

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

***Fourteenth Annual Report***

***2008 - 2009***

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

### **BOARD OF DIRECTORS as on 25.06.2009**

<b>Chairman</b>	Shri.Vinod R. Sethi
<b>Managing Director</b>	Smt.Irmgard Velagapudi M. Rao
<b>Executive Director</b>	Smt.V.Kiran Rao
<b>Directors</b>	Shri.K.A.Rangaswamy Shri.Ranvir R. Shah Shri.Prathap K.Moturi Dr.Vithal Rajan Shri.M.S.V.M.Rao

### **Board Committees**

<b>Audit Committee</b>	<b>Remuneration Committee</b>	<b>Share Transfer &amp; Grievances Committee</b>
Shri.K.A.Rangaswamy Dr.Vithal Rajan Smt.V.Kiran Rao Shri. Vinod R. Sethi Shri. M.S.V.M. Rao	Shri.K.A.Rangaswamy Dr. Vithal Rajan Shri. Vinod R. Sethi	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.

**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

**Units** Vuyyuru - Sugar  
Industrial Chemicals  
Incidental Co-Generation power  
Biotech  
Research and Development  
CO2  
Calcium Lactate  
Lakshmipuram - Sugar  
- Incidental Co-Generation power

**Registrars to Deposits** TIPS Data Systems Private Limited  
19 (old 11) Nagarjuna Nagar, 1st Street  
Rangarajapuram, Kodambakkam, Chennai - 600 024.  
Telefax: 044-24812336  
Website : www.tipsdatasys.com

**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: 044-28140801 to 28140803 Fax: 044-28142479  
Website: www.iepindia.com

## FINANCIAL HIGHLIGHTS

Rs. in Lakhs

Particulars	Year Ended									
	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	31.03.2000
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	1,289.30
Reserves and Surplus	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	6,105.68
Net Worth	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	7,394.98
Fixed Assets (Net)	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	8,979.56
Gross Income	19,954.65	25,442.27	33,611.64	36,184.68	29,977.81	20,890.02	17,690.59	14,947.76	22,204.78	18,939.46
Gross Profit	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	2,813.74
Depreciation	1,085.35	1,059.37	1,001.49	743.45	619.97	626.02	611.21	575.87	531.30	428.73
Interest	360.18	459.93	351.56	420.53	915.01	1,373.05	1,501.80	1,430.90	1,520.70	1,201.44
Profit / (Loss) before Tax	1,824.73	761.44	3,647.49	9,391.26	6,498.84	1,023.43	-577.63	536.17	1,668.16	1,183.57
Profit / (Loss) after Tax	1,132.88	710.97	2,355.05	5,711.05	4,065.21	1,911.79	-422.13	340.19	1,368.16	983.57
Earnings per Share (Rs.)	**0.999	**0.63	**2.08	**5.04	35.85	16.86	-3.72	3.00	*10.79	7.63
Cash Earnings per Share (Rs.)	**1.96	**1.56	**2.96	**5.69	41.32	22.38	1.67	8.08	*14.97	10.95
Book Value per Share (Rs.)	**13.83	**13.65	**13.77	**12.28	89.49	67.81	53.77	57.49	69.73	57.36
Dividends on Equity %	70.00	50.00	50.00	150.00	100.00	25.00	—	25.00	25.00	25.00
Long term Debt Equity Ratio (excluding working capital borrowings)	0.25	0.22	0.12	0.16	0.30	0.49	0.58	0.70	0.73	0.75

\* 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	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
<b>SUGAR UNIT, VUYURU</b>										
Cane Crushed in MTS	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	10,47,565
Sugar bagged in QTLS	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	10,66,540
Recovery ( % )	10.45	10.85	10.83	11.15	11.46	10.47	10.07	10.48	10.38	10.20
<b>SUGAR UNIT, LAKSHMIPURAM</b>										
Cane Crushed in MTS	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	4,68,010
Sugar bagged in QTLS	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	4,51,700
Recovery ( % )	9.05	9.80	10.32	10.63	11.10	10.05	9.07	9.40	9.36	9.65

**NOTICE TO SHAREHOLDERS**

**NOTICE** is hereby given that the Fourteenth 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 Wednesday, the 23rd day of September 2009 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, 2009 and the Balance Sheet as on that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend, if any.
3. To appoint a Director in place of Shri. Ranvir R. Shah, who retires by rotation, and being eligible, offers himself for reappointment.
4. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:  
"Resolved that the vacancy caused by retirement by rotation of Shri. Prathap K. Moturi, who has conveyed in writing to the Company his unwillingness to offer himself for reappointment, be not filled up."
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.

// BY ORDER OF THE BOARD //

Place : Chennai

VINOD R. SETHI

Date : 25.06.2009

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 16th day of September 2009 to 23rd day of September 2009, 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 25.09.2009, but within the stipulated time, subject however to the provisions of Section 206A of the Companies Act, 1956:
- i. to those Members whose names appear on the Register of Members of the Company as on 15.09.2009, 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 15.09.2009, and
  - 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 15.09.2009.
- 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 15.09.2009. The requisite **ECS application form is printed with this Annual Report**, which can be completed by Members and mailed to reach us latest by 15.09.2009. 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, 2002 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 dividend warrant	Last date for claiming unpaid dividend	Due date for transfer to IEP Fund
31.03.2002	16.09.2002	15.09.2009	14.10.2009
31.03.2003	<b>No Dividend declared for the year</b>		
31.03.2004	09.09.2004	08.09.2011	07.10.2011
31.03.2005	(interim)	22.11.2004	21.11.2011
	(Final)	05.09.2005	04.09.2012
31.08.2006	(interim)	08.11.2005	07.11.2012
	(Final)	18.10.2006	17.10.2013
31.03.2007	03.10.2007	02.10.2014	01.10.2014
31.03.2008	13.09.2008	12.09.2015	11.10.2015

- l. 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), 2001-02, 2003-04, 2004 – 05 (interim & final), 2005-06 (interim & final), 2006-07 and 2007-08 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.Chelian 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.

**(ii) Additional information on Director seeking reappointment at the Fourteenth Annual General Meeting:**

**Item No.3:**

As per Section 255 read with 256 of the Companies Act, 1956 and in pursuance of Article 119 and 120 of Articles of Association of the Company, at least two thirds of the Board should consist of retiring Directors. Shri. Ranvir R. Shah, Director, retires by rotation at this Annual General Meeting and being eligible, offers himself for reappointment.

Shri.Ranvir R. Shah has a Masters Degree in Political Science and is a businessman with over two decades of experience in the domestic and international markets in garment exports. He is currently the Director of Eagle Apparels Pvt.Ltd., A.R. Gherkins Pvt.Ltd., and P.S.A. Textile Processors Pvt.Ltd. He was co-opted on the Board of the Company on 26th Oct' 05 as an Independent Additional Director and held Office upto the date of the Eleventh Annual General Meeting. He was reappointed at the said Annual General Meeting.

The Directors recommend the appointment of Shri.Ranvir R. Shah as a Director.

No other Director other than Shri.Ranvir R. Shah may be deemed to be concerned or interested in this resolution

**Item No.4:**

Shri.Prathap K. Moturi, a Director of the Company, is due to retire by rotation at the forthcoming Annual General meeting. He has, however, by notice in writing addressed to the Company conveyed his unwillingness to offer himself for reappointment as Director. The Company does not intend to fill up the resulting vacancy. The resolution at Item 4 is pursuant to Section 256 (4) of the Companies Act, 1956.

// BY ORDER OF THE BOARD //

Place : Chennai

Date : 25.06.2009

**VINOD R. SETHI**

CHAIRMAN

**DIRECTORS' REPORT**

Your Directors present their 14th Annual Report and the audited statement of accounts for the year ended 31st March 2009.

**I. FINANCIAL RESULTS:**

	<b>For the Year ended 31.03.2009</b>	For the Year ended 31.03.2008
<b>Physical Performance</b>		
Cane crushed – in Tonnes	<b>7,17,363</b>	13,34,589
Sugar bagged – In Quintals	<b>7,34,306</b>	14,15,553
<b>Financial Performance – Rs. Crores</b>		
Turnover	<b>250.35</b>	309.98
Other Income	<b>5.35</b>	3.73
Profit Before Tax	<b>18.25</b>	7.61
Profit After Tax	<b>11.33</b>	7.11
Surplus from Previous Year	<b>39.91</b>	40.25
Amount available for appropriation	<b>51.24</b>	47.36
<b>Appropriations</b>		
Transfer to General Reserve	<b>1.14</b>	0.81
Proposed Dividend	<b>7.94</b>	5.67
Tax on proposed Dividend	<b>1.35</b>	0.96
Carried forward	<b>40.81</b>	39.91

**II. PERFORMANCE:**

During the financial year under review your Company recorded a Turnover of Rs.250.35 crores (Prev.Year: Rs.309.98 cr) including Excise Duty of Rs.10.96 crores (Prev.Year: Rs.15.84 cr.) and Inter-divisional transfers of Rs. 56.15 crores (Prev.year: Rs. 59.43 cr.). The profit before interest and depreciation is Rs.2578.41 lakhs. Profit before tax is Rs.1824.73 lakhs and after providing Rs.691.85 lakhs, for Income tax and deferred tax the Profit after tax is Rs.1132.88 lakhs.

A rapid shift in sugar cycle signifying reversal of high supply - low prices scenario was witnessed in 2008-09. The shift in the cropping pattern from sugarcane to other crops has resulted in lower production and hence lower sugar supply. With the trend reflecting falling production on the current and the next sugar season, sugar prices firmed up in the second half of the financial year. Despite increase in average realisation of free sugar and molasses, reduced off-take of sugar consequent to the lower inventory levels contributed for the fall in turnover.

**III. DIVIDEND:**

The Board of Directors recommends a dividend of 70 % on the Paid-up Equity Capital for the year ended 31.03.2009 as against the total 50% approved for the previous year ended 31.03.2008. 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 01.04.2008 was Rs.101.50 crores and after transferring from Net Profits a sum of Rs.1.14 crores to the General Reserve for the year ended 31.03.2009, the General Reserve stood at Rs.102.65 crores as on 31.03.2009. The total Reserves and Surplus has increased to Rs.145.46 crores as on 31.03.2009 as against Rs. 143.42 crores as on 31.03.2008.



**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:
- Sugar prices may firm up further on account of lower inventories to meet the increasing cost of cultivation of sugarcane and sugar manufacturing.
- 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.
- 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.
- 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.
- Potential for value addition to the Bagasse residue if put to use in manufacture of Medium Density Fibre (MDF) and particle Boards as substitute for wood, curtailing the impact on Indian exchequer on account of import of MDF and preventing felling of millions of mature trees.
- 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:
- With continued depletion in sugar inventory and upward spiralling in domestic sugar prices, price regulatory mechanism is expected to be more rigorous.
- Dearth in availability of farm labour for harvesting, and transportation, loading and unloading of sugar cane.
- Continuing trend of switching over of cane growers to more remunerative cash crops adversely affecting the availability of sugar cane.
- The spurt in cane procurement prices is expected to remain volatile for a couple of years.
- Continued fall in sugarcane production and lower availability of sugar may prompt more and more import of white and raw sugar from foreign countries.
- Continued impact on the industry on account of various controls and administrative measures by the Central and State Governments.
- 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:**

Buoyed by a steep increase in realisation of sugar as well as by-products, the outlook for the sugar sector is favourable in the near term. The key drivers for profitability would however be the volume of cane crushed and the extent to which the low cost sugar was available, given that the cane and sugar production has fallen sharply during the current sugar year.

The outlook for sugar mills for the next 12 months appears favourable. However, the long term prices and profitability of Indian sugar companies would depend on domestic and international supply-demand trends. These in turn depend on agro-climatic conditions in major producing countries and crude oil price trends,

which determine the diversion of cash crop to ethanol. Consequently the price trends in international markets would be the key determinants of future profitability. Further, the Government / Court action in ensuring a rational linkage between SAP and Sugar Price will also be a key to long term viability of sugar operation especially in states governed by SAP. The raw material availability will be crucial for mills in sugar year 2009-10. Nevertheless, given the significant stock correction and limited CAPEX by most mills, the liquidity of most mills are likely to improve in sugar year 2009-10.

**b. REVIEW OF OPERATIONS:**

**i. SUGAR UNITS AT VUYURU AND LAKSHMIPURAM:**

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

**SEASONWISE**

UNIT / SEASON PARTICULARS	VUYURU		LAKSHMIPURAM	
	2008-09	2007-08	2008-09	2007-08
Crushing commenced on	<b>08.12.2008</b>	25.11.2007	<b>13.12.2008</b>	29.11.2007
Crushing completed on	<b>23.03.2009</b>	16.04.2008	<b>22.02.2009</b>	13.03.2008
No. of days	<b>106</b>	144	<b>71</b>	106
Cane crushed (in MT)	<b>5,38,686</b>	8,46,674	<b>1,35,957</b>	2,74,193
Sugar Bagged (in qtls)	<b>5,64,150</b>	9,19,000	<b>1,22,686</b>	2,68,948
Recovery (%)	<b>10.45</b>	10.85	<b>9.05</b>	9.80
Cane Price paid -Rs. per MT	<b>1400.00</b>	1,100.00	<b>1,350.00</b>	1060.00

**FINANCIAL YEARWISE**

UNIT/YEAR ENDED DETAILS	VUYURU		LAKSHMIPURAM	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
2006-07 Season - From / To	--	01.04.2007 to 08.05.2007	---	01.04.2007 to 16.04.2007
2007-08 Season - From / To	<b>01.04.2008 to 16.04.2008</b>	25.11.2007 to 31.03.2008	---	29.11.2007 to 31.03.2008
2008-09 Season - From / To	<b>08.12.2008 to 23.03.2009</b>	--	<b>13.12.2008 to 22.02.2009</b>	--
No. of days	<b>122</b>	166	<b>71</b>	122
Cane crushed (in MT)	<b>5,81,406</b>	10,18,749	<b>1,35,957</b>	3,15,840
Sugar Bagged (in qtls)	<b>6,11,620</b>	11,02,299	<b>1,22,686</b>	3,13,254
Recovery (%)	<b>10.52</b>	10.82	<b>9.05</b>	9.92

**ii. INDUSTRIAL CHEMICALS / COGENERATION / OTHER UNITS:**

Vuyyuru Distillery Unit produced 78.86 lakh BL during the year ended 31.03.2009 as against 51.99 lakh BL during the previous financial year. As against this, the said Unit sold 48.05 lakh BL valued at Rs. 12.40 crores during the year under review as against 48.80 lakh BL valued at Rs. 10.02 crores during the previous year.

The Bio-fertilizer unit at Vuyyuru sold about 1.59 lakh Qtls valued at Rs. 3.50 crores as against 1.01 lakh qtls valued at Rs. 3.04 crores during the previous year. Efforts are on to increase the quantum of sales in the coming years.

Cogeneration Unit at Vuyyuru produced 14,605 MW of power during the financial year under review as against 40,198 MW in the previous year, and the Lakshmipuram Unit produced 3,113 MW of power as against 8,418 MW in the previous year. In all, total export of electrical energy was 994 MW resulting in a turnover of Rs.0.29 crores as against 21,521 MW at a turnover of Rs. 6.78 crores during the previous year. The Carbon dioxide and Calcium Lactate plants together contributed Rs.0.96 crores towards its turnover of the Company as against a turnover of Rs. 1.47 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, reliability of financial reporting and security of assets.

**d. HUMAN RESOURCES:**

The Company had 1,053 employees, including non-seasonal employees at the sugar units, as on 31.03.2009. 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 Awards in respect of outstanding performance in Industrial Safety for the following:

1. Winner of Lowest frequency rate of accidents in Industry under Scheme I.
2. Winner of Lowest Accident-free period under Scheme II.
3. Winner of Lowest frequency rate of accidents in Industry – Distillery under Scheme VII.
4. Winner of Longest Accident-free period – Distillery under Scheme VIII.

**f. OTHERS:**

- The gross block of Fixed Assets has increased to Rs.217.85 crores from Rs. 216.25 crores, mainly on account of AC Drives for Mill Turbine at Vuyyuru, Balancing Equipment for Calcium Lactate Plant, Loaders, Tractors, Tippers and other vehicles.
- 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:
  - Induce farmers to use power tiller drawn planters and mini-tractor drawn implements;
  - 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. Our Human Resource not only epitomizes our Company's mission but also has the skills to realise it.

**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. Ranvir R. Shah, Director, retires by rotation. and being eligible, offers himself 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 his reappointment as Directors of your Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri. Prathap K. Moturi, Director, retires by rotation and is eligible for re-appointment but is not seeking re-appointment.

**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 2009 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 sought Credit Rating from an External Credit Rating Agency. Your Company has been assigned CARE A- (Single A minus) for Working Capital and Term Loan facilities and PR2+ (PR Two Plus) rating 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. 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 the 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.

**XIII. 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.

#### **XIV. FIXED DEPOSITS:**

As on 31.03.2009 your Company had accepted deposits of Rs. 24.13 crores as against Rs. 18.89 crores as on 31.03.2008. As at 31.03.2009, there were matured and unclaimed deposits amounting to Rs. 0.15 crores in respect of 40 depositors. However, of these as on the date of Report, 4 deposits amounting to Rs. 0.03 crores have since been repaid / renewed resulting in the balance of 36 deposits amounting to Rs. 0.12 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 five (5) deposits amounting to Rs 28,000/- which remained unclaimed beyond the period of seven years from the date of maturity to the Investor Education and Protection Fund.

#### **XV. 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.29.62 crores (P.Y. Rs. 18.38 crores) with a profit of Rs. 0.33 crores (P.Y. Rs. 0.55 crores) for the year ended 31.03.2009.

The other wholly owned subsidiary, KCP Sugars Agricultural Research Farms Ltd, has reported an increase in turnover of about Rs.0.16 crores for the financial year ended 31.03.2009 as against Rs. 0.15 crores for the previous year ended 31.03.2008. The Company earned a profit of about Rs.0.05 crores as against the profit of Rs. 0.03 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.

