24,32,92,613	11,71,33,652
Other Information														
Segment Assets	196,37,13,352	204,62,64,281	26,29,74,426	25,64,17,425	41,47,94,355	44,32,39,775	23,86,59,408	26,95,57,826	8,59,38,982	8,95,75,557	—	10,90,211	296,60,80,523	310,39,64,653
Un Allocated Corporate Assets	—	—	—	—	—	—	—	—	—	—	4,20,00,000	4,48,00,000	33,45,18,634	18,69,12,544
Total Assets	68,75,74,546	82,52,42,973	25,29,77,9	25,59,008	19,40,782	34,11,342	19,24,50,304	22,89,12,736	2,37,73,429	2,39,14,816	4,20,00,000	4,58,90,211	330,05,99,157	329,08,77,197
Segment Liabilities	—	—	—	—	—	—	—	—	—	—	—	—	86,62,68,840	103,81,50,664
Un Allocated Corporate Liabilities	—	—	—	—	—	—	—	—	—	—	—	—	68,19,60,046	64,41,57,745
Total Liabilities	8,39,21,503	2,13,89,180	14,41,497	37,83,281	29,02,849	27,79,787	30,18,864	40,11,865	34,37,224	64,63,502	—	—	154,82,28,886	168,23,08,409
Capital Expenditure	5,06,31,909	4,97,93,047	1,37,70,436	1,48,31,556	3,58,58,524	3,58,00,538	39,25,485	38,29,610	60,38,006	81,48,052	—	—	9,47,21,937	3,84,27,615
Depreciation	—	—	—	—	—	—	—	—	—	—	—	—	11,02,24,360	11,24,02,803
Non Cash Expenses other than Depreciation	91,34,730	59,39,878	30,63,507	—	—	—	4,72,549	—	35,90,987	2,648	—	—	1,62,61,774	59,42,526

Note:

- The operations of the parent company and its subsidiaries predominantly relate to manufacture of Sugar, Electrical Energy, Engineering Equipments, Bio Fertilizers and Chemicals comprising mainly Industrial Alcohol, CO₂ and Calcium Lactate.
- The Business segments that are disclosed under "Others" comprise Bio Fertilizers and Agricultural Produce.
- Inter segment transfers are priced at market rates excepting Steam which has no market rate and hence valued at cost.

4b. SECONDARY SEGMENT REPORT FOR THE YEAR ENDED 31.03.2010 - GEOGRAPHICAL SEGMENTS

PARTICULARS	CURRENT YEAR RS.	PREVIOUS YEAR RS.
SALES REVENUE		
IN INDIA	289,07,49,188	223,45,64,592
OUTSIDE INDIA (Export out of India)	40,95,947	—
TOTAL	289,48,45,135	223,45,64,592

Note: The Group does not own or operate any businesses outside India.

CONSOLIDATED ACCOUNTS

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

CASH FLOW STATEMENT ANNEXED TO ACCOUNTS

CASH FLOW STATEMENT ANNEXED TO FINANCIAL STATEMENTS

	AMT IN RS.	
	2009-10	2008-09
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and Extraordinary Items	35,28,16,324	18,94,29,194
Adjustments for:		
Depreciation	11,02,24,360	11,24,02,803
Loss/(Profit) on Sale of Assets	(36,25,573)	(1,31,63,120)
Assets/Investment written off	94,67,195	39,54,589
Provision for doubtful debts	63,04,846	—
Bad debts and Debit balances written off	4,89,733	—
Dividend Income	(1,53,63,138)	(68,87,956)
Interest paid	4,19,42,603	4,74,52,199
Interest received	(61,74,398)	(1,60,98,886)
	<u>14,32,65,628</u>	<u>12,76,59,629</u>
Operating Profit before Working Capital Changes	49,60,81,952	31,70,88,823
Adjustments for :		
Trade and other Receivables	6,57,68,384	(8,41,30,940)
Inventories	(16,33,23,529)	(3,18,47,454)
Trade Payables	2,35,81,681	(12,10,73,222)
	<u>(7,39,73,464)</u>	<u>(23,70,51,616)</u>
Cash Generated from Operation	57,00,55,416	8,00,37,207
Direct Taxes Paid / Refunds including interest	13,42,56,106	4,23,43,643
Cash Flow Before Extraordinary Items	43,57,99,310	3,76,93,564
Extra ordinary items	—	—
NET CASH FROM OPERATING ACTIVITIES	43,57,99,310	3,76,93,564
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	9,13,09,669	(5,43,51,215)
Investments purchased	13,57,47,605	(3,60,271)
Increase in Capital Work in Progress	34,12,268	1,59,23,601
Sale of Investments	—	—
Sale of Fixed Assets	(56,91,596)	1,48,12,295
Interest Received	(61,74,398)	1,60,98,886
Dividend Received	(1,53,63,138)	68,87,956
NET CASH USED IN INVESTING ACTIVITIES	20,32,40,410	(9,88,748)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	10,16,99,647	(6,65,27,445)
Interest Paid	4,19,42,603	(4,74,52,199)
Dividends and Hire Purchase Liabilities	—	—
Dividends and Tax on dividend Paid (Including Interim)	9,28,58,388	(6,63,27,420)
NET CASH USED IN FINANCING ACTIVITIES	23,65,00,638	(18,03,07,064)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(39,41,738)	(14,36,02,248)
Cash and Cash Equivalents - Opening	8,48,30,174	22,84,32,422
Cash and Cash Equivalents - Closing	8,08,88,436	8,48,30,174

Signature to Schedules A-P, Accounting policies, Notes and Cash Flow Statement.

As per our report of even date
For **B.PURUSHOTTAM & CO.**
Chartered Accountants
FRN 002808S

B.S.PURSHOTHAM
Partner
M.No. 26785
Chennai
17.06.2010

R.GANESAN
General Manager (Finance)

S.CHIDAMBARAM
Dy.General Manager (Finance) &
Company Secretary

For and on behalf of the Board
IRMGARD VELAGAPUDI M. RAO
Managing Director

V. KIRAN RAO
Executive Director
K.A.RANGASWAMY
Director &
Chairman-Audit Committee

To
The Board of Directors,
K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED
Chennai.

We have examined the attached consolidated Balance sheet of KCP SUGAR AND INDUSTRIES CORPORATION LIMITED and its subsidiaries as at March 31, 2010, and their Consolidated Profit and Loss Account for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of one of the subsidiaries viz .KCP SUGARS AGRICULTURAL RESEARCH FARMS LIMITED, whose financial statements have been audited by other auditors, whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included in respect of the said subsidiary, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of KCP SUGAR AND INDUSTRIES CORPORATION LIMITED and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of KCP SUGAR AND INDUSTRIES CORPORATION LIMITED and its subsidiaries, we are of the opinion that :

- a) the consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of KCP SUGAR AND INDUSTRIES CORPORATION LIMITED and its subsidiaries as at March 31, 2010.
- b) the consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of KCP SUGAR AND INDUSTRIES CORPORATION LIMITED and its subsidiaries for the year then ended, and
- c) the cash-flow statement is in agreement with the above Profit and Loss Account and Balance Sheet.

For B. Purushottam & Co
Chartered Accountants
FRN 002808S

B.S. Purshotham
Partner
(M. No. 26785)

Place : Chennai
Date : 17.06.2010

ELECTRONIC CLEARING SERVICE (E C S) MANDATE FORM

From (Please fill name and address of first holder) Date :

.....

FOLIO NO :

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Dear Sir,

Sub: Payment of Dividend thro' Electronic Clearing Service (ECS)

I hereby give my mandate to credit my dividend on the Shares held by me directly to my Bank account through the Electronic Clearing Service (ECS). As desired, I give below the particulars of my Bank account :

1.	NAME OF BANK											
2.	BRANCH NAME AND ADDRESS											
3.	ACCOUNT NO (as appearing on cheque book)											
4.	ACCOUNT TYPE (please tick)	<input type="checkbox"/> 10 - Savings <input type="checkbox"/> 11 - Current Account <input type="checkbox"/> 13 - Cash credit										
5.	LEDGER FOLIO NO OF THE BANK A/C (if appearing on cheque book)											
6.	9-DIGIT CODE NUMBER OF THE BANK & BRANCH APPEARING ON THE MICR CHEQUE ISSUED BY THE BANK <small>(please attach a xerox copy of the cheque or bank cheque of your bank duly cancelled for ensuring the accuracy of the bank's name branch name and code number)</small>	<table border="1" style="width: 100%; height: 20px;"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>										

I hereby declare that the particulars given above are correct and complete. If any transactions are delayed or not effected at all for reasons of incompleteness or correctness of information supplied as above, the Company will not be held responsible. I agree to avail the ECS facility provided by RBI, as and when implemented by the Company, for payment of dividend to me.