#### **XVI. 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, 2010 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.

#### **XVII. 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 ended 31st March 2009. Your Directors have appointed Mr G. Suryanarayanan, Cost Accountant, Chennai as Cost Auditor to conduct the Cost Audit of Sugar and Industrial Alcohol in pursuance of Section 233B of the Companies Act, 1956, for the financial year 2009-10. Central Government has granted approval for the said appointment vide their letter dated 25.06.09.

#### **XVIII. 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 : 25.06.2009

CHAIRMAN

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

Measures taken towards conservation of energy include:

1. Isolation of Strain Juice Pump and cush cush belt conveyors by elevating the rotary screens position.
2. Isolation of imbibitions water pumps by suitably modifying the lay-out and size of pipelines and by drawing the hot water from hot water storage tank inlet header.
3. Replacement of B & M Turbines with AC drives on No.1 mill tandem.
4. Elimination of Process pumps at different stations by suitable modifications.
5. Improvements in operating pressure and considerable power saving through wet scrubber inlet induct modification.
6. Reduction in maximum demand against HT supply from 1250 KVA to 750 KVA through revised workings.
7. Installation of VFD in various systems in place of Star Delta Starter to achieve power saving.
8. Replacement of incandescent bulbs with CFL bulbs.
9. Isolation of crystallizers cooling water pumps by interconnecting the delivery lines of the pumps.
10. Installation of SED pumps at the mouth of the inlet injection water channel.
11. Exhaust and vapour condensate separate monds with pumps thus avoiding no. of pumps.
12. Helical Gearbox for Bagasse Carrier.

**ANNEXURE – FORM A**

(See Rule 2)

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

	SUGAR UNITS AT			
	VUYYURU		LAKSHMIPURAM	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
A) Power and Fuel Consumption				
Electricity				
a. Purchased				
Units KWH	<b>10,79,843</b>	11,65,118	<b>5,90,970</b>	5,20,518
Total Amount Rs.	<b>47,19,496</b>	49,91,405	<b>27,05,685</b>	24,49,592
Rate / Unit Rs.	<b>4.37</b>	4.28	<b>4.58</b>	4.71
b. Own Generation				
i. Through Diesel Generator :				
Units KWH	<b>1,60,250</b>	48,590	<b>47,274</b>	27,249
Unit per ltr. of Diesel Oil	<b>3.21</b>	3.09	<b>3.18</b>	3.20
Cost / Unit Rs.	<b>12.25</b>	10.83	<b>11.38</b>	10.33
ii. Through SteamTurbine/ Generator :				
Unit KWH	<b>1,46,04,700</b>	4,01,97,978	<b>31,13,427</b>	84,17,710
KWH per tonne of bagasse	<b>251.66</b>	306.06	<b>207.52</b>	219.07
Cost / Unit	<b>3.20</b>	1.85	<b>2.37</b>	1.23
B. Consumption per unit of production				
Electricity KWH (per tonne)	<b>160.93</b>	119.16	<b>257.90</b>	194.68

**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 condensate flash recovery system with the once used tanks, thus eliminating existing 6 Nos. condensate pumps.
- Modification of existing No.1 Graver to handle total crushing with single graver, resulting in reduction in retention time of juice.
- Successful operation of single sulphur burner for both the juice and syrup sulphitations by throttling valves manually, resulting in reduction in sulphur, power, steam consumption and reduction in manpower utilization and substantial reduction in maintenance of molten sulphur pumps, melter, burner, scrubber and coolers.
- Creation of positive head to the existing 200 HP injection pump and installation of VFD, resulting in pump operation at lower RPM most of the times.
- Green Manure application by way of basal application of phosphoric + organic fertilizers, seed rate reduction, balanced and controlled nutrition, soil health management practices and mechanization.
- Biodynamic and Bio wonder were widely applied for improvement in soil fertility.
- Saline bug trials were carried out to improve the productivity.
- Trials were conducted with sugarcane planter and sugarcane harvester towards partial mechanization of sugarcane cultivation.

**3. EXPENDITURE ON R & D:**

				<b>Amt. in Rs.</b>
a. Capital	..	..	---	
b. Recurring	..	..		1,89,297/-
c. Total	..			1,89,297/-
Total R & D expenditure as a % age of total turnover:				0.01 %

In addition to the above, the Company also spent Rs. 6,92,69,814/- as cane development expenditure, etc. This constitutes 2.77 % of the total turnover of the Company.

**4. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Foreign Exchange Earnings	..	..	Nil
Foreign Exchange outgo	..	..	Rs.7,41,355/-

**For and on behalf of the Board of Directors**

Place : Chennai

**VINOD R. SETHI**

Date : 25.06.2009

CHAIRMAN



**1. Company's philosophy on Code of Governance**

Your Company believes that good corporate governance emerges from the application of the best and sound management practices and compliance with the law coupled with total adherence to highest norms of business ethics. The Company adheres to good corporate practices and is constantly striving to improve them and adopt the best practices.

The key elements of corporate governance are transparency, disclosure, supervision and internal controls, risk management, high standards of safety, health, and environment, accounting fidelity, product and service quality. The Board has empowered with responsible persons to implement its broad policies and guidelines and set up adequate review processes.

**2. Board of Directors****2.1. Composition:**

- The Company has a very balanced structure of the Board of Directors. As at the end of the financial year 2008-09, the Board consisted of eight members, with a Non-Executive Chairman, two promoter Directors (Executive) and five Independent Directors.
- The day-to-day management of the Company rests with the Managing Director.
- The Independent Directors on the Board are the experienced and competent persons from their respective fields. They take active part at the Board and Committee Meetings which add value in the decision making process of the Board of Directors.
- In line with amended clause 49 of the Listing Agreement of 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 11.09.08	**Particulars of other Directorships, Committee Membership / Chairmanship		
				Directorship	Committee Membership	Committee Chairmanship
Shri.Vinod R.Sethi DIN 00106598	Chairman & Non-Executive Director	6	Yes	10	7	--
Smt.Irmgard Velagapudi M.Rao DIN 00091370	Promoter and Managing Director	6	Yes	2	--	--
Smt.V.Kiran Rao DIN 00091466	Promoter and Executive Director	6	Yes	1	--	--
Shri.K.A.Rangaswamy DIN 00020891	Independent Non-Executive Director	6	Yes	--	--	--
Shri.Ranvir R. Shah DIN 00041398	Independent Non-Executive Director	4	No	--	--	--
Shri.Prathap K. Moturi DIN 00020630	Independent Non-Executive Director	5	Yes	1	--	--
Dr.Vithal Rajan DIN 00021571	Independent Non-Executive Director	6	Yes	--	--	--
Shri.M.S.V.M.Rao DIN 00432640	Independent Non-Executive 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 2008 - 09 on the following dates:

1.	25th April 2008	4.	11th Sept 2008
2.	25th June 2008	5.	30th October 2008
3.	24th July 2008	6.	29th January 2009

#### **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 Board of Directors at its meeting held on 25<sup>th</sup> June, 2009 nominated Shri. Vinod R. Sethi, Non-Executive Chairman and Shri M.S.V.M. Rao, Non-Executive Independent Director to the Audit Committee. With effect from 25.06.2009, the Audit Committee comprises of five members (four Non-Executive Directors and one Whole-time Director.) The Chairman of the Audit Committee is Shri.K.A. Rangaswamy, a Non-Executive Independent Director, a senior Chartered Accountant and Company Secretary. Smt.V.Kiran Rao, Executive Director, Dr Vithal Rajan, Non-Executive Independent Director and Shir M.S.V.M. Rao, Non-Executive Independent 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 four meetings of the Audit Committee during the year, viz., on 25.06.2008, 24.07.2008, 30.10.2008 and 29.01.2009. The attendance of each Member of the Committee is given below:

<b>Name of Director</b>	<b>No. of Meetings attended</b>
Shri.K.A.Rangaswamy	4
Smt.V.Kiran Rao	4
Dr Vithal Rajan	4

**4. Remuneration COMMITTEE :**

The Remuneration Committee consists of three Non Executive Directors as its Members, viz., Shri.K.A.Rangaswamy, Dr.Vithal Rajan and 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 2008-09 is as below

(Rs. in Lakhs)

Directors	Salary & Allowance	Contribution to PF	Perquisites	Commission	Total
Smt.Irmgard Velagapudi M.Rao	48.00	--	--	--	48.00
Smt.V.Kiran Rao	36.00	4.32	0.86	--	41.18

The Committee did not meet during the financial year 2008 – 09.

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 2008 - 09 are given below:

(Rs. in Lakhs)

Directors	Commission	Sitting Fees	Total
Shri.K.A.Rangaswamy	1.33	4.00	5.33
Shri. Ranvir R.Shah	1.33	0.80	2.13
Shri. Vinod R.Sethi	1.33	1.20	2.53
Shri. Prathap K. Moturi	1.33	1.00	2.33
Dr.Vithal Rajan	1.33	2.00	3.33
Shri.M.S.V.M.Rao	1.33	1.20	2.53
Shri.Raghu Cidambi [ceased to be a Director w.e.f. 03.10.2007]	0.67	**	0.67
Total	8.65	10.20	18.85

**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
Shri. Vinod R.Sethi	10
Shri. Prathap K. Moturi	8000
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-Executive Independent Director with Smt.Irmgard Velagapudi M.Rao, Managing Director, Smt.V.Kiran Rao, Executive Director and Shri.Prathap K. Moturi, Non-Executive Independent 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 ten 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	10
Smt.Irmgard Velagapudi M.Rao	7
Smt.V.Kiran Rao	3
Shri.Prathap K. Moturi	--

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, 751 queries / complaints were received from the shareholders, all of which have been resolved.

Nature of Queries / Complaint	During the year ended 31.03.2009	
	Received	Attended to
Non-receipt of Certificates	27	27
Non-receipt of Interest / Dividend Warrants/ Cheques / Drafts	48	48
Issue of Duplicate Share Certificates	5	5
Issuance of Duplicate Dividend Warrant / Cheque / Drafts	216	216
Correction in Share Cert./Dividend Warrant / Cheque / Drafts	235	235
Non-Receipt of Annual Report	0	0
General queries-request for change of address, procedure for transmission of shares/procedure for loss of share certificates/ Nomination	220	220
TOTAL	751	751

**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
31.03.2006	12.10.2006 / 10.00 a.m.	2	347	22
31.03.2007	27.09.2007 / 10.00 a.m.	--	308	23
31.03.2008	11.09.2008 at 10.45 a.m.	2	218	16

- 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 2008-09 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 has 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 or 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 30.06.2008, 30.09.2008, 31.12.2008 and 31.03.2009. 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 forwarded 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](http://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 (in English) and Dina Malar (in Tamil).
- The Company has a website, [www.kcpsugar.com](http://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](mailto: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. General Shareholder Information :**

- **AGM: Date, Time and Venue:** 14th Annual General Meeting – on 23rd day of September 2009 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 31.03.2009	Book Closure Date (s)	Dividend paid / payable
Dividend	16.09.2009 to 23.09 2009 (both dates inclusive)	The Board of Directors at its Meeting held on 25.06.2009 has recommended a dividend of Re.0.70 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 25th . September 2009 but within the statutory time limit.

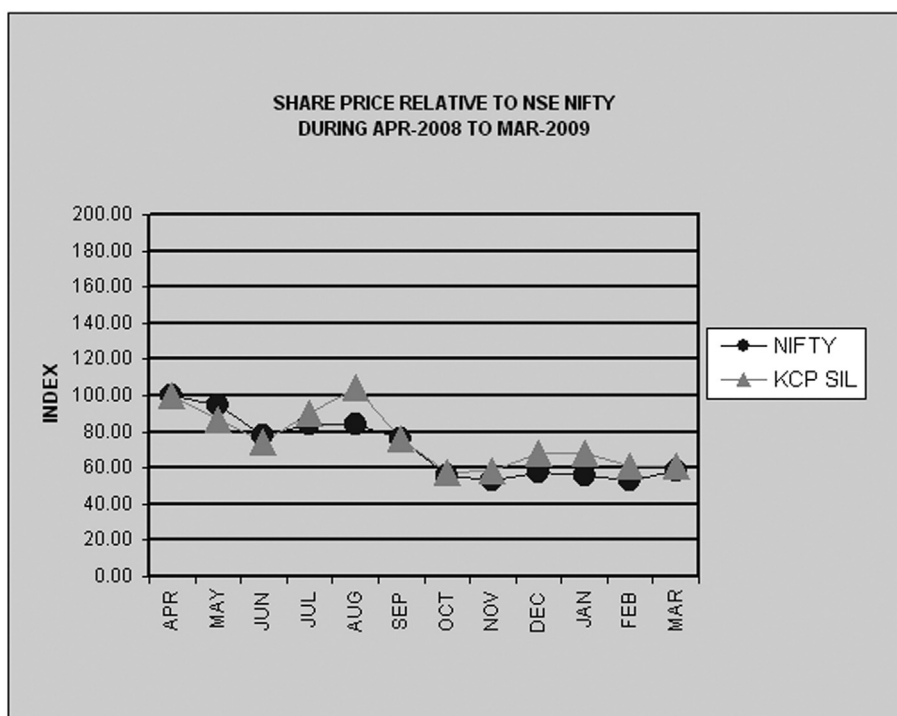
- **Tentative Financial calendar :**
  - i. Financial Year – 1st April to 31st March.
  - ii. First Quarter Results by July 2009.
  - iii. Half-yearly Results by October 2009.
  - iv. Third Quarter Results by January 2010.
  - v. Results for the year ending 31.03.2010 by June, 2010.
- **Listing on Stock Exchanges :** National Stock Exchange of India Ltd and The Bombay Stock Exchange Ltd {w.e.f 28.12.06 under “permitted securities category- B 1}.
- **Stock Code - Physical :** Annual listing fees have been paid to the National Stock Exchange and there is no amount outstanding as on date. “**KCPSUGIND**” on both the National Stock Exchange and Bombay Stock Exchange (Scrip No. 590067)
- **De-mat ISIN Number :** INE790B01024.
- **CIN :** L15421TN1995PLC033198

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

- 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 2008 - 09 is furnished below:

Period	High		Low		Period	High		Low	
	NSE	BSE	NSE	BSE		NSE	BSE	NSE	BSE
	April'08	23.00	23.00	17.25		16.00	October'08	17.95	17.65
May'08	22.10	23.90	17.50	16.25	November'08	15.95	16.00	11.80	11.90
June'08	19.50	19.70	15.80	16.00	December'08	15.45	15.23	11.85	11.80
July'08	20.80	20.90	15.20	14.05	January'09	16.05	15.90	13.00	13.00
August'08	28.40	28.40	19.30	19.45	February'09	15.30	15.25	12.90	12.76
September'08	23.45	22.80	15.95	16.00	March'09	14.10	13.99	12.00	12.00

Source: Stock Exchange Website



- AGM: Date, Time and Venue : 14<sup>th</sup> Annual General Meeting - on 23<sup>rd</sup> day of September 2009 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 31.03.2009:

**a. By number of Shares held:**

No of shares held	No. of Shareholders	% of Shareholders	Aggregate shares held	% of Shareholding
Upto 100	7,872	27.80	5,02,327	0.44
101- 200	3,843	13.57	7,03,312	0.62
201- 300	2,236	7.90	6,14,688	0.54
301- 400	1,161	4.10	4,41,717	0.39
401- 500	3,089	10.91	15,28,808	1.35
501 - 1000	4,401	15.54	37,11,818	3.27
1001-2000	2,473	8.73	38,01,523	3.35
2001-3000	884	3.12	22,83,257	2.01
3001-4000	454	1.60	16,39,217	1.45
4001-5000	418	1.48	19,85,414	1.75
5001-10000	704	2.49	51,82,860	4.57
10001 and above	784	2.77	9,09,90,109	80.25
<b>TOTAL</b>	<b>28,319</b>	<b>100.000</b>	<b>11,33,85,050</b>	<b>100.000</b>

**b. By ownership:**

Category Code	Category of Share holder	No. of Share holders	Total No. of Shares [Face Value: Re.1/- per Share]	No. of Shares held in Dematerialised Form	Total No. of shareholding as a percentage of Total No. of Shares	Shares pledged or otherwise encumbered		
					As a % of (A+B+C)	No. of shares	As a % of total shares held	As a % of grand total of (A+B+C)
<b>A</b>	<b>Shareholding of Promoter and Promoter Group:</b>							
<b>1</b>	<b>INDIAN</b>							
a.	Individual / Hindu Undivided Family	4	17,33,300	17,12,180	1.529	Nil	Nil	Nil
b.	Central Government / State Govt.	0	0	0	0	0	0	0
c.	Bodies Corporate	1	4,03,73,551	4,03,73,551	35.607	Nil	Nil	Nil
d.	Financial Institutions / Banks	0	0	0	0	0	0	0



K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

Category Code	Category of Share holder	No. of Share holders	Total No. of Shares [Face Value: Re.1/- per Share]	No. of Shares held in Dematerialised Form	Total No. of shareholding as a percentage of Total No. of Shares	Shares pledged or otherwise encumbered		
					As a % of (A+B+C)	No. of shares	As a % of total shares held	As a % of grand total of (A+B+C)
e.	Any other (specify)	0	0	0	0	0	0	0
	<b>SUB TOTAL A (1)</b>	5	4,21,06,851	4,20,85,731	37.136	Nil	Nil	Nil
<b>2</b>	<b>FOREIGN</b>							
a.	Individual (Non-Resident / Foreign)	0	0	0	0	0	0	0
b.	Bodies Corporate	0	0	0	0	0	0	0
c.	Institutions	0	0	0	0	0	0	0
d.	Any other (Specify)	0	0	0	0	0	0	0
	<b>SUB-TOTAL A (2)</b>	0	0	0	0	0	0	0
	<b>Total shareholding of Promoter and Promoter Group (A) = A(1)+A(2)</b>	5	4,21,06,851	4,20,85,731	37.136	Nil	Nil	Nil

Category Code	Category of Shareholder	No. of Share holders	Total No. of Shares [Face Value: Re.1/- per Share]	No. of Shares held in Dematerialised Form	Total No. of shareholding as a percentage of Total No. of Shares
					As a % of (A+B+C)
<b>B</b>	<b>PUBLIC SHAREHOLDING</b>				
<b>1</b>	<b>Institutions</b>				
a.	Mutual Funds / UTI	7	9,28,067	9,21,597	0.819
b.	Financial Institutions / Banks	15	41,340	14,500	0.036
c.	Central Government / State Govt.	0	0	0	0.000
d.	Venture Capital Funds	0	0	0	0.000
e.	Insurance Companies	2	10,56,995	10,56,995	0.932
f.	Foreign Institutional Investors	5	12,00,340	11,99,840	1.059
g.	Foreign Venture Capital Investors	0	0	0	0
h.	Any Other (specify)	0	0	0	0
	<b>SUB TOTAL B (1)</b>	<b>29</b>	<b>32,26,742</b>	<b>31,92,932</b>	<b>2.846</b>
<b>2</b>	<b>Non-Institutions</b>				
a.	Bodies Corporate (Indian / Foreign / Overseas)	540	1,40,26,847	40,41,047	12.371

Category Code	Category of Shareholder	No. of Share holders	Total No. of Shares [Face Value: Re.1/- per Share]	No. of Shares held in Dematerialised Form	Total No. of shareholding as a percentage of Total No. of Shares As a % of (A+B+C)
b.	<b>Individuals (Resident / NRI / Foreign National)</b>				
(i).	Individual shareholders holding Nominal Share Capital upto Rs.1 lakh	27,583	3,75,89,227	2,88,78,626	33.152
(ii).	Individual shareholders holding Nominal Share Capital above Rs.1 lakh.	65	1,60,33,624	1,19,83,704	14.141
c.	Any other				
(i).	Clearing Member	96	3,99,239	3,99,239	0.352
(ii).	Trust	1	2,520	2,520	0.002
	<b>SUB TOTAL B (2)</b>	<b>28,285</b>	<b>6,80,51,457</b>	<b>4,53,05,136</b>	<b>60.018</b>
	<b>Total Public shareholding (B) = B(1)+B(2)</b>	<b>28,314</b>	<b>7,12,78,199</b>	<b>4,84,98,068</b>	<b>62.864</b>
	<b>TOTAL (A) + (B)</b>	<b>28,319</b>	<b>11,33,85,050</b>	<b>9,05,83,799</b>	<b>100.000</b>
C.	Shares held by Custodians and against which Depository Receipts have been issued:	NOT APPLICABLE			
	<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>28,319</b>	<b>11,33,85,050</b>	<b>9,05,83,799</b>	<b>100.000</b>

**Shares in Physical and Electronic form:**

Shareholders in	No. of Shareholders	(%)	No. of Shares	%
<b>Physical Mode</b>	4,742	16.74	2,28,01,251	20.11
<b>- Sub-Total</b>	<b>4,742</b>	<b>16.74</b>	<b>2,28,01,251</b>	<b>20.11</b>
<b>Electronic Mode:</b>				
- NSDL	18,071	63.82	8,39,96,971	74.08
- CDSL	5,506	19.44	65,86,828	5.81
<b>- Sub-Total</b>	<b>23,577</b>	<b>83.26</b>	<b>9,05,83,799</b>	<b>79.89</b>
<b>GRAND TOTAL</b>	<b>28,319</b>	<b>100.00</b>	<b>11,33,85,050</b>	<b>100.00</b>

- 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 31.03.2009:

Sl. No	Name of the Shareholder	Shares	% to Capital
1	HAROON MAHMUD ADAM	8,79,000	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	P NAGESWARA DAS	4,24,620	0.37
8	NAREN RAJAN	3,69,000	0.33
9	ANUMOLU SHANTA DEVI	3,64,190	0.32
10	KOGANTY HARINADHA BABU	3,55,086	0.31
	<b>Total</b>	<b>59,62,366</b>	<b>5.26</b>

**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 a workshop at Tada, Nellore district; 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  
  
E-mail id: [kcpsugar@vsnl.com](mailto:kcpsugar@vsnl.com). An exclusive e-mail ID [investorservices@kcpsugar.com](mailto:investorservices@kcpsugar.com) has been created for registering investors complaints.

**For and on behalf of the Board of Directors**

Place : Chennai  
Date : 25.06.2009

**VINOD R. SETHI**  
CHAIRMAN

**DECLARATION**

As provided under clause 49 of the Listing Agreement with Stock Exchanges, this is to confirm that the Members of the Board of Directors as well as the Employees in the Senior Management personnel have affirmed compliance with the Code of Conduct for the financial year ended 31.03.2009.

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

Place : Chennai  
Date : 25.06.2009

**IRMGARD VELAGAPUDI M. RAO**  
MANAGING DIRECTOR

**CERTIFICATE**

To THE MEMBERS OF  
K.C.P. SUGAR AND INSUTRIES 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, 2009 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, 2009, 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

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

Place : Chennai  
Date : 25th June, 2009.

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, 2009, 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, 2009 and taken on record by the board of directors, we report that none of the directors is disqualified as on 31st March 2009 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 Polices 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, 2009 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 : 25<sup>th</sup> June, 2009.

**For B Purushottam & Co.**  
Chartered Accountants,

**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 balance 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.2,63,59,475 and the year-end balance of the loans granted to such parties was Rs.1,73,90,211.
  - 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 Company has 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:

x)

	Name of the statute	Nature of the dues	Amount Rs.	Period to which the amount relates	Due date	Date of payment
1.	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 31-03-2009 for a period of more than six months from the date they became payable.
- c) According to the information given to us, there are 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

- xi) 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.
- xii) 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.
- xiii) 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.
- xiv) 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 (Auditors' Report) Order, 2003 are not applicable to the company.
- xv) 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 (AUDITORS' Report) Order, 2003 are not applicable to the company.
- xvi) 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.
- xvii) According to the information and explanations given to us the company did not avail of any term loans during the year under report.
- xviii) 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.
- xix) 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.
- xx) The Company has not issued any debentures during the year under report.
- xxi) The Company has not raised any money by way of 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.
- xxii) 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 : 25<sup>th</sup> June, 2009.

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

		AMT IN RS.	
Schedule		As at 31.03.2009	As at 31.03.2008
<b>I SOURCES OF FUNDS:</b>			
<b>1. Shareholders' Funds</b>			
Share Capital	A	11,33,85,050	11,33,85,050
Reserves & Surplus	B	<u>145,46,49,267</u>	<u>143,42,19,392</u>
		<b>156,80,34,317</b>	154,76,04,442
<b>2. Loan Funds</b>			
Secured Loans	C	27,46,77,379	43,88,86,979
Unsecured Loans	D	<u>23,97,59,000</u>	<u>18,40,00,000</u>
		<b>51,44,36,379</b>	62,28,86,979
<b>3. Deferred Tax Liability (Net) (See Note 7)</b>			
Deferred Tax Liability		28,78,93,073	30,13,40,523
Less: Deferred Tax Asset		<u>3,41,85,093</u>	<u>4,74,62,323</u>
		<b>25,37,07,980</b>	25,38,78,200
<b>TOTAL</b>		<u><b>233,61,78,676</b></u>	<u>242,43,69,621</u>
<b>II APPLICATION OF FUNDS:</b>			
<b>1. Fixed Assets</b>			
(a) Gross Block	E	217,85,03,874	216,25,26,621
(b) Less: Depreciation		<u>79,66,49,926</u>	<u>70,11,93,785</u>
(c) Net Block		<b>138,18,53,948</b>	146,13,32,836
(d) Capital Work-in-Progress		<u>1,40,65,017</u>	<u>1,44,95,594</u>
		<b>139,59,18,965</b>	147,58,28,430
<b>2. Investments</b>	F	<b>5,38,45,587</b>	5,36,53,134
<b>3. Current Assets, Loans and Advances</b>			
(a) Inventories	G	128,45,84,247	126,77,78,839
(b) Sundry Debtors	H	3,62,65,260	6,09,19,428
(c) Cash and Bank Balances	I	5,78,68,827	20,84,05,389
(d) Other Current Assets	J	18,15,538	23,12,881
(e) Loans and Advances	K	<u>21,44,20,338</u>	<u>20,23,86,069</u>
		<b>159,49,54,210</b>	174,18,02,606
<b>Less: Current Liabilities and Provisions</b>	L		
(a) Liabilities		59,53,89,436	73,47,84,951
(b) Provisions		<u>11,31,50,650</u>	<u>11,21,29,598</u>
		<b>70,85,40,086</b>	84,69,14,549
<b>Net Current Assets</b>		<u><b>88,64,14,124</b></u>	89,48,88,057
<b>TOTAL</b>		<u><b>233,61,78,676</b></u>	<u>242,43,69,621</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.**

Chartered Accountants

**B.S.PURSHOTHAM**

Partner

**IRMGARD VELAGAPUDI M. RAO**

Managing Director

Chennai  
25.06.2009

**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**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Schedule	AMT IN RS	
		2008 - 2009	2007 - 2008
<b>I INCOME:</b>			
Sale of Products and Services		250,34,68,041	309,97,71,437
Less: Excise Duty collected		<u>(10,96,37,859)</u>	<u>(15,83,99,121)</u>
		239,38,30,182	294,13,72,316
Less: Inter Divisional Transfers		<u>(56,14,78,153)</u>	<u>(59,42,57,999)</u>
Net Sale of Products and Services		183,23,52,029	234,71,14,317
Other Income	M	5,34,74,777	3,73,30,085
		<u>188,58,26,806</u>	<u>238,44,44,402</u>
<b>II EXPENDITURE:</b>			
Raw Materials Consumed		114,45,61,509	150,05,70,393
Less: Inter Divisional Transfers		<u>(12,36,01,038)</u>	<u>(3,17,05,055)</u>
Net Raw Materials Consumed		102,09,60,471	146,88,65,338
Decrease in Stocks	N	<u>(3,21,15,278)</u>	3,23,06,646
Payments and Benefits to Employees	O	23,60,89,194	20,72,61,231
Manufacturing, Selling, Administrative and other expenses	p	33,38,66,695	44,79,37,964
Interest		3,60,18,087	4,59,92,640
Depreciation		<u>10,85,34,709</u>	<u>10,59,36,783</u>
		170,33,53,878	230,83,00,602
<b>PROFIT BEFORE TAXATION</b>		<u>18,24,72,928</u>	7,61,43,800
Less: Provision for taxation - Current Tax		6,80,00,000	2,50,00,000
Deferred Tax		<u>(1,70,220)</u>	59,93,399
Fringe Benefit Tax		15,00,000	15,00,000
Add: Reversal of excess provision for taxation relating to earlier years		1,45,115	2,74,46,473
<b>PROFIT AFTER TAX</b>		<u>11,32,88,263</u>	7,10,96,874
Balance brought forward from previous year		<u>39,91,05,878</u>	<u>40,24,83,230</u>
		51,23,94,141	47,35,80,104
<b>III APPROPRIATIONS</b>			
Transfer to General Reserve	1,14,36,596		81,46,806
Proposed Dividend	7,93,69,535		5,66,92,525
Tax on Proposed Dividend	<u>1,34,88,853</u>		<u>96,34,895</u>
		10,42,94,984	7,44,74,226
<b>Balance Carried to Balance Sheet</b>		<u>40,80,99,157</u>	39,91,05,878
<b>Basic and Diluted Earnings Per Share</b> (See Note 21)		<u>0.999</u>	0.63

**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

**B.S.PURSHOTHAM**

Partner

Chennai  
25.06.2009

**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

**K.A.RANGASWAMY**  
Director &  
Chairman-Audit Committee

	AMT IN RS			
	As at 31.03.2009	As at 31.03.2008		
<b>A . SHARE CAPITAL</b>				
<b>Authorised :</b>				
25,00,00,000 Equity Shares of Re.1/- each	<b>25,00,00,000</b>	25,00,00,000		
<b>Issued, Subscribed and Paid-up:</b>				
11,33,85,050 Equity Shares of Re.1/- each	<b>11,33,85,050</b>	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>B . RESERVES &amp; SURPLUS</b>				
	<b>As at 01.04.2008</b>	<b>Added during the Year</b>	<b>Withdrawn during the Year</b>	<b>As at 31.03.2009</b>
Investment Allowance Reserve (Utilised)	45,05,000			<b>45,05,000</b>
Effluent Disposal Facilities Reserve	63,404		63,404	—
Capital Redemption Reserve - Shares Buy Back	1,55,45,110			<b>1,55,45,110</b>
General Reserve	101,50,00,000	1,15,00,000		<b>102,65,00,000</b>
Surplus ( i.e.) Balance in Profit and Loss A/c	39,91,05,878			<b>40,80,99,157</b>
	<b>143,42,19,392</b>			<b>145,46,49,267</b>
<b>C . SECURED LOANS</b>				
<b>From Banks</b>				
a) Working capital borrowings		<b>11,86,77,379</b>		28,28,86,979
<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 Lakshmpuram and guaranteed by the Managing Director.)</i>				
b) Term Loans		<b>15,60,00,000</b>		15,60,00,000
<i>(Secured by pari passu second charge on the movable fixed assets at Vuyyuru and Lakshmpuram units and guaranteed by the Managing Director.)</i>				
		<b>27,46,77,379</b>		43,88,86,979
<b>D . UNSECURED LOANS</b>				
<b>Fixed Deposits</b>		<b>24,12,62,000</b>		18,88,99,000
<b>Less: Unclaimed Fixed deposits shown under Current Liabilities</b>		<b>(15,03,000)</b>		(48,99,000)
		<b>23,97,59,000</b>		18,40,00,000

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

Description	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK		AMT IN RUPEES
	Cost up to 31.03.2008	Additions during the Year	Deductions during the Year	Cost up to 31.03.2009	Up to 31.03.2008	For the Year	On Deductions	Up to 31.03.2009	As at 31.03.2009	As at 31.03.2008	
	Lands	8,52,40,744	—	4,59,286	8,47,81,458	—	—	—	—	8,47,81,458	8,52,40,744
Buildings											
- Own Buildings	26,48,71,445	15,91,882	9,06,824	26,55,56,503	3,53,04,300	58,24,008	3,75,406	4,07,52,902	22,48,03,601	22,95,67,145	
- Leasehold Buildings	1,12,189	—	—	1,12,189	51,566	3,031	—	54,597	57,592	60,623	
Plant & Machinery	1,67,41,31,235	2,44,07,350	1,06,06,325	1,68,79,32,260	59,76,69,707	8,95,36,786	69,31,201	68,02,75,292	1,00,76,56,968	1,07,64,61,528	
Tramways & Railways Sidings	2,30,97,526	—	—	2,30,97,526	66,54,218	11,66,516	—	78,20,734	1,52,76,792	1,64,43,308	
Computers, Office Equipments & Furniture	7,02,60,846	21,61,233	52,58,463	6,71,63,616	3,98,71,197	76,12,354	49,41,607	4,25,41,944	2,46,21,672	3,03,89,649	
Vehicles	4,48,12,636	64,23,997	13,76,311	4,98,60,322	2,16,42,797	43,92,014	8,30,354	2,52,04,457	2,46,55,865	2,31,69,839	
<b>Total</b>	<b>2,16,25,26,621</b>	<b>3,45,84,462</b>	<b>1,86,07,209</b>	<b>2,17,85,03,874</b>	<b>70,11,93,785</b>	<b>10,85,34,709</b>	<b>1,30,78,568</b>	<b>79,66,49,926</b>	<b>1,38,18,53,948</b>	<b>1,46,13,32,836</b>	
Previous year	2,07,88,63,416	8,70,94,809	34,31,604	2,16,25,26,621	59,75,83,948	10,59,36,783	23,26,946	70,11,93,785	1,46,13,32,836	1,48,12,79,468	
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	1,68,50,270	11,19,980	—	1,79,70,250	20	11,20,000	
Registered Office, Chennai	4,08,09,336	32,27,829	13,18,363	4,27,18,802	2,41,98,209	39,98,452	4,07,938	2,77,88,723	1,49,30,079	1,66,11,127	
Sugar Unit, Vuyyuru	56,99,83,945	2,15,83,921	63,74,806	58,51,93,060	18,44,90,322	2,59,58,658	47,64,241	20,56,84,739	37,95,08,321	38,55,29,122	
Distillery Unit, Vuyyuru	21,40,96,280	19,09,853	—	21,60,06,133	2,69,52,109	1,13,52,055	—	3,83,04,164	17,77,01,969	18,71,54,971	
Sugar Unit, Lakshimpuram	48,36,33,326	68,580	1,10,98,680	47,26,03,226	20,21,58,657	2,13,26,608	79,52,688	21,55,32,577	25,70,70,649	28,14,74,669	
Research & Development Unit, Vuyyuru	5,33,50,161	—	—	5,33,50,161	2,19,10,508	25,07,781	—	2,44,18,289	2,89,31,872	3,14,39,653	
Bio Tech unit, Vuyyuru	4,72,95,958	29,92,809	—	5,02,88,767	1,05,07,592	37,52,186	—	1,42,59,778	3,60,28,989	3,67,88,366	
Workshop unit, Tada	1,13,85,481	—	—	1,13,85,481	21,71,398	3,58,930	—	25,30,328	88,55,153	92,14,083	
Cogen unit, Vuyyuru	51,27,72,982	27,79,787	—	51,55,52,769	15,05,04,710	2,70,06,097	—	17,75,10,807	33,80,41,962	36,22,68,272	
Cogen unit, Lakshimpuram	13,42,16,580	—	—	13,42,16,580	4,77,67,111	72,33,053	—	5,50,00,164	7,92,16,416	8,64,49,469	
1MW Power Plant, Vuyyuru	3,01,95,242	—	—	3,01,95,242	1,07,19,633	15,61,388	—	1,22,81,021	1,79,14,221	1,94,75,609	
Calcium Lactate Plant, Vuyyuru	2,87,09,552	22,06,323	—	3,09,15,875	20,17,167	14,03,448	—	34,20,615	2,74,95,260	2,66,92,385	
CO2 Unit, Vuyyuru	1,81,07,508	—	—	1,81,07,508	9,92,398	9,56,073	—	19,48,471	1,61,59,037	1,71,15,110	
<b>Total</b>	<b>2,16,25,26,621</b>	<b>3,47,69,102</b>	<b>1,87,91,849</b>	<b>2,17,85,03,874</b>	<b>70,12,40,084</b>	<b>10,85,34,709</b>	<b>1,31,24,867</b>	<b>79,66,49,926</b>	<b>1,38,18,53,948</b>	<b>1,46,13,32,836</b>	
Less: Internal Transfers		1,84,640	1,84,640	—	46,239	—	46,239	—	—	—	
<b>Grand total</b>	<b>2,16,25,26,621</b>	<b>3,45,84,462</b>	<b>1,86,07,209</b>	<b>2,17,85,03,874</b>	<b>70,11,93,785</b>	<b>10,85,34,709</b>	<b>1,30,78,568</b>	<b>79,66,49,926</b>	<b>1,38,18,53,948</b>	<b>1,46,13,32,836</b>	