I further undertake to inform the Company about any change in my Bank/Branch and account number.

DATE :

.....
(Signature of First holder)

* * * * FOR OFFICE USE ONLY * * * *	
ECS REF NO.	

K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED No.239, Anna Salai, Chennai -600 006.
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(Detail's overleaf)

PAYMENT OF DIVIDEND THRO' ELECTRONIC CLEARING SERVICE (ECS)

The Securities and Exchange Board of India (SEBI) has made it mandatory for all listed company to offer ECS facilities. This facility has **several benefits including :**

1. **Instant credit** of the dividend amount directly to your designated bank account electronically.
2. **Prevents** in-transit interception of the warrant or its fraudulent encashment.
3. **Eliminates** the scop for loss/delay in receipt of the warrant.
4. **No extra** cost to the payee.

Instead of the earlier practice of issue of printed warrants being sent to the Shareholders, this mode of payment provides for direct credit dividend to the existing Bank account of the Shareholder(s) by electronic mode. The concerned Bank branch will credit your account and indicate the entry as " ECS" in your pass book/statement.

This mode of payment is optional and you have a right to withdraw the instructions or change them by giving us an advance notice of atleast eight weeks before the data of payment. The information furnished by you will be kept confidential and utilised only for the purpose of effecting the payment of dividend as may be applicable. The Company will not be liable for any credit/s made to any other account other than the Sharholders account because of the incorrect information given.

The facility of ECS is (RBI Centres) available in 15 cities as follows :

Ahmedabad, Bangalore, Bhubaneshwar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram,

Though the facility is available only to a limited number of cities, we request all the Shareholders to provide us the details in the enclosed form, which would enable us to serve you better once the facility is extended to your city.

Wo would request you to avail this facility by completing the relevant details in the ECS Mandate form printed on the reverse and return to us at the earliest alongwith a cancelled or photocopy or your cheque pertaining to your account to which the dividend amount is to be credited.

In case you are holding shares in demat form, kindly advise your Depository participant directly to take note of your Bank account particulars/ECS mandate.

NOMINATION FORM
(To be filled in by individual(s))

To **INTEGRATED ENTERPRISES (INDIA) LTD.** From

(Unit : K.C.P SUGAR AND INDUSTRIES CORPORATION LIMITED)

II Floor, "Kences Towers", No. 1, Ramakrishna Street, North Usman Road, Folio No

T.Nagar, Chennai - 600 017. No. of Shares

I am/we are holder(s) of Shares of the Company as mentioned above. I/We nominate the following person in whom all rights of transfer and/or amount payable in respect of Equity Shares shall vest in the event of my/our death.

Nominee's Name								Age			
To be furnished in case the nominee is a minor		Date of Birth									
Guardian's Name*											
Occupation of Nominee Tick ()	1	Service		2	Business	3	Student		4	Household	
	5	Professional		6	Famer	7	Others				
Nominee's Address											
				Pin code							
Telephone No.						Fax No.					
Email Address								STD Code			
Specimen Signature of Nominee/ Guardian (in case nominee is minor)											

* To be filled in case nominee is a minor

Kindly take the aforesaid details on record.

Thanking you,
yours faithfully

Date

Name and address of equity shareholder [as appearing on the Certificate (s)]		Signature (as per specimen with Company)
Sole/ 1st holder (address)		
2nd holder		
3rd holder		

Witness (two)

Date

Name and Address		Signature
1.		
2.		