		AMT IN RS.	
		As at 31.03.2009	As at 31.03.2008
<b>F. INVESTMENTS :</b>			
<b>SHARES OF COMPANIES:</b>		<i>No. of Shares</i>	
<b>Long Term</b>			
<b>A. Trade Investments:</b>			
<b>Unquoted Equity Shares - Fully paid</b>			
<b>In subsidiary companies:</b>			
(1) The EIMCO-K.C.P. Limited	60,000	<b>60,00,000</b>	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	<b>2,25,00,000</b>	2,25,00,000
<i>(including 6 Shares held by the nominees of the Company and 1800000 shares purchased during 2006-07 )</i>			
<b>B. Non- Trade Investments:</b>			
<b>(i) Unquoted Equity Shares - Fully paid</b>			
Agri Business Finance (AP) Ltd	50,000	<b>5,00,000</b>	5,00,000
<b>(ii) Quoted Equity Shares - Fully Paid:</b>			
(1) The Jeypore Sugar Company Limited	16,580	<b>8,21,936</b>	8,21,936
(2) Krishna Industrial Corporation Limited	52,501	<b>5,00,010</b>	5,00,010
(3) Sri Sarvaraya Sugars Limited	1,50,000	<b>17,00,000</b>	17,00,000
(4) Nava Bharat Ventures Ltd	68,040	<b>3,47,934</b>	3,47,934
<i>(Face value of Rs.2/- each )</i>			
(5) Balrampur Chini Mills Ltd	1,000	<b>9,146</b>	9,146
<i>(Face value of Re.1/- each )</i>			
(6) Bannari Amman Sugars Ltd	50	<b>2,547</b>	2,547
(7) The Dhampur Sugar Mills Ltd	100	<b>6,013</b>	6,013
(8) Sakthi Sugars Ltd	50	<b>815</b>	815
(9) Bajaj Hindustan Limited	1000	<b>5,601</b>	5,601
<i>(Face value of Re.1/- each )</i>			
(10) Kothari Sugars and Chemicals Limited	5	<b>50</b>	50
(11) Oswal Sugars Limited	100	<b>404</b>	404
(12) Thiru Arooran Sugars Limited	100	<b>7,326</b>	7,326
(13) Simbholi Sugars Limited	100	<b>1,026</b>	1,026
(14) EID Parry (India) Ltd	500	<b>7,486</b>	7,486
<i>(Face value of Rs.2/- each)</i>			
(15) Coromandel Fertilizers Ltd <i>(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	<b>2,348</b>	2,348
(17) Avon Organics Ltd	100	<b>5,580</b>	5,580
(18) Indian Sucrose Ltd	100	<b>680</b>	680
(19) Citric (I) Ltd <i>(Pending registration of transfer)</i>	100	<b>790</b>	790
(20) Jubilant Organosys Ltd <i>(formerly Vam Organic Chemicals Ltd) (Face value of Re.1/- each )</i>	1,600	<b>11,268</b>	11,268

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

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

	No. of Shares	AMT IN RS.	
		As at 31.03.2009	As at 31.03.2008
<b>F. INVESTMENTS (Continued)</b>			
<b>B. Non- Trade Investments Current</b>			
<b>(ii) Quoted Equity Shares - Fully Paid:</b>			
(21) Automotive Stampings and Assemblies Ltd.	2,000	<b>2,08,814</b>	2,08,814
(22) Blue Star Ltd. <i>(Face value of Rs.2/- each )</i>	6,368	<b>8,83,733</b>	8,83,733
(23) Gujarat Gas Company Ltd. <i>(Face value of Rs. 2/- each)</i>	2,250	<b>4,76,137</b>	4,76,137
(24) Indraprastha Gas Ltd.	52,284	<b>61,46,789</b>	61,46,789
(25) ISMT Ltd.	12,000	<b>6,61,917</b>	6,61,917
(26) Subex Azure Ltd.	4,268	<b>15,26,151</b>	15,26,151
(27) Yuken India Ltd.	715	<b>1,22,009</b>	1,22,009
(28) Container Corporation of India Ltd. <i>(includes 1564 Bonus share received during the year)</i>	3,128	<b>27,03,468</b>	27,03,468
(29) Marico Ltd. <i>(Face value of Re.1/- each )</i>	24,000	<b>12,43,982</b>	12,43,982
(30) Bank of Baroda	370	<b>1,00,191</b>	1,00,191
(31) Bharat Petroleum Corporation Ltd.	30	<b>11,732</b>	11,732
(32) Bank of India	650	<b>1,00,095</b>	1,00,095
(33) Hero Honda Motors Ltd. <i>(Face value of Rs.2/- each)</i>	125	<b>96,910</b>	96,910
(34) Union Bank of India	775	<b>99,540</b>	99,540
(35) Precision Wires India Ltd.	2,600	<b>4,48,027</b>	4,48,027
(36) Apar Industries Ltd	2,078	<b>3,69,636</b>	3,69,636
(37) Asian Paints Ltd.	1,645	<b>14,42,950</b>	14,42,950
(38) Savitha Chemicals Ltd.	845	<b>2,16,884</b>	2,16,884
(39) Axys Health	50,000	<b>32,50,000</b>	32,50,000
(40) Geodesic Information Systems Ltd. <i>(Face value of Rs.2/- each)</i>	6,136	<b>4,55,816</b>	4,55,816
(41) Global Telesystems Ltd	2,000	<b>3,84,368</b>	3,84,368
(42) Tata Motors Ltd. <i>(Includes 33 shares of Rs. 340/- each and 33 shares of Rs. 305/- each purchased during the year under Rights issue)</i>	266	<b>1,53,751</b>	1,32,466
(43) Tata Tea Ltd.	200	<b>1,40,559</b>	1,40,559
<b>Purchased during the year:</b>			
(44) Monsanto India Ltd.	100	<b>1,71,168</b>	—
<b>Purchased and Sold during the year:</b>			
(45) ING Vysya Mutual Fund-Liquid Fund-Institutional-Daily Dividend Option <i>(2,13,86,757.518 units purchased and sold during the year)</i>			
(46) SBI Mutual Fund-Liquid Fund-Institutional-Daily Dividend Option <i>(3,38,15,215.04 units purchased and sold during the year)</i>			
		<b>5,38,45,587</b>	5,36,53,134

**NOTE:**

- The Face value of the above Equity Shares is Rs.10/- each unless otherwise mentioned.
- Aggregate of Quoted Investments - At cost **2,48,45,587** 2,46,53,134  
 - At market value **3,48,23,786** 5,43,86,725
- Aggregate of Unquoted Investments at Cost **2,90,00,000** 2,90,00,000

	AMT IN RS.	
	As at 31.03.2009	As at 31.03.2008
<b>G. INVENTORIES</b>		
Stores and Spares	4,51,45,561	6,05,13,548
Raw Materials	1,03,296	45,179
Crops under cultivation	7,07,974	20,02,454
Work-in-progress	93,17,904	2,09,91,208
Finished Goods	1,22,93,09,512	1,18,42,26,450
	<b>1,28,45,84,247</b>	<b>1,26,77,78,839</b>
<b>H. SUNDRY DEBTORS</b>		
Sundry Debtors - Unsecured		
Debts outstanding for a period exceeding six months - Considered Good	98,13,772	68,11,748
Other Debts - Considered Good	2,64,51,488	5,41,07,680
	<b>3,62,65,260</b>	<b>6,09,19,428</b>
<b>I. CASH AND BANK BALANCES</b>		
Cash on hand	7,09,547	8,85,294
Balances at Scheduled Banks :		
In Current Accounts	4,91,99,149	4,28,15,355
In Fixed Deposits	79,60,131	16,47,04,740
	<b>5,78,68,827</b>	<b>20,84,05,389</b>
<b>J. OTHER CURRENT ASSETS</b>		
Interest and Dividend accrued on Deposits and Investments	18,15,538	23,12,881
<b>K. LOANS AND ADVANCES</b>		
Advances (unsecured, recoverable in cash or in kind or for value to be received) Considered Good:		
To Subsidiary Companies *	1,73,90,211	1,21,20,005
To others	14,16,23,770	11,91,46,613
	<b>15,90,13,981</b>	<b>13,12,66,618</b>
Considered doubtful	4,19,925	4,19,925
	<b>15,94,33,906</b>	<b>13,16,86,543</b>
Less: Provision	4,19,925	4,19,925
	<b>15,90,13,981</b>	<b>13,12,66,618</b>
Prepaid expenses	41,62,762	47,64,088
Excise duty paid in advance	25,71,903	52,03,292
Advance Income-tax paid (including FBT) (Net)	1,46,27,238	4,84,64,773
Income Tax deducted at source	44,21,062	20,73,102
Deposits with the Government Departments etc. recoverable	63,67,571	61,74,242
Claims receivable	2,32,55,821	44,39,954
	<b>21,44,20,338</b>	<b>20,23,86,069</b>

\* Outstanding Advances with Subsidiary Companies consist of :-

The Eimco KCP Ltd - Rs.1,73,90,211/- (Prev.yr.Rs.1,21,00,005/-) The Maximum outstanding during the year was Rs.2,60,28,415/- (Prev.yr. Rs.1,38,10,085/-)

KCP Sugars Agricultural Research Farms Ltd :- "Nil" (Prev.yr.Rs.20,000/-) The Maximum outstanding during the year was Rs.3,31,060/- (Prev.yr. Rs.17,28,700/-)

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

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

	AMT IN RS.	
	As at 31.03.2009	As at 31.03.2008
<b>L CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. CURRENT LIABILITIES :</b>		
Sundry Creditors		
- Due to micro,small and medium enterprises (Refer note No.4)	—	—
- Due to others (including Rs.16,71,878/- due to Directors. P.Y. Rs.8,64,490/- & Rs.NIL due to Subsidiary Companies P.Y. Rs.2,87,168/-.)	<b>56,08,56,425</b>	69,56,89,493
Unclaimed Fixed Deposits *	<b>18,50,741</b>	52,89,134
Unclaimed Dividends	<b>1,08,82,854</b>	1,04,46,954
Unclaimed Interest on Fixed Deposits	<b>34,64,203</b>	3,20,527
Advances received against sales	<b>72,90,085</b>	1,48,01,087
Trade Deposits	<b>1,23,300</b>	1,23,300
Staff Security Deposits	<b>2,04,387</b>	60,000
Interest accrued but not due on loans	<b>1,07,17,441</b>	80,54,456
	<b><u>59,53,89,436</u></b>	<u>73,47,84,951</u>
<b>B. PROVISIONS :</b>		
Provision for Leave encashment	<b>1,20,95,182</b>	1,12,54,660
Provision for Gratuity	<b>81,97,080</b>	3,45,47,518
Proposed Dividend (See Directors' Report)	<b>7,93,69,535</b>	5,66,92,525
Tax on Distributed Profits	<b>1,34,88,853</b>	96,34,895
	<b><u>11,31,50,650</u></b>	<u>11,21,29,598</u>
	<b><u>70,85,40,086</u></b>	<u>84,69,14,549</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.	
	2008-2009	2007-2008
<b>M. OTHER INCOME</b>		
Interest received from Banks and others (Tax deducted on above Rs.24,33,116/- P.Y. Rs.7,13,456/-)	160,76,685	38,93,274
Dividends Received on other than Trade Investments	68,38,881	37,80,090
Rent received (Tax deducted on above Rs.3,20,661/- P.Y. Rs.1,74,809/- )	40,31,650	31,19,405
Miscellaneous Receipts	1,14,97,824	2,30,51,811
Profit on sale of Assets	1,34,23,960	6,90,519
Profit on sale of Investments	-	5,67,955
Unclaimed balances credited back	5,007	3,04,883
Claims received	10,23,171	17,03,020
Provision for expenses no longer required credited back	5,77,599	2,19,128
	<b>5,34,74,777</b>	<b>3,73,30,085</b>
<b>N. INCREASE/(DECREASE) IN STOCKS</b>		
<b>Opening Stocks :</b>		
Crops under cultivation	20,02,454	13,52,754
Work-in-Progress	2,09,91,208	2,59,80,824
Finished goods	118,42,26,450	121,21,93,180
	<b>120,72,20,112</b>	<b>123,95,26,758</b>
<b>Closing Stocks :</b>		
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
	<b>123,93,35,390</b>	<b>120,72,20,112</b>
Increase/(Decrease) in stocks	<b>321,15,278</b>	<b>(323,06,646)</b>
<b>O. PAYMENTS AND BENEFITS TO EMPLOYEES</b>		
Salaries, Wages and Bonus	18,91,39,566	17,57,12,198
Payments under Voluntary Retirement Scheme	128,87,452	—
Contribution to Provident Fund and Pension Scheme	115,93,784	121,90,664
Contribution to Superannuation Fund	10,48,989	9,51,260
Contribution to Gratuity Fund & Gratuity paid including provision	62,68,487	50,14,311
Workmen and Staff Welfare expenses	151,50,916	133,92,798
	<b>23,60,89,194</b>	<b>20,72,61,231</b>



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

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

		<b>AMT IN RS.</b>	
		<b>2008-2009</b>	<b>2007-2008</b>
<b>P. MANUFACTURING, SELLING, ADMINISTRATIVE AND OTHER EXPENSES</b>			
<b>MANUFACTURING</b>			
Process Chemicals		<b>259,52,105</b>	358,53,574
Packing Materials		<b>340,80,206</b>	600,54,927
Cultivation Expenses		<b>43,90,851</b>	27,64,567
Power and Fuel	<b>Rs.45,48,25,573/-</b>		P.Y. Rs.57,99,87,889/-
Less: Inter Divisional Transfers	<b>Rs.43,78,77,115/-</b>		P.Y. Rs.56,25,52,944/-
Net Power and Fuel		<b>169,48,458</b>	174,34,945
Insurance		<b>38,83,410</b>	74,71,131
Research & Development		<b>694,59,111</b>	286,43,299
Repairs to Buildings		<b>62,16,164</b>	79,34,381
Repairs to Machinery		<b>608,14,883</b>	10,64,83,356
Repairs to Other Assets		<b>29,30,153</b>	78,31,149
		<b>22,46,75,341</b>	27,44,71,329
<b>SELLING</b>			
Loading, Unloading, Transport etc.		<b>95,03,462</b>	162,89,505
Royalty		<b>3,48,308</b>	3,10,340
		<b>98,51,770</b>	165,99,845
<b>ADMINISTRATIVE</b>			
Rent		<b>2,93,460</b>	3,46,150
Payments to Auditors (see note No 14)		<b>6,39,094</b>	6,11,126
Directors Sitting fees		<b>10,20,000</b>	11,20,000
Remuneration to Whole time and other Directors (See Note No 15)		<b>1,05,90,056</b>	98,79,556
Miscellaneous expenses		<b>4,91,96,267</b>	4,79,33,431
		<b>6,17,38,877</b>	5,98,90,263
<b>Others</b>			
Loss on Sale of assets		<b>1,20,648</b>	1,11,320
Loss on Sale of investments		-	8,589
Loss on sale of stores / raw materials		-	56,667
Net value of discarded assets written off		<b>39,54,589</b>	5,55,138
Bad debts and Debit balances written off		<b>19,85,289</b>	8,78,102
Excises Duty and Taxes		<b>3,15,40,181</b>	9,53,66,711
		<b>3,76,00,707</b>	9,69,76,527
		<b>33,38,66,695</b>	44,79,37,964

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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 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 independent Actuary. The actuarial valuation method used by independent actuary 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	31.03.2009	31.03.2008
	Amount – Rs.	
Labour Cases	<b>3,84,495</b>	3,84,495
Central Excise Cases	<b>1,91,12,314</b>	1,91,12,314
Differential Statutory Minimum Cane Price for the financial year 2002-03.	--	1,85,23,712
Case on Duty relating to Captive Power Generation	<b>2,61,69,375</b>	2,61,69,375
Disputed Property Tax & Water Tax	--	22,74,230
<b>TOTAL</b>	<b>4,56,66,184</b>	6,64,64,126

- ii) Corporate Guarantee issued by the company to a Bank on behalf of The Eimco KCP Ltd, a wholly owned subsidiary Rs. NIL/- (P.Y. Rs. 6,75,00,000/- )

- iii) Outstanding Guarantees furnished by banks on behalf of the company is Rs.59,24,438/- (P.Y. Rs.64,24,438)

**2. Cash and Bank Balances include:**

- i) Rs.3,17,769/- (P.Y. Rs. 2,29,271/- ) on account of staff security deposits.
- ii) Rs.8,73,362/- (P.Y.Rs. 9,48,469/- ) representing Fixed Deposit receipts lodged with bankers as margin money against guarantees issued by them.
- iii) Rs.67,69,000/- (P.Y. Rs. 1,35,27,000/- ) in Fixed Deposit in accordance with the Companies (Acceptance of deposits) Rules 1975.
- iv) Rs.1,08,82,854/- (P.Y. Rs.1,04,46,954/-) 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.	
	2008-2009	2007-2008
<b>Gratuity</b>		
<b>(I) Change in Benefit Obligation</b>		
Liability at the beginning of the year	5,99,33,869	2,54,87,348
Transitional liability		2,74,90,995
Interest Cost	42,75,733	41,65,059
Current Service Cost	40,27,524	30,64,192
Benefit Paid	(59,55,861)	18,66,099
Actuarial (gain)/loss on obligations	11,01,823	15,92,374
Liability at the end of the year	<b>6,33,83,088</b>	5,99,33,869
<b>(II) Fair value of Plan Assets</b>		
Fair value of plan assets at the beginning of the year	2,53,86,351	2,13,21,243
Expected Return on Plan Assets	35,43,487	20,69,381
Contributions	3,15,69,300	34,37,144
Benefit Paid	51,41,662	12,88,739
Actuarial gain/(loss) on Plan Assets	1,71,468	(1,52,678)
Fair Value of plan assets at the end of the year	<b>5,51,86,008</b>	2,53,86,351
<b>(III) Actual Return on Plan Assets</b>		
Expected Return on Plan Assets	35,43,487	20,69,381
Actuarial gain/(loss) on plan Assets	<b>(1,71,468)</b>	(1,52,678)
Actual Return on Plan Assets	33,72,019	19,16,703
<b>(IV) Amount Recognised in the Balance Sheet</b>		
Liability at the end of the year	6,33,83,088	5,99,33,869
Fair value of Plan Assets at the end of the year	5,51,86,008	2,53,86,351
Difference (Unfunded)	81,97,080	3,45,47,518
Amount Recognised in the Balance Sheet	<b>81,97,080</b>	3,45,47,518
<b>(V) Expenses Recognised in the Income Statement</b>		
Current Service Cost	40,27,524	30,64,192
Interest Cost	42,75,733	41,65,059
Expected Return on Plan Assets	35,43,487	(20,69,381)
Net Actuarial (Gain)/ loss to be recognised	12,73,291	1,71,748
Expenses Recognised in P & L	<b>60,33,061</b>	53,31,618
<b>(VI) Actuarial Assumptions For the Year</b>		
Discount Rate Current	7.50%	8.00%
Salary Escalation Current	5.00%	5.00%
Expected rate of return on plan assets	9.25%	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	1,12,54,660	60,98,918	52,58,396	1,20,95,182
Provision for gratuity	3,45,47,518	61,21,869	3,24,72,307	81,97,080
Provision for Income Tax	2,85,88,002	6,80,00,000	-	9,65,88,002
Provision for FBT	20,49,942	15,00,000	4,25,261	31,24,681
Proposed Dividend	5,66,92,525	7,93,69,535	5,66,92,525	7,93,69,535
Tax on Proposed Dividend	96,34,895	1,34,88,853	96,34,895	1,34,88,853
<b>Total</b>	<b>14,27,67,542</b>	<b>17,45,79,175</b>	<b>10,44,83,384</b>	<b>21,28,63,333</b>

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

Particulars	Assets Rs.		Liabilities Rs.	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
a) Depreciation			28,78,93,073	30,13,40,523
b) Unamortized Voluntary Retirement Compensation	39,37,529	8,18,203		
c) Excise Duty on Closing Stock	2,12,21,739	2,86,24,355		
d) Other deferred tax assets	90,25,825	1,80,19,765		
<b>Total</b>	<b>3,41,85,093</b>	<b>4,74,62,323</b>	<b>28,78,93,073</b>	<b>30,13,40,523</b>

**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.	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
The Eimco-K.C.P.Ltd.	1,73,90,211	1,18,12,838	2,60,28,415	1,38,10,085
KCP Sugars Agricultural Research Farms Ltd.	NIL	20,000	3,31,060	17,28,700

**PROFIT AND LOSS ACCOUNT:**

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

Products / Services	Units	2008-2009		2007-2008	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar	Qtls	8,71,363	1,52,42,28,174	15,24,810	2,13,93,31,782
Molasses	MTs	27,345	12,57,96,953	23,071	4,06,83,612
Bagasse	MTs	52,920	7,73,95,002	72,298	6,34,71,105
Industrial Alcohol	BLs	48,05,199	12,40,04,898	48,79,828	10,01,60,436
Anhydrous Alcohol	BLs	16,35,000	4,02,33,263	18,60,000	4,64,18,117
Bio Fertiliser	Qtls	1,58,965	3,50,44,466	1,00,847	3,03,69,019
Electrical Energy	Kwh	9,93,900	29,23,319	2,15,20,700	6,78,42,130
Others	—	—	1,23,63,813	—	1,72,37,237
<b>TOTAL</b>			<b>1,94,19,89,888</b>		<b>2,50,55,13,438</b>

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

Products / Services	Units	2008-2009		2007-2008	
		Quantity	Value in Rs	Quantity	Value in Rs
Sugar	Qtls	1,350	23,16,000	1,072	13,84,075
Molasses	MTs.	29,090	11,84,70,128	33,216	2,87,21,565
Bagasse	MTs.	1,50,110	19,88,83,192	3,26,943	25,44,93,073
Electrical energy	KWH	1,29,00,843	4,19,50,771	1,88,87,014	6,22,62,614
Steam	MTs.	3,01,175	19,70,43,152	5,58,301	24,57,97,257
Filter Cake	MTs.	37,250	3,72,500	30,000	3,00,000
Sugarcane - Agricultural Produce	MTs.	1,764	24,42,410	1,223	12,99,415
<b>TOTAL</b>			<b>56,14,78,153</b>		<b>59,42,57,999</b>

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

**NOTES FORMING PART OF THE ACCOUNTS (CONTD.)**

**10. Raw Materials Consumed**

Particulars	Units	2008-2009		2007-2008	
		Quantity	Value in Rs.	Quantity	Value in Rs.
Sugar - Sugarcane	MTs	7,17,363	100,38,86,851	13,34,589	145,40,64,954
Distillery - Molasses	MTs	29,090	13,46,20,315	33,216	4,24,35,397
Others			60,54,343		40,70,042
<b>TOTAL</b>			<b>114,45,61,509</b>		<b>150,05,70,393</b>
Less: Inter Divisional Transfers			12,36,01,038		3,17,05,055
<b>Net Consumption</b>			<b>102,09,60,471</b>		<b>146,88,65,338</b>

**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	7,62,580	107,69,51,310	8,72,909	117,34,39,521
Molasses	MTs	46,339	9,29,93,308	39,147	2,96,32,561
Industrial Alcohol	BLs	5,62,766	65,90,428	2,43,502	39,10,482
Bio Fertiliser	Qtls	85,129	26,09,417	48,529	24,10,995
Others		—	50,81,987	—	27,99,621
<b>TOTAL</b>			<b>118,42,26,450</b>		<b>121,21,93,180</b>

**12. Closing Stock of Finished Goods**

Particulars	Units	As at 31.03.2009		As at 31.03.2008	
		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
<b>TOTAL</b>			<b>122,93,09,512</b>		<b>118,42,26,450</b>

**13. Particulars regarding Capacity and Production**

Class of Goods	Capacity		Units	Actual Production	
	Licensed	Installed		2008-2009	2007-2008
	(as certified by the Management)				
a. Sugar					
(i) Vuyyuru Unit	7,500	7,500	Qtls	6,11,620	11,02,299
	(Tonnes of Cane crushed per day)				
(ii) Lakshmipuram	4,000	4,000	Qtls	1,22,686	3,13,254
	(Tonnes of Cane crushed per day)				
b. Molasses (By-Product)			MT's	34,523	63,479
c. Industrial Alcohol / Anhydrous Alcohol	50,000	50,000	BL per day	78,86,467	51,99,092
d. Bio Fertiliser			Qtls	99,394	1,37,447
e. Electrical Power					
(i) Incidental Co - Generation Power Plant. Vuyyuru	15 MW	15 MW	Kwh	1,46,04,700	4,01,97,978
(ii) Incidental Co - Generation Power Plant. Lakshmipuram	5 MW	5 MW	Kwh	31,13,427	84,17,710

**14. Payments to Auditors comprise:**

<b>Paticulars</b>	<b>2008-2009 Rs.</b>	<b>2007-2008 Rs.</b>
For Statutory audit	<b>2,75,750</b>	2,52,810
For Certification and other Services	<b>2,13,484</b>	2,13,484
Out of Pocket Expenses	<b>37,500</b>	32,472
	<b>5,26,734</b>	4,98,766
Fees to Cost Auditor	<b>1,12,360</b>	1,12,360
<b>Total</b>	<b>6,39,094</b>	<b>6,11,126</b>

**15. REMUNERATION TO DIRECTORS**

- (i) Computation of Net Profit in accordance with Sec 349 of the Companies Act, 1956 for the year ended 31.03.2009

	Rs.
Net Profit As per Profit and Loss Account	18,24,72,928
<b>ADD:</b>	
Directors' sitting fees	10,20,000
Remuneration to Directors	1,05,90,056
Profit on Sale of Fixed assets allowable in accordance with the proviso to sub section (3)(d) of Section 349	70,239
	<u>1,16,80,295</u>
<b>LESS:</b>	
Profit on sale of fixed assets considered separately	1,34,23,960
	<u><b>18,07,29,263</b></u>
<b>Adjusted Net Profit for the year Under section 349</b>	<b>18,07,29,263</b>

**(ii) Details of Remuneration to Directors**

<b>Particulars</b>	<b>Managing Director</b>	<b>Executive Director</b>
Salaries	48,00,000	36,00,000
Contribution to Provident Fund	—	4,32,000
Other Perquisites	—	86,178
Commission	6,21,878	—
<b>Total</b>	<b>54,21,878</b>	<b>41,18,178</b>

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.10,538/- and Rs.5,47,797/- as per Income Tax rules respectively.
- (ii) In the absence of adequate profit, only minimum remuneration has been paid to Executive Director as per the terms of her appointment..
- (iii) 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.10,50,000/-.

	<b>2008-2009 Rs.</b>	<b>2007-2008 Rs.</b>
<b>16. a) Miscellaneous Expenses include - Donations</b>	<b>4,60,000</b>	—
<b>b) Interest paid includes:</b>		
On Fixed Loans	<b>2,34,18,667</b>	1,65,53,911
On Deposits from Wholetime Director	<b>30,09,515</b>	27,65,757



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

Particulars	2008 – 2009	2007 – 2008
	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	84,554	4,96,757
(ii) Others	6,56,801	69,923

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

	Particulars	2008 – 2009	%	2007 – 2008	%
		Rs.		Rs.	
<b>a)</b>	<b>Raw Materials:</b>				
i)	Imported	Nil	—	Nil	—
ii)	Indigenous	1,02,09,60,471	100.00	1,46,88,65,338	100.00
<b>b)</b>	<b>Spare parts and Components:</b> (debited to respective heads)				
i)	Imported	Nil	—	Nil	—
ii)	Indigenous	12,26,22,498	100.00	18,95,83,020	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.<br>b) KCP Sugars Agricultural Research Farms Ltd. Chennai, India.                             |
| 2. Key Management Personnel | a) Shri. Vinod R. Sethi, Chairman<br>b) Smt. Irmgard Velagapudi M Rao, Managing Director.<br>c) Smt. V. Kiran Rao, Executive Director. |

Particulars	Subsidiaries		Key Management Personnel	
	2008-09	2007-08	2008-09	2007-08
<b>B. Transactions during the year</b>				
Sale of asset	5,81,723			
Interest received	20,48,454	12,15,862		
Rent received	2,70,000	2,70,000		
Remuneration paid to key management personnel			98,35,056	92,87,897
Advances given	2,39,73,794	2,00,89,144		
Advances received back	1,91,92,060	1,57,49,380		
Guarantees given on behalf of		6,75,00,000		
Interest on fixed deposits paid to			30,09,515	27,65,757
<b>C. Closing balances as on 31/03/2009</b>				
(a) The EIMCO KCP Ltd	1,73,90,211	1,21,00,005		
(b) KCP Sugars Agricultural Research Farms Ltd	Nil	20,000		
(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		2008-2009 Rs.	2007-2008 Rs.
Profit attributable to the Shareholders	A	<b>11,32,88,263</b>	7,10,96,874
Basic / Weighted average number of Equity Shares outstanding during the year	B	<b>11,33,85,050</b>	11,33,85,050
Nominal value of Equity Shares		<b>1.00</b>	1.00
Basic / Diluted Earnings per share	A/B	<b>0.999</b>	0.63

**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

**IRMGARD VELAGAPUDI M. RAO**

Managing Director

**B.S.PURSHOTHAM**

Partner

Chennai  
25.06.2009

**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.

	2008 - 09	2007 - 08
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax and Extraordinary Items	18,24,72,928	7,61,43,800
Adjustments for:		
Depreciation	<b>10,85,34,709</b>	10,59,36,783
Loss/(Profit) on Sale of Assets	<b>(1,33,03,312)</b>	(5,79,199)
Assets written off	<b>39,54,589</b>	5,55,138
Loss/Profit on sale of Investments	—	(5,59,366)
Dividend Income	<b>(68,38,881)</b>	(37,80,090)
Interest paid	<b>3,60,18,087</b>	4,59,92,640
Interest received	<b>(1,60,76,685)</b>	(38,93,274)
<b>Operating Profit before Working Capital Changes</b>	<b>29,47,61,435</b>	21,98,16,432
Adjustments for :		
Trade and other Receivables	<b>1,83,72,333</b>	(1,50,92,782)
Inventories	<b>1,68,05,408</b>	(5,97,29,106)
Trade Payables	<b>16,49,05,431</b>	43,12,97,967
	<b>20,00,83,172</b>	35,64,76,079
<b>Cash Generated from Operation</b>	<b>9,46,78,263</b>	(13,66,59,647)
Direct Taxes Paid	<b>3,78,65,310</b>	2,21,88,265
<b>Cash Flow Before Extraordinary Items</b>	<b>5,68,12,953</b>	(15,88,47,912)
Extraordinary items	—	—
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>5,68,12,953</b>	(15,88,47,912)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	<b>3,45,84,462</b>	8,70,94,809
Investments purchased	<b>1,92,453</b>	79,37,663
Increase in Capital Work in Progress	<b>(4,30,577)</b>	(5,83,50,065)
Sale of Investments	—	(8,14,35,911)
Sale of Fixed Assets	<b>(1,48,77,364)</b>	(11,28,719)
Interest Received	<b>(1,60,76,685)</b>	(38,93,274)
Dividend Received	<b>(68,38,881)</b>	(37,80,090)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(34,46,592)</b>	(5,35,55,587)

	Amt. in Rs.	
	2008 - 09	2007 - 08
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings	<b>10,84,50,600</b>	(24,92,87,679)
Interest Paid	<b>3,60,18,087</b>	4,59,92,640
Repayment of Finance Lease Liabilities	—	—
Dividends and Tax on dividend Paid (Including Interim)	<b>6,63,27,420</b>	6,63,27,420
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>21,07,96,107</b>	(13,69,67,619)
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(15,05,36,562)</b>	3,16,75,294
Cash and Cash Equivalents as at 01.04.2008	<b>20,84,05,389</b>	17,67,30,095
Cash and Cash Equivalents as at 31.03.2009	<b>5,78,68,827</b>	20,84,05,389

As per our report of even date

For and on behalf of the Board

**For B.PURUSHOTTAM & CO.**

**IRMGARD VELAGAPUDI M. RAO**

Chartered Accountants

Managing Director

**B.S.PURSHOTHAM**

Partner

Chennai

**R.GANESAN**

**S.CHIDAMBARAM**

**K.A.RANGASWAMY**

25.06.2009

General Manager (Finance)

Dy.General Manager (Finance) & Company  
Secretary

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 31<sup>st</sup> March, 2009. 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 25<sup>th</sup> June, 2009 to the Members of the Company.

Place : Chennai

Date : 25<sup>th</sup> June, 2009.

**For B Purushottam & Co.**

Chartered Accountants,

**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	13,95,919
Reserves & Surplus	14,54,649	Investments	53,845
Secured Loans	2,74,677	Net Current Assets	8,86,414
Unsecured Loans	2,39,759	Misc. Expenditure	-
Deferred Tax Liability	2,53,708		
<b>Total</b>	<b>23,36,178</b>	<b>Total</b>	<b>23,36,178</b>

**IV. Performance of Company for the year ended 31st March 2009 (Amount in Rs.Thousands)**

Turnover	Other Income	Increase in stocks	Total Expenditure
<input type="text" value="2503468"/>	<input type="text" value="53475"/>	<input type="text" value="32115"/>	<input type="text" value="2406585"/>
Profit/(Loss) for the year before tax	Profit/Loss after tax	E.P.S. in Rs.	Dividend Rate %
<input type="text" value="182473"/>	<input type="text" value="113288"/>	<input type="text" value="0.999"/>	<input type="text" value="70%"/>

**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.**

**IRMGARD VELAGAPUDI M. RAO**

Chartered Accountants

Managing Director

**B.S.PURSHOTHAM**

Partner

Chennai  
25.06.2009

**R.GANESAN**  
General Manager (Finance)

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

**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.60,89,987/- (P.Y: Rs. 88,11,476/-) for the year ended 31.03.2009. After providing for current taxation of Rs.29,15,000/- (P.Y.Rs. 34,00,000) and reversal of Deferred Tax provision of Rs.1,40,810/- (P.Y.:Rs. 1,29,209/-) and the balance brought forward from previous year of Rs. 2,53,25,105/- (P.Y.:Rs. 1,97,84,420/-) there remained a surplus of Rs.2,86,40,902/- (P.Y. Rs.2,53,25,105/-) which is carried forward to next year.
3. The accumulated reserves as on 31.03.2009 stood at Rs. 4,06,45,090/-.
4. The Eimco-KCP limited has not proposed any dividend for the year-ended 31.03.2009. (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 2009.
2. For the year ended 31.03.2009, KCP Sugars Agricultural Research Farms Limited earned a Profit of Rs.8,66,279/- (P.Y:- Rs. 5,50,493/-). After making a provision of Rs.84,172/- for Income Tax (P.Y.: Rs. 56,700/-) and a provision of Rs.2,52,515/- (P.Y. Rs. 1,71,725/-) for Deferred Tax, and adding thereto the balance of Loss brought forward from previous year of Rs. 6,40,212/- (P.Y.: Rs. 9,62,280/-), the net cumulative loss of Rs.1,10,620/- (P.Y.: Loss: Rs. 6,40,212/-) is carried forward to next year.
3. KCP Sugars Agricultural Research Farms Limited has not proposed any dividend for the period ended 31.03.2009.
4. No part of the above profits or reserves have been dealt with in the Company's Accounts.