(See overleaf for instructions)

INSTRUCTIONS FOR NOMINATION

1.	PROCEDURE FOR NOMINATION	<ul style="list-style-type: none"> ● Please read the instructions given below very carefully and follow the same to fill the form. If the form is not filled as per instructions, the same will be rejected. ● Nomination will be registered only when the form is submitted to the Company, complete in all respects including the signature of (a) all registered holders (as per specimen lodged with the company), (b) the nominee and (c) two witnesses. ● Individual/joint shareholder can nominate only one person as his/her nominee for the shares held by him/them under a particular folio. ● Upon receipt of a duly executed nomination form, the Registrar and Transfer Agent of the Company will register the form and allot a registration number. This number and folio no. should be quoted by the nominee in all future correspondence.
2.	NOMINATION a) Who can nominate	<ul style="list-style-type: none"> ● The nomination can be made by individuals only. If the shares are held jointly, all joint holders shall sign (as per the specimen registered with the company) the Nomination Form. ● A minor can also nominate a person as his nominee. In that case, the natural/court appointed guardian of the minor has to sign the form on behalf of the minor.
	b) Who cannot nominate	<ul style="list-style-type: none"> ● Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of the power of attorney cannot appoint a nominee.
	c) Who can be nominee	<ul style="list-style-type: none"> ● Any individual can be a nominee. ● A minor can also be a nominee and in that event the name and address of the Guardian shall be given by the holder. ● A non-resident Indian can be a nominee on a repatriable basis subject to the rules prescribed by the Reserve Bank of India.
	d) Who cannot be a nominee	<ul style="list-style-type: none"> ● Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of the power of attorney cannot be a nominee.
	e) Dematerialised Mode	<ul style="list-style-type: none"> ● For shares held in dematerialised mode nomination is required to be filed with the Depository Participant in their prescribed form.
3.	CHANGE/CANCELLATION OF NOMINATION	<ul style="list-style-type: none"> ● Shareholder(s) can change/cancel the nominee/appointee at any point of time by executing fresh Nomination Form and in the event of the death of a nominee/appointee, during his/their lifetime after giving due notice to the Company in the prescribed form (The prescribed form will be provided by the Company at the time of request). ● Whenever the shares in the given folio are entirely transferred, transpositioned or dematerialised with some other folio, then this nomination will stand rescinded.
4.	TRANSMISSION PROCEDURES	<ul style="list-style-type: none"> ● In the case of transmission of shares, the nominee can register the shares in his favour upon production of a certified copy of death certificates together with the share certificates of the shareholder and any other document/evidence called for by the Company, at that time. ● Transfer of shares in favour of nominee and repayment of amount to the nominee shall be a valid discharge by the Company against the legal heirs. ● The Company will not entertain any claims other than those of a registered nominee, unless so directed by a Court.

FOR OFFICE USE ONLY

Nomination Registration Number	
Date of Registration	
Checked by (Name and Signature)	



K.C.P Sugar and Industries Corporation Limited

Regd. Office: "Ramakrishna Buildings", 239, Anna Salai, Chennai - 600 006.

ATTENDANCE SLIP

To be handed over at the entrance of Meeting hall

Folio No / Client ID No. Name :	Shares :	S. No.
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FIFTEENTH ANNUAL GENERAL MEETING

Venue : "Sathguru Gnanananda Hall"
Narada Gana Saba
314, T.T.K. Road
Alwarpet, Chennai - 600 018.

Date : **Thursday, 19th August, 2010**
Time : **10.00 a.m.**

Proxy's name in Block Letters

I hereby record my presence

Signature of Member/Proxy

Folio No / Client ID No.

Shares :



K.C.P Sugar and Industries Corporation Limited

Regd. Office: "Ramakrishna Buildings", 239, Anna Salai, Chennai - 600 006.

PROXY FORM

I/We _____ of _____
in the district of _____ being a Member/Members of K.C.P. Sugar and Industries Corporation Limited, hereby appoint _____
of _____ in the district of _____ or failing him _____
of _____ in the district of _____ as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf, at the Fifteenth Annual General Meeting of the Company, to be held at **10.00 a.m. on Thursday the 19th day of August 2010** and at any adjournment thereof.

Signed this _____ day of _____ 2010

S.No	Recieved on	Time	Code

Signed by the said

Affix Revenue Stamp

- NOTE :
1. The proxy must be deposited at the Registered Office of the Company at "Ramakrishna Buildings", 239, Anna Salai, Chennai - 600 006 not less than 48 hours before the time of holding the meeting.
 2. The Proxy need not be a member of the Company.
 3. Proxy cannot speak at Meeting or vote on a show of hands.