For and on behalf of the Board

**IRMGARD VELAGAPUDI M. RAO**

Managing Director

Chennai  
25.06.2009

**R.GANESAN**

General Manager (Finance)

**S.CHIDAMBARAM**

Dy.General Manager (Finance) & Company  
Secretary

**K.A.RANGASWAMY**

Director &  
Chairman-Audit Committee



## ***THE EIMCO-K.C.P. LTD***

# ***Forty first Annual Report***

***2008 – 2009***

### **BOARD OF DIRECTORS**

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



**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the Fortyfirst 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 Tuesday, 22<sup>nd</sup> day of September 2009 at 10.00 a.m. to transact the following business:

**ORDINARY BUSINESS**

- 1 To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2009 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 K. Kalyanaraman, who retires by rotation and being eligible offers himself 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 : 24.06.2009

**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 : 24.06.2009

**IRMGARD VELAGAPUDI M. RAO  
CHAIRPERSON**



**TO THE SHAREHOLDERS**

Your Directors have pleasure in submitting their Report for the year ended 31st March 2009 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. 3849.66 lakhs as compared to Rs.2578.30 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 2009 was Rs.2925.33 lakhs as against Rs.1811.44 lakhs in the previous year. The Profit was at Rs. 60.90 lakhs for the year under review as against profit of Rs. 88.11 lakhs for the previous year. After providing for current and deferred taxation and adjusting for excess provision of previous year, the net profit for the year was Rs. 33.16 lakhs to which after adding the brought forward surplus of Rs.253.25 lakhs, the carry forward surplus to the next year amounted to Rs. 286.41 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 DIRECTORS' Report for the year ended 31st March 2009 is not applicable as there was no employee covered by the same.

**EXPORTS & FOREIGN EXCHANGE EARNINGS & OUTGO**

Our Exports earnings during 2008- 2009 was Rs.NIL lakhs (P.Y.- Rs.6.26 lakhs). During the period under review the Company has incurred expenditure in foreign currency amounting to Rs. 33.85 lakhs towards foreign travel and import of components & sugar process chemicals. There are no specific areas in which Research and Development has been carried out by the Company.

**DIRECTORS**

At the forthcoming Annual General Meeting Shri. K. Kalyanaraman 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 2009 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 : 24.06.2009



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 there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended **31<sup>st</sup> March, 2009**. 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:

- 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 duly recorded.
- The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
- The Company is a Public Limited Company with a Paid -up Capital of Rs. 60,00,000/- (Rupees Sixty Lakhs only) as on 31<sup>st</sup> March 2009 and hence no comments.
- The Board of Directors duly met 7 (Eight) times respectively on 15.07.2008, 24.06.2008, 23.07.2008, 22.09.2008, 29.10.2008, 05.11.2008, and 28.01.2009 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.
- The Company has not closed its Register of Members.
- The Annual General Meeting for the financial year ended **31<sup>st</sup> March 2008** was held on **10<sup>th</sup> September 2008** 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.
- 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.
- 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.
- The Company has made necessary entries in the register maintained under section 301 of the Act.
- 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.
- The Company has not issued any duplicate certificates during the financial year.
- The Company has :
  - not made any allotment / Transmission / transfer of securities during the financial year.
  - not declared any dividend for the financial year.
  - 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.
  - 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.
  - As per the information/explanation provided by management, the company has complied with the requirements of Section 217 of the Act.
- The Board of Directors of the Company is duly constituted and there was no appointment / cessation of Directors during the year.
- 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.
- The Company has not appointed any sole-selling agents during the financial year.
- 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.
- 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.
- The Company has not issued any shares, debentures or other securities during the year under review.
- The Company has not bought back any shares during the year under review.
- The Company has not issued any Redeemable Preference Shares / Debentures.
- 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.
- 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.

- The Company has not made any borrowings during the financial year ended **31<sup>st</sup> March 2009**, however the company had renewed its credit facilities availed from the bank during the financial year.
- 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.
- 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.
- The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
- The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
- The Company has not altered the provisions of the memorandum with respect to Share Capital of the Company during the year under scrutiny.
- The Company has not altered its Articles of Association during the year under scrutiny.
- 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.
- The Company has not received any money as security from its employees during the financial year.
- The Provisions of Section 418 of the Companies Act 1956 are not applicable to the company.

Place: Chennai  
Date : 24.06.2009

For **V.MAHESH & ASSOCIATES**  
**V.MAHESH**  
**COMPANY SECRETARY**  
C.No : 2473

**ANNEXURE A**  
**Registers as maintained by the Company**

- Register of Members u/s.150 and Index of Members u/s. 151.
- Minutes of General Meetings and Board meetings u/s 193.
- Register of Directors u/s 303.
- Register of Directors' Shareholding u/s 307.
- Register of Transfers.
- Register of Charges u/s.143.
- Register of Investments.
- Register of Contracts, Companies and firms in which Directors of the Company are interested u/s. 297,299,301 and 301 (3).
- Register of Common Seal.
- 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 31<sup>st</sup> March, 2009.**

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 31.03.2008	09-10-2008 P22412191	Yes	NA
2	Annual Return -20B	159	As on 10-09-2008	09-10-2008 P22412126	Yes	NA
3	Secretarial Compliance Certificate - 66	383A	the year ended 31.03.2008	09-10-2008 P22411953	Yes	NA
4.	8	125	Modification of Charge	23-09-2008 A44501211	Yes	NA
5.	8	125	Modification of Charge	18-11-2008 A50299254	Yes	NA

Place: Chennai  
Date : 24.06.2009

For **V.MAHESH & ASSOCIATES**  
**V.MAHESH**  
**COMPANY SECRETARY**  
C.No : 2473

**TO THE MEMBERS OF THE EIMCO-K.C.PLIMITED**

- 1) We have audited the attached Balance Sheet of **THE EIMCO-K.C.PLIMITED**, as at 31<sup>st</sup> March, 2009, 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 (AUDITORS' 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 31<sup>st</sup> March, 2009 and taken on record by the board of directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2009 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 31<sup>st</sup> March, 2009 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 : 24-06-2009.

**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 Assets 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 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 party, covered in the register maintained u/s 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.260.28 Lakhs and the year-end balance of the loan taken from such party was Rs.173.90 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, Customs 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 31-03-2009 for a period of more than six months from the date they became payable.
    - c) According to the information given to us, there are 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 (AUDITORS' 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 (Auditors' 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

**K.V.N.S. KISHORE**  
Partner

Place : Chennai  
Date : 24.06.2009



Particulars	Schedule	As at 31.03.2009		As at 31.03.2008	
		Rs.	Rs.	Rs.	Rs.
<b>(I) SOURCES OF FUNDS:</b>					
<b>1. Shareholder's Funds:</b>					
(a) Share Capital	A	60,00,000		60,00,000	
(b) Reserves & Surplus	B	4,06,45,090	4,66,45,090	3,73,29,293	4,33,29,293
<b>2. Loan Funds:</b>					
(a) Secured Loans	C		8,65,22,221		4,45,99,066
(b) Unsecured Loans	D		1,63,00,000		1,21,00,000
<b>Total</b>			<b>14,94,67,311</b>		<b>10,00,28,359</b>
<b>(II) APPLICATION OF FUNDS:</b>					
<b>1. Fixed Assets:</b>					
(a) Gross Block	E	4,97,39,096		3,05,96,171	
(b) Less: Depreciation		2,86,76,834		2,51,34,063	
(c) Net Block		2,10,62,262		54,62,108	
(d) Capital Work-in-progress		-	2,10,62,262	1,54,93,024	2,09,55,132
<b>2. Investments:</b>					
	F		10,841		10,841
<b>3. Deferred Tax Asset (Net) (See note 16)</b>					
Deferred Tax Asset		8,72,813		4,67,175	
Less: Deferred Tax Liability		7,18,654	1,54,159	4,53,826	13,349
<b>4. Current Assets, Loans &amp; Advances:</b>					
(a) Inventories	G	6,51,66,493		5,01,63,856	
(b) Sundry Debtors	H	16,08,40,847		8,92,37,846	
(c) Cash & Bank balances	I	1,16,53,714		48,26,359	
(d) Loans & Advances	J	2,56,88,669		2,33,37,107	
		26,33,49,723		16,75,65,168	
<b>Less: Current Liabilities &amp; Provisions</b>					
(a) Liabilities	K	11,80,25,617		7,53,09,801	
(b) Provisions	L	1,70,84,057		1,32,06,330	
		13,51,09,674	12,82,40,049	8,85,16,131	7,90,49,037
<b>Total</b>			<b>14,94,67,311</b>		<b>10,00,28,359</b>

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

Chennai  
24.06.2009

**K.V.N.S.KISHORE**  
Partner

For and on Behalf of the Board

**IRMGARD VELAGAPUDI M.RAO**  
Chairperson

**K.KALYANARAMAN**  
Director

Particulars	Schedule	2008-2009	2007-2008
		Rs.	Rs.
<b>INCOME</b>			
Sale of Products and Services		29,25,33,479	18,11,43,871
Less: Excise Duty collected		2,69,48,428	1,79,12,912
Net Sale of Product and Services		26,55,85,051	16,32,30,959
Other Income	M	37,01,757	26,42,249
		26,92,86,808	16,58,73,208
<b>EXPENDITURE</b>			
Material Consumed	N	15,85,26,701	8,77,14,812
Purchase of Finished goods		10,35,206	9,44,771
Payments and Benefits to Employees	O	2,63,53,798	1,99,47,284
Manufacturing, Selling, Administrative and Other expenses	P	5,89,17,709	4,09,99,702
Taxes and Licenses ( Excluding Income Tax )	Q	10,51,231	7,18,176
Interest & Financial Charges	R	1,34,82,566	56,55,895
Depreciation		38,29,610	10,81,092
		26,31,96,821	15,70,61,732
<b>PROFIT/LOSS FOR THE YEAR BEFORE TAXATION</b>		60,89,987	88,11,476
Less: Provision for Taxation			
Current		25,00,000	30,00,000
Fringe Benefit tax		4,15,000	1,29,209
Add: Reversal of Deferred Tax(Net)		1,40,810	4,00,000
<b>PROFIT AFTER TAX</b>		33,15,797	55,40,685
Add: Balance brought forward from Previous year		2,53,25,105	1,97,84,420
<b>Surplus carried over to Balance Sheet</b>		2,86,40,902	2,53,25,105
<b>Basic and Diluted Earnings per Share (See Note no.15)</b>		5.53	9.23

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

For and on Behalf of the Board

**IRMGARD VELAGAPUDI M.RAO**  
Chairperson

Chennai  
24.06.2009

**K.V.N.S.KISHORE**  
Partner

**K.KALYANARAMAN**  
Director



<b>Share Capital</b>		<b>SCHEDULE - A</b>	
<b>PARTICULARS</b>		<b>31-03-2009</b>	<b>31-03-2008</b>
		<b>Rs.</b>	<b>Rs.</b>
<b>Authorised:</b>			
10,00,000 equity shares of Rs.10/- each		1,00,00,000	1,00,00,000
<b>Issued, Subscribed and Paid-Up:</b> 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

<b>Reserves &amp; Surplus</b>		<b>Schedule - B</b>		
<b>PARTICULARS</b>	<b>As at</b>	<b>Additions</b>	<b>Withdrawal</b>	<b>As at</b>
	<b>31-3-2008</b>	<b>During The</b>	<b>During The Year</b>	<b>31-03-2009</b>
	<b>Rs.</b>	<b>Year</b>	<b>Rs.</b>	<b>Rs.</b>
General Reserve	1,20,04,188	—	—	<b>1,20,04,188</b>
Surplus (i.e) Balance In Profit And Loss Account	2,53,25,105	33,15,797	—	<b>2,86,40,902</b>
	3,73,29,293	33,15,797	—	<b>4,06,45,090</b>

<b>Secured Loans</b>		<b>Schedule - C</b>	
<b>Particulars</b>		<b>31-03-2009</b>	<b>31-03-2008</b>
		<b>Rs.</b>	<b>Rs.</b>
a) From a Bank			
<i>(secured by exclusive charge on the entire current assets of the company &amp; collaterally by hypothecation of entire movable fixed assets of the company along with equitable mortgage of factory land and building at Ambattur, Chennai.</i>		<b>8,65,22,221</b>	4,45,99,066
		<b>8,65,22,221</b>	4,45,99,066

<b>b) Unsecured Loan</b>		<b>Schedule - D</b>	
<b>Particulars</b>		<b>31-03-2009</b>	<b>31-03-2008</b>
		<b>Rs.</b>	<b>Rs.</b>
From Holding Company- KCP Sugar and Industries Corporation Ltd.,		<b>1,63,00,000</b>	1,21,00,000
		<b>1,63,00,000</b>	1,21,00,000

<b>Fixed Assets</b>		<b>Schedule - E</b>								
<b>DESCRIPTION</b>	<b>GROSS BLOCK</b>				<b>DEPRECIATION</b>				<b>NET BLOCK</b>	
	<b>COST AS ON</b>	<b>ADDITONS</b>	<b>DEDUCTIONS</b>	<b>COST AS ON</b>	<b>DEPRECIATION</b>	<b>DEPRECIATION</b>	<b>DEPRECIATION</b>	<b>DEPRECIATION</b>	<b>WDV AS ON</b>	<b>WDV AS ON</b>
	<b>1-4-2008</b>	<b>DURING THE</b>	<b>DURING THE</b>	<b>31-03-2009</b>	<b>UP TO</b>	<b>FOR THE YEAR</b>	<b>ON</b>	<b>UP TO</b>	<b>31-03-2009</b>	<b>31-3-2008</b>
	<b>Rs.</b>	<b>YEAR</b>	<b>YEAR</b>	<b>Rs.</b>	<b>31-03-2008</b>	<b>Rs.</b>	<b>DEDUCTIONS</b>	<b>31-03-2009</b>	<b>Rs.</b>	<b>Rs.</b>
Land	6,32,110	—	—	<b>6,32,110</b>	—	—	—	—	<b>6,32,110</b>	6,32,110
Buildings	41,10,235	<b>76,70,407</b>	—	<b>1,17,80,642</b>	26,62,683	4,82,104	—	<b>31,44,787</b>	<b>86,35,855</b>	14,47,552
Plant & Machinery	1,40,91,450	<b>92,30,305</b>	—	<b>2,33,21,755</b>	1,32,00,535	21,11,201	—	<b>1,53,11,736</b>	<b>80,10,019</b>	8,90,915
Furniture & Fittings	42,18,747	<b>3,92,780</b>	301929	<b>43,09,598</b>	30,31,365	2,38,514	2,36,510	<b>30,33,369</b>	<b>12,76,229</b>	11,87,382
Computers	71,43,084	<b>21,70,762</b>	38500	<b>92,75,346</b>	59,54,730	9,60,308	37,620	<b>68,77,418</b>	<b>23,97,928</b>	11,88,354
Knowhow and Designs	2,35,000	—	—	<b>2,35,000</b>	2,35,000	—	—	<b>2,35,000</b>	—	—
Vehicles	1,65,545	<b>40,635</b>	21535	<b>1,84,645</b>	49,750	37,483	12,709	<b>74,524</b>	<b>1,10,121</b>	1,15,795
<b>Total</b>	<b>3,05,96,171</b>	<b>1,95,04,889</b>	361964	<b>4,97,39,096</b>	2,51,34,063	38,29,610	2,86,839	<b>2,86,76,834</b>	<b>2,10,62,262</b>	54,62,108
Previous Year	2,95,28,202	<b>18,24,241</b>	756272	<b>3,05,96,171</b>	2,47,93,401	10,81,092	7,40,430	<b>2,51,34,063</b>	<b>54,62,108</b>	47,34,801

<b>Investments</b>		<b>SCHEDULE - F</b>	
<b>Particulars</b>		<b>31-03-2009 Rs.</b>	<b>31-03-2008 Rs.</b>
(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.4680/- Previous year Rs.11526/-) Less:Provision for shortfall in market value	4,841 —	<b>4,841</b>	4,841
100 Equity Shares of Rs.10/- each in Jorde Engineers India Ltd., fully paid-up (Market value:Rs.215/- Previous year Rs.215/-) 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)		<b>6,000</b>	6,000
		<b>10,841</b>	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			
<b>Current Assets</b>		<b>SCHEDULE - G</b>	
<b>Particulars</b>		<b>31-03-2009 Rs.</b>	<b>31-03-2008 Rs.</b>
<b>INVENTORIES :</b>			
<i>(As certified by the management)</i>			
1. Raw materials,stores & components [includes stock of Raw Mateials Rs.1,31,95,890 /- (P.Y. Rs.1,03,73,436/- )]		<b>2,62,55,142</b>	2,04,27,528
2. Loose tools		<b>2,21,302</b>	2,56,741
3. Work-in-progress		<b>3,50,66,475</b>	2,63,40,124
4. Stock of finished goods		<b>36,23,574</b>	31,39,463
		<b>6,51,66,493</b>	5,01,63,856
<b>SUNDRY DEBTORS</b>			
(Unsecured and considered good)			
(a) Debts outstanding for a period exceeding six months		<b>3,25,00,243</b>	2,25,22,472
(b) Other Debts		<b>12,83,40,604</b>	6,67,15,374
		<b>16,08,40,847</b>	8,92,37,846
<b>CASH AND BANK BALANCES</b>			
(i) Cash on Hand			
		<b>71,219</b>	40,143
(ii) Balances with Scheduled Banks; in Current Accounts in Fixed Deposit Accounts			
		<b>26,45,312</b>	4,56,117
(Earmarked for Margin money for Bank Guarantees & L/c's issued by Axis Bank Ltd.,)		<b>89,37,183</b>	43,30,099
		<b>1,16,53,714</b>	48,26,359
<b>LOANS AND ADVANCES</b>			
1. Advances,unsecured,considered good (recoverable in cash or in kind or for value to be received)			
		<b>59,71,714</b>	56,35,669
2.Prepaid expenses			
		-	54,492
3.Deposits Recoverable			
		<b>15,87,967</b>	12,96,585
4 Advance excise duty(including unutilised Cenvat Credit)			
		<b>7,36,153</b>	31,23,263
5.Income Tax paid in Advance			
		<b>1,53,42,577</b>	1,17,63,327
6.Advance Fringe Benefit Tax			
		<b>14,66,850</b>	10,41,975
7.Income Tax deducted at source			
		<b>5,83,408</b>	4,21,796
		<b>2,56,88,669</b>	2,33,37,107
<b>CURRENT LIABILITIES</b>			
(1) Sundry Creditors			
Due to Micro,Small & Medium Scale Industries-(Refer Notes on Accounts Sl.No:11)			
		—	—
Due to others			
		<b>8,30,01,978</b>	5,58,55,150
(2) Advances received against Sales			
		<b>3,50,23,639</b>	1,94,54,651
		<b>11,80,25,617</b>	7,53,09,801

<b>PROVISIONS</b>					
<b>Description</b>	<b>SCHEDULE - L</b>				
	<b>As at 31.3.2008 Rs.</b>	<b>Additions During The year Rs.</b>	<b>Used During The year Rs.</b>	<b>Reversed During The year Rs.</b>	<b>As at 31.03.2009 Rs.</b>
Provision for Taxation	1,09,00,000	25,00,000	—	—	<b>1,34,00,000</b>
Provision for FBT	10,50,000	4,15,000	—	—	<b>14,65,000</b>
Provision for Leave encashment	9,10,214	18,91,550	5,96,066	3,14,148	<b>18,91,550</b>
Provision for Bonus	3,46,116	3,27,507	3,44,795	1,321	<b>3,27,507</b>
	<b>1,32,06,330</b>	<b>51,34,057</b>	<b>9,40,861</b>	<b>3,15,469</b>	<b>1,70,84,057</b>



PARTICULARS	2008-2009 Rs.	2007-2008 Rs.
<b>1. OTHER INCOME</b>		<b>SCHEDULE - M</b>
Interest on Bank Deposits Etc., [IT deducted at Source Rs.1,13,858/- P.Y.Rs.57,064/-]	5,52,975	3,15,345
Miscellaneous receipts	1,50	88,120
Profit on sale of assets	1,20	4,08,811
Packing and Forwarding Charges	4,79,499	5,22,633
Difference in Foreign Exchange	-	3,974
Excess provision credited back	25,40,980	12,95,472
Credit Balance Written Back	1,28,033	7,894
	<b>37,01,757</b>	<b>26,42,249</b>
<b>2. MATERIALS CONSUMED</b>		<b>Schedule - N</b>
Opening Stocks:		
Work-in-progress	2,63,40,124	1,58,30,561
Finished Goods	31,39,463	160,090
	<b>2,94,79,587</b>	<b>1,59,90,651</b>
Raw materials, Stores and Spares Consumed [including Raw materials consumed Rs.7,41,34,716/- (P.Y.Rs.3,14,13,013)]	16,77,37,163	10,12,03,748
	<b>19,72,16,750</b>	<b>11,71,94,399</b>
Less: Closing Stocks		
Work-in-progress	3,50,66,475	2,63,40,124
Finished Goods	36,23,574	31,39,463
	<b>3,86,90,050</b>	<b>2,94,79,587</b>
	<b>15,85,26,701</b>	<b>8,77,14,812</b>
<b>3. PAYMENT AND BENEFITS TO EMPLOYEES</b>		<b>Schedule - O</b>
Salaries,Wages and Bonus	2,29,72,493	1,70,51,675
Company's Contribution to Provident fund and family pension	12,32,431	11,61,082
Company's Contribution to Employees State Insurance	1,24,988	2,03,547
Company's Contribution to Gratuity fund	3,83,468	2,33,343
Staff Welfare Expenses	16,40,418	12,97,637
	<b>2,63,53,798</b>	<b>1,99,47,284</b>
<b>4. MANUFACTURING ,SELLING,ADMINISTRATIVE AND OTHER EXPENSES:</b>		<b>Schedule - P</b>
<b>Manufacturing:</b>		
Machining and fabrication charges	2,89,72,470	1,64,21,654
Contract Labour Wages	10,05,480	9,11,193
Drawing office stationery	3,38,185	2,95,698
Security Charges	8,83,340	4,68,208
Research, Inspection and Testing charges	2,00,801	1,08,792
Power and Fuel	19,57,645	17,38,327
Insurance	1,70,670	1,68,124
Tools written off	74,995	55,653
Repairs and Maintenance: Machinery	79,123	5,17,299
Buildings	4,79,179	10,67,774
Other assets	1,17,986	69,034
<b>(A)</b>	<b>3,42,79,874</b>	<b>2,18,21,756</b>



PARTICULARS	2008-2009 Rs.	2007-2008 Rs.
<b>Selling:</b>		
Advertisement and Business Development expenses	4,01,657	5,21,955
Selling expenses (comprising Tendering, Packing & Forwarding)	64,05,187	46,67,715
Travelling-Domestic	41,07,213	28,65,394
Travelling-Foreign	4,93,005	6,36,392
Commission on Sales	1,34,749	—
<b>(B)</b>	<b>1,15,41,811</b>	<b>86,91,456</b>
<b>Administrative :</b>		
Office Rent	2,70,000	2,70,000
Post & Telegrams	2,87,119	2,93,453
Telephone & Trunk-call Charges	9,91,728	9,78,170
Printing & Stationery	3,15,022	4,37,215
Computer Expenditure	6,07,532	6,14,000
Conveyance	13,04,902	10,32,666
Car Charges	1,85,761	1,33,784
Consultancy Charges	12,81,254	17,06,412
Internal Audit Fees	89,064	89,888
Miscellaneous expenses	9,66,603	11,87,473
Payment to Auditors:		
For Statutory Audit	22,060	22,472
Fees for Certification	34,406	11,236
<b>(C)</b>	<b>63,55,451</b>	<b>67,76,769</b>
<b>Other items:</b>		
Performance and Delivery Guarantee Claims	62,98,816	28,08,195
Shortfall in the value of investments	—	2,15
Bad debts written off	—	8,27,785
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	15,689	3,732
Difference in foreign exchange	2,53,989	—
Debit balances written off	—	12,597
Prior year adjustments	31,765	57,197
<b>(D)</b>	<b>67,40,573</b>	<b>37,09,721</b>
<b>(A+B+C+D)</b>	<b>5,89,17,709</b>	<b>4,09,99,702</b>
<b>5. TAXES AND LICENCES(excluding income tax)</b>		<b>SCHEDULE - Q</b>
Excise duty paid	2,48,510	4,06,603
Other taxes	8,02,721	3,11,573
	<b>10,51,231</b>	<b>7,18,176</b>
<b>6. INTEREST AND FINANCIAL CHARGES</b>		<b>SCHEDULE - R</b>
Interest paid	91,58,071	36,84,883
Financial charges	43,24,495	19,71,012
	<b>1,34,82,566</b>	<b>56,55,895</b>

**ACCOUNTING POLICIES****i Basis of Preparation of Financial Statements**

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:**

(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 is written-off under the written down value method in accordance with Schedule XIV to the Companies Act, 1956. Assets costing less than Rs.5000/- depreciated within the year of acquisition.

**iv 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.

**v Inventories:**

a. Finished Goods are valued at cost or net realizable value, whichever is lower 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.

e. Cost is determined on the basis of weighted average method.

**vi Sales and other earnings:**

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

**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 charged 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 L.I.C using Projected Unit Credit Method. Gratuity Benefit 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 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.7,24,70,681/- (Rs.4,24,82,164/-) are secured by stores and spares (including those lying with subcontractors), Work in progress and Finished goods.

(b) **No provision has been made towards:-**

- A. 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.
- B. Disputed ESI demand raised by ESI authorities under ESI Act for the years 1990-91 to 1993-94 amounting to Rs.68,233/-. 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- 2001 to 2003- 2004 amounting to Rs.1,06,256/-. 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).**

	2008-2009		2007-2008	
	Qty.	Value Rs.	Qty.	Value Rs.
(I) SALES:				
Filters (in Nos)	11 Nos	4,89,93,512	9 Nos	3,32,38,107
Thickeners, Components, Spares, Bar screens, etc. (Unit quantification not possible)		23,83,02,817		14,35,05,047
Scrap	1,14,546 Kgs	21,37,171	93,229 Kgs	17,11,787
Chemicals	5,900 Kgs	14,80,246	6,000 Kgs	13,03,418
<b>TOTAL</b>		<b>29,09,13,746</b>		<b>17,97,58,359</b>
(II) SERVICES:				
Service Charges		74,67,33		4,67,800
Design, Erection & Fabrication		8,73,000		9,17,712
<b>TOTAL</b>		<b>29,25,33,479</b>		<b>18,11,43,871</b>

**3. Raw Materials Consumed (in MT)**

	2008-2009	2007-2008	2008-2009	2007-2008
Stainless Steel	60.62	2,80,28,105	44.20	1,53,49,906
Iron and Steel	1,158.82	4,61,06,611	543.75	1,60,63,107
<b>TOTAL</b>	<b>1,219.44</b>	<b>7,41,34,716</b>	<b>480.85</b>	<b>3,14,13,013</b>

Note : The above does not include of Rs.9,36,02,447/- (P.Y.Rs. 6,97,90,735/-) being the cost of Motors, Components, Pipes, Spares etc., consumed.

**4. Opening and Closing Stock of Finished Goods.**

	OPENING STOCK				CLOSING STOCK			
	2008-2009		2007-2008		2008-2009		2007-2008	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Washers, Classifiers, Clarifiers, Components Spares etc (Unit Quantification not Possible)	—	28,54,508	—	1,60,090	—	34,51,040	—	28,54,508
Chemicals	—	2,84,956	—	—	—	1,72,534	—	2,84,956
<b>Total</b>		<b>31,39,464</b>		<b>1,60,090</b>		<b>36,23,574</b>		<b>31,39,464</b>

	2008-2009		2007-2008	
	Qty	Value(Rs.)	Qty	Value( Rs.)
<b>5. Purchase of Finished Goods-Chemicals</b>	9000 Kgs	10,35,206	6,000 Kgs	9,44,771

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 : 11Nos. (9 Nos) 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)**

	2008-2009		2007-2008	
	Value	%	Value	%
	Rs		Rs	
<b>Raw materials:</b>				
Imported	NIL	NIL	NIL	NIL
Indigenous	7,41,34,716	100.00	3,14,13,013	100.00
<b>Spares and Components:</b>				
Imported	18,47,712	1.97	11,19,835	1.60
Indigenous	9,17,54,735	98.03	6,86,70,900	98.40
<b>TOTAL</b>	<b>9,36,02,447</b>	<b>100.00</b>	<b>6,97,90,735</b>	<b>100.00</b>

**8. Expenditure incurred in Foreign Currency during the year.**

	2008-2009	2007-2008
Foreign Travel Expenses	4,93,005	6,36,392
<b>TOTAL</b>	<b>4,93,005</b>	<b>6,36,392</b>

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

	2008-2009	2007-2008
Components	18,47,712	11,19,835
Finished Goods- Chemicals	10,44,330	10,26,132
<b>TOTAL</b>	<b>28,92,042</b>	<b>21,45,967</b>

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

	2008-2009	2007-2008
Export of Goods- FOB Value*	-	4,58,535
Export of Services	-	1,67,713
<b>Total</b>	<b>-</b>	<b>6,26,248</b>

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	31/03/2009	31/03/2008
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>b. Table showing changes in present value of obligations</b>		
Present value of obligations as at beginning of year	23,74,588	23,19,686
Interest cost	1,81,071	1,52,845
Current Service Cost	2,75,794	2,38,988
Benefits Paid	2,22,406	5,63,504
Actuarial loss on obligation	1,26,315	2,26,573
Present value of obligations as at end of year	27,35,362	23,74,588
<b>c. Table showing changes in the fair value of Plan assets LIC Fund</b>		
Fair value of plan assets at beginning of year	25,64,362	25,22,925
Expected return on plan assets	2,12,104	1,82,955
Contributions	3,96,283	3,96,457
Benefits paid	2,22,406	5,63,504
Actuarial gain on plan assets	18,392	25,529
Fair value of plan assets at the end of year	29,68,735	25,64,362

	31/03/2009	31/03/2008
<b>d. Table showing fair value of plan assets</b>		
Fair value of plan assets at beginning of year	25,64,362	25,22,925
Actual return of plan assets	2,30,496	2,08,484
Contributions	3,96,283	3,96,457
Benefits Paid	2,22,406	5,63,504
Fair value of plan assets at the end of year	29,68,735	25,64,362
Funded status (Asset)	2,33,373	1,89,774
Excess of Actual over estimated return on plan assets	18,392	25,529
<b>e. Actuarial Gain/Loss recognised</b>		
Actuarial Loss on obligation	1,26,315	2,26,573
Actuarial Gain on plan assets	18,392	25,529
Total Loss for the year	1,07,923	2,01,044
Actuarial Loss recognized in the year	1,07,923	2,01,044
<b>f. The amounts to be recognized in the balance sheet and statement of profit and loss</b>		
Present value of obligations as at the end of year	27,35,362	23,74,588
Fair value of plan assets as at the end of the year	29,68,735	25,64,362
Funded status (Asset)	2,33,373	1,89,774
NET ASSET RECOGNIZED IN THE BALANCESHEET	2,33,373	1,89,774
<b>g. Expenses Recognized in statement of Profit &amp; Loss</b>		
Current Service Cost	2,75,794	2,38,988
Interest Cost	1,81,071	1,52,845
Expected return on plan assets	2,12,104	1,82,955
Net Actuarial loss recognized in the year	1,07,923	2,01,044
Expenses recognized in the profit & loss	3,52,684	4,09,922
<b>h. Opening Net asset</b>	1,89,774	2,03,239
Contributions	3,96,283	3,96,452
Expenses	3,52,684	4,09,922
Closing Net asset	2,33,373	1,89,774

**13. Borrowing Cost as per AS-16**

Company has capitalized an amount of Rs. 2,41,656/- as borrowing cost on qualifying asset.

**14. 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	20,48,454	(P.Y. 12,15,832)	NIL
Loan Received	2,30,81,734	(P.Y. 1,80,00,000)	NIL
Loan Repaid	1,83,00,000	(P.Y. 1,33,00,000)	NIL
Guarantees given by	Nil	(P.Y. 6,75,00,000)	NIL

iii) Closing Balances with related parties:

	As on 31.03.2009	As on 31.03.2008
	Rs.	Rs.
Outstanding Balance Payment to KCP Sugar & Industries Corp.Ltd., (Holding Company)	Rs. 1,73,90,211/-	Rs. 1,18,12,838/-

**15. Earning per Share (EPS)-As Per As-20:**

Particulars	2008-2009	2007-2008
	Rs.	Rs.
Profit attributable to the Shareholders (A)	33,15,797	55,40,685
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)	5.53	9.23

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

Sl.No.	Particulars	Assets	Liabilities
1.	Depreciation	—	3,65,286 (P.Y. 3,95,186/-)
2.	Amounts disallowed u/s 43B of I.T Act	8,11,539 (P.Y. 3,65,572/-)	—
3.	VRS Payments amortized as per I.T Act	61,274 (P.Y. 1,01,603/-)	—
4.	Gratuity	—	72,112 (P.Y. 58,640)
5.	Leave encashment-Disallowed last year-U/s 43(b) of Income Tax Act	—	2,81,256 (P.Y. Nil)
	<b>TOTAL</b>	<b>8,72,813</b> (P.Y. 4,67,175)	<b>7,18,654</b> (P.Y.4,53,826)

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

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

19. Previous year figures have been regrouped wherever necessary.

20. 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

Chennai  
24.06.2009

**K.V.N.S.KISHORE**  
Partner

For and on Behalf of the Board

**IRMGARD VELAGAPUDI M.RAO**  
Chairperson

**K. KALYANARAMAN**  
Director

PARTICULARS	Amount in Rs.			
	2008-2009		2007-2008	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax and extraordinary items		60,89,987		88,11,476
Adjustment for				
Depreciation	38,29,610		10,81,092	
Reversal of Diminution in the Value of Invest.	-		215	
(Profit)/Loss on Sale of Assets(Net)	29,624		(4,08,811)	
(Profit)/Loss on Sale of Capital WIP	1,10,569		-	
Interest Paid	1,34,82,566		56,55,895	
Interest Received	-5,52,975	1,68,99,394	(3,15,345)	60,13,046
<b>Operating Profit before Working Capital Change</b>		2,29,89,381		1,48,24,522
Adjustments for				
Trade and other Receivables	-6,97,88,826		(1,93,06,088)	
Inventories	-1,50,02,637		(1,95,36,120)	
Trade Payables	4,36,78,543	-4,11,12,920	2,34,88,511	(1,53,53,697)
Cash generated from Operations		-1,81,23,539		-5,29,175
Direct Taxes Paid(Net Off Refunds)		-41,65,737		-60,92,649
<b>Cash Flow before extraordinary items</b>		-2,22,89,276		-66,21,824
Extraordinary items:		—		—
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		-2,22,89,276		-66,21,824
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets	-45,93,588		-85,09,464	
Sale of Capital WIP	4,71,154		—	
Sale of Fixed Assets	45,501		4,24,653	
Interest Received	5,52,975		3,15,345	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		-35,23,958		-77,69,466
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase in Share capital				
Proceeds from Secured Loan	4,19,23,155		1,71,44,515	
Unsecured loan	42,00,000		47,00,000	
Interest Paid	-1,34,82,566		-56,55,895	
<b>NET CASH FROM IN FINANCING ACTIVITIES</b>		3,26,40,589		1,61,88,620
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		68,27,355		17,97,330
<b>Cash and Cash equivalents as at 01.04.2008</b>		48,26,359		30,29,029
<b>Cash and Cash equivalents as at 31.03.2009</b>		1,16,53,714		48,26,359

As per our report of even date

**For B. Purushottam & Co.**  
Chartered Accountants  
**K.V.N.S.KISHORE**  
Partner

Chennai  
24.06.2009

For and on Behalf of the Board

**IRMGARD VELAGAPUDI M.RAO**  
Chairperson  
**K. KALYANARAMAN**  
Director



**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:

Cash on Hand	- Rs.	71,219
Balances with Banks in	- Rs.	1,15,82,495*
Cash & cash equivalents as restated	- Rs.	<u>1,16,53,714</u>

\*Out of these an amount of Rs.89,37,183 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

Chennai  
24.06.2009

**K.V.N.S.KISHORE**  
Partner

For and on Behalf of the Board

**IRMGARD VELAGAPUDI M.RAO**  
Chairperson

**K. KALYANARAMAN**  
Director



(Amount In Thousands)

<b>I Registration Details</b>	
a). Registration No.	5,550
b). State Code	18
c). Balance Sheet Date	31.03.2009
<b>II Capital Raised During The Year</b>	
a). Public Issue	Nil
b). Rights Issue	Nil
c). Bonus Issue	Nil
d). Private Placement	Nil
<b>III Position Of Mobilisation &amp; Development Of Funds</b>	
a). Total Assets	2,84,577
b). Total Liabilities	2,84,577
<b>Sources Of Funds</b>	
a). Paid Up Capital	6,000
b). Reserves And Surplus	40,645
c). Secured Loans	86,522
d). Unsecured Loans	16,300
Total	1,49,467
<b>Application Of Funds</b>	
a). Net Fixed Assets	21,062
b). Investments	11
c). Net Current Assets	1,28,240
d). Deferred Tax Assets(Net)	154
Total	1,49,467
<b>IV Performance Of The Company</b>	
a). Turnover	2,92,534
b). Other Income	3,701
c). Total Expenditure	2,90,145
d). Profit / (Loss) Before Tax	6,090
e). Profit / (Loss) After Tax	3,315
f). Earnings Per Share In Rupees	5.53
<small>(Profit Of Rs55.41lakhs/600000 Equity Shares Of Rs.10- Each)</small>	
g). Dividend Rate %	
<b>V Generic Names Of Three Principal Products / Services Of Company</b>	
<small>(As Per Monetary Terms)</small>	
Item Code No.	842110
(ITC Code)	
Product Description	<b>Solid Liquid Separation Equipment</b>

As per our report of even date

**For B. Purushottam & Co.**  
Chartered Accountants

**K.V.N.S.KISHORE**  
Partner

Chennai  
24.06.2009

For and on Behalf of the Board

**IRMGARD VELAGAPUDI M.RAO**  
Chairperson

**K. KALYANARAMAN**  
Director



# ***KCP SUGARS AGRICULTURAL RESEARCH FARMS LIMITED***

## ***Tenth Annual Report 2008 - 2009***

### **BOARD OF DIRECTORS**

<b>Chairperson</b>	Smt. Irmgard Velagapudi M. Rao
<b>Directors</b>	Shri. Vinod R. Sethi Shri. R. Ganesan
<b>Auditors</b>	Venkat & Rangaa., Chartered Accountants, NO.29, Krishnapuri II Street R.A.Puram, Chennai 600028.
<b>Bankers</b>	Corporation Bank
<b>Registered and Corporate Office</b>	“Ramakrishna Buildings” 239, Anna Salai, Chennai 600 006.
<b>Farm</b>	Thirupukuzhi and Melambi Villages Kanchipuram Dist, Tamil Nadu

**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the Tenth 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 Tuesday, 22<sup>nd</sup> day of September 2009 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 2009 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. Vinod R. Sethi, who retires by rotation and being eligible offers himself for reappointment.
- 3 To appoint Auditors and to authorise the Board of Directors and to authorize the Board 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 : 24.06.2009

CHAIRPERSON

Your Directors have pleasure in presenting the Tenth Annual Report of your Company together with the Audited Accounts for the year ended 31st March 2009.

**REVIEW OF OPERATIONS:**

During the year ended 31.03.2009, the turnover and other income increased to Rs.16.08 lakhs from Rs. 14.73 lakhs primarily on account of the interest earned on deposits. This resulted in profit of Rs.8.66 lakhs as against Rs. 5.50 lakhs in the previous year. After providing for taxation of Rs.3.37 lakhs, the profit was Rs.5.29 lakhs. After set off against brought forward loss of Rs.6.40 lakhs, the balance loss carried to the Balance Sheet was Rs.1.11 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. Vinod R. Sethi, 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 2009 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**

**IRMGARD VELAGAPUDI M. RAO  
CHAIRPERSON**

Place : Chennai  
Date : 24.06.2009

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, 2009. 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 duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company is a Public Limited Company with a Paid-up Capital of Rs.2,25,00,000/- (Rupees Two Crores and Twenty five Lakhs only) as on 31st March 2009 and hence no comments.
4. The Board of Directors duly met 4 ( Four ) times respectively on 24.06.2008, 23.07.2008, 29.10.2008 and 28.01.2009, 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 2008 was held on 10TH September 2008 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 advanced any loans to its directors and/or persons or firms or companies referred to under Section 295 of the Act.
8. 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.
9. The Company has made necessary entries in the register maintained under section 301 of the Act.
10. 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.
11. The Company has not issued any duplicate share certificate during the year under review.
12. 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.
13. The Board of Directors of the Company is duly constituted and there was no appointment / cessation of a Director during the year.
14. 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.
15. The Company has not appointed any sole-selling agents during the financial year.
16. 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.
17. 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.
18. The Company has not issued any shares, debentures or other securities during the year under review.
19. The Company has not bought back any shares during the year under

review.

20. The Company has not issued any Redeemable Preference Shares / Debentures.
21. 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.
22. 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.
23. The Company has not made any borrowings during the financial year ended 31st March 2009.
24. 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.
25. 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.
26. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to Share Capital of the Company during the year under scrutiny.
29. The Company has not altered its Articles of Association during the year under scrutiny.
30. 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.
31. The Company has not received any money as security from its employees during the financial year.
32. The Provisions of Section 418 of the Companies Act 1956 are not applicable to the company.

Place : Chennai  
 Date : 24.06.2009

For **V.MAHESH & ASSOCIATES**  
**V. MAHESH**  
 COMPANY SECRETARY  
 C.P.No : 2473

**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, 2009.

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 31.03.2008	P22415871 09-10-2008	Yes	NA
2	Annual Return -20B	159	As on 10-09-2008	P22416127 09-10-2008	Yes	NA
3	Secretarial Compliance Certificate-66	383A	the year ended 31.03.2008	P22415699 09-10-2008	Yes	NA

Place : Chennai  
 Date : 24.06.2009

For **V.MAHESH & ASSOCIATES**  
**V. MAHESH**  
 COMPANY SECRETARY  
 C.P.No : 2473

**To the Members of KCP SUGARS AGRICULTURAL RESEARCH FARMS LIMITED**

1. We have audited the attached Balance Sheet of **KCP AGRICULTURAL & RESEARCH FARMS LIMITED** No.239 (Old No 183), Ramakrishna Buildings, Anna Salai, Chennai 600 006 as at 31st March, 2009, 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 (AUDITORS' 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, 2009, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2009 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, 2009 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

**K.R. Adivarahan**  
Partner

Place : Chennai  
Date : 24.06.2009

**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.  
(c) Substantial part of the assets has not been disposed during the year to affect the going concern.
- ii. 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.
- iii. (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.
- iv. 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.
- v. 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.
- vi. 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.
- vii. 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.
- viii. The maintenance of Cost records is not applicable to this Company.
- ix. (a) According to the information and explanation provided to us, Employees 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.
- x. 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
- xi. The Company has not obtained any loans from a financial institution or bank or issued any debentures and hence this clause is not applicable.
- xii. The Company has not granted any loans and advances against pledge of shares, debentures and other securities.
- xiii. As the Company is in the business of agriculture research Clause 4(xiii) is not applicable.
- xiv. The Company is not a dealer or trader in shares, securities, debentures and other investments.
- xv. 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.
- xvi. No term loans have obtained by the company from bank or financial institutions.
- xvii. No short term or long term funds in the nature of loans have been raised by the Company.
- xviii. 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.
- xix. No debentures have been issued by the Company.
- xx. 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.
- xxi. No fraud on or by the Company has been noticed or reported during the year.

**For Venkat & Rangaa**  
Chartered Accountants

**K.R. Adivarahan**  
Partner

Place : Chennai  
Date : 24.06.2009

## BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
<b>SOURCES OF FUNDS</b>			
1. Share Holder's Funds:			
Equity Share Capital	A	<u>2,25,00,000</u>	<u>2,25,00,000</u>
<b>APPLICATION OF FUNDS:</b>			
2. Fixed Assets:	B		
Gross Block		47,32,221	44,70,357
Less: Depreciation		<u>2,86,997</u>	<u>2,48,513</u>
Net Block		44,45,224	42,21,844
3. Investments	C	19,26,408	17,58,590
4. Current Assets, Loans and Advances			
Inventories	D	1,53,606	1,14,196
Sundry debtors	E	-	-
Cash and Bank balances	F	1,53,07,633	1,52,00,674
Loans & Advances	G	<u>7,98,845</u>	<u>4,86,249</u>
		1,62,60,084	1,58,01,119
Less: Current Liabilities & Provisions	H		
(a) Liabilities		30,207	48,971
(b) Provisions		<u>1,40,898</u>	<u>56,726</u>
		1,71,105	105,697
Net Current Assets		1,60,88,979	1,56,95,422
5. Deferred Tax Asset (Net) (see note 6)			
Deferred Tax Asset		53,179	3,00,086
Less: Deferred Tax Liability		<u>1,24,410</u>	<u>1,18,802</u>
6. Miscellaneous Expenditure and Losses (to the extent not written off)			
Preliminary Expenses		-	2,648
Profit and Loss Account Balance		<u>1,10,620</u>	<u>6,40,212</u>
		2,25,00,000	2,25,00,000
Notes forming part of accounts	L		

	As per our report of even date for <b>VENKAT &amp; RANGAA</b> Chartered Accountants	For and on behalf of the Board <b>IRMGARD VELAGAPUDI M.RAO</b> Chairperson
Chennai 24.06.2009	<b>K.R.ADIVARAHAN</b> Partner	<b>R.GANESAN</b> Director

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	2008 - 2009 Rs.	2007 - 2008 Rs.
<b>Income</b>			
Sale of Products		41,225	24,291
Other Income	J	<u>15,66,755</u>	<u>14,48,226</u>
		16,07,980	14,72,517
<b>Expenditure</b>			
Payments and Benefits to Employees		3,43,363	1,99,600
Manufacturing, Selling and Administrative Expenses	K	4,00,824	519,968
Depreciation	B	38,484	35,365
Decrease in Stock	I	<u>(40,970)</u>	<u>1,67,091</u>
		7,41,701	9,22,024
Profit/(Loss) before taxation		8,66,279	5,50,493
Less: Provision for taxation			
Current		84,172	(56,700)
Deferred		<u>2,52,515</u>	<u>(1,71,725)</u>
Profit/(Loss) after taxation		5,29,592	3,22,068
Loss brought forward from previous year		<u>(6,40,212)</u>	<u>(9,62,280)</u>
Balance carried to Balance Sheet		(1,10,620)	(6,40,212)
Basic and Diluted Earnings Per Share		0.24	0.14

	As per our report of even date for <b>VENKAT &amp; RANGAA</b> Chartered Accountants	For and on behalf of the Board <b>IRMGARD VELAGAPUDI M.RAO</b> Chairperson
Chennai 24.06.2009	<b>K.R.ADIVARAHAN</b> Partner	<b>R.GANESAN</b> Director



**KCP SUGARS AGRICULTURAL RESEARCH FARMS LTD**

**SCHEDULES** Forming part of the Accounts for the year ended 31.03.2009

**Schedule A - Share Capital**

Authorised 50,00,000 equity shares of Rs.10 each  
 Issued, Subscribed & Paid Up Capital  
 22,50,000 equity shares of Rs.10 each  
 (all the shares are held by the Holding Company  
 K.C.P. Sugar and Industries Corporation Ltd. and their nominees)

<b>31.03.2009</b>	<b>31.03.2008</b>
<b>Rs.</b>	<b>Rs.</b>
<b>5,00,00,000</b>	<b>5,00,00,000</b>
<b>2,25,00,000</b>	<b>2,25,00,000</b>
<b>2,25,00,000</b>	<b>2,25,00,000</b>

**Schedule B - Fixed Assets**

Name of the Asset	Gross Block at cost				Depreciation				Amt.in Rs	
	Cost Upto 31.3.2008	Additions during the year	Deductions during the year	Cost Upto 31.3.2009	Upto 31.3.2008	for the year	On Deductions upto 31.3.2009	As at 31.3.2009	As at 31.3.2008	
	Land (including development)	36,86,503	—	—	36,86,503	—	—	—	36,86,503	36,86,503
Fencing	3,06,424	—	—	3,06,424	83,729	10,234	—	2,12,461	2,22,695	
Building	1,26,500	—	—	1,26,500	27,098	4,225	—	95,177	99,402	
Plant & Machinery	3,43,455	2,61,864	—	6,05,319	1,32,896	23,505	—	4,48,918	2,10,559	
Vehicles	7,475	—	—	7,475	4,790	520	—	2,165	2,685	
<b>Total</b>	<b>44,70,357</b>	<b>2,61,864</b>	<b>—</b>	<b>47,32,221</b>	<b>2,48,513</b>	<b>38,484</b>	<b>—</b>	<b>44,45,224</b>	<b>42,21,844</b>	
Previous Year	46,54,376	—	1,84,019	44,70,357	2,71,245	35,365	58,097	42,21,844	43,83,131	

**C . INVESTMENTS**

SHARES OF COMPANIES	As at 31.03.2009		As at 31.03.2008
	No. of Shares	Amt. in Rs.	Amt. in Rs.
<b>Non- Trade Investments</b>			
Quoted Equity Shares - Fully Paid:			
(1) Asian Paints Ltd	200	2,32,837	2,32,837
(2) Blue Star Ltd. (Face value of Rs.2/- each)	300	1,20,315	1,20,315
(3) Container Corporation of India Ltd.	100	1,70,161	1,70,161
(4) Geodesic Information Systems Ltd. (Face value of Rs.2/- each)	400	80,458	80,458
(5) Gujarat Gas Company Ltd. (Face value of Rs.2/- each)	300	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 (Face value of Re.1/- each)	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
<b>Purchased during the year:</b>			
(12) Monsanto India Ltd	100	1,67,818	—
<b>TOTAL</b>		<b>19,26,408</b>	<b>17,58,590</b>

**NOTE:**

1. The Face value of the above Equity Shares is Rs.10/- each unless otherwise mentioned.		
2. Aggregate of Quoted Investments - At cost	<b>19,26,408</b>	17,58,590
- At market value	<b>12,67,735</b>	16,75,980
	<b>31.03.2009</b>	<b>31.03.2008</b>
	<b>Rs.</b>	<b>Rs.</b>

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

Stock in trade a) Pesticides/fertilisers	<b>1,940</b>	3,500
b) Standing crops	<b>1,51,666</b>	<b>1,10,696</b>
	<b>1,53,606</b>	<b>1,14,196</b>

**Schedule E - Sundry Debtors:**

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

**Schedule F - Cash and Bank Balances:**

Cash on hand	<b>9,276</b>	12,283
Balances at Scheduled Banks:		
in Fixed Deposits	<b>1,52,69,627</b>	1,51,09,004
in Current Accounts	<b>28,730</b>	<b>79,387</b>
	<b>1,53,07,633</b>	<b>1,52,00,674</b>

**Schedule G- Loans & Advances:**

Advances,unsecured,considered good	92	92
(recoverable in cash or in kind or for value to be received)		
Refund due from Income Tax Department	<b>1,87,684</b>	1,87,684
Income Tax deducted at source	<b>6,11,069</b>	<b>2,98,473</b>
	<b>7,98,845</b>	<b>4,86,249</b>

	31.03.2009 Rs.	31.03.2008 Rs.
<b>Schedule H- Current Liabilities &amp; Provisions</b>		
Current Liabilities		
Sundry Creditors (K.C.P.Sugar & Ind. Corp. Ltd.)	-	20,000
Sundry Creditors for expenses	<b>30,207</b>	28,971
Provision for taxation	<u>1,40,898</u>	<u>56,726</u>
	<u>1,71,105</u>	<u>1,05,697</u>
	2008-09 Rs.	2007-08 Rs.
<b>Schedule I - Increase/(Decrease) in stock:</b>		
<b>Opening Stock:</b>		
Standing crops	<u>1,10,696</u>	<u>2,77,787</u>
<b>Closing Stock:</b>		
Standing crops	<u>1,51,666</u>	<u>1,10,696</u>
	<u>40,970</u>	<u>1,67,091</u>
<b>Schedule J - Other income</b>		
Interest received from Banks	15,17,680	14,48,226
Dividend received from Investments	<u>49,075</u>	<u>-</u>
	15,66,755	14,48,226
<b>Schedule K - Manufacturing, selling and Administrative Expenses</b>		
<b>Manufacturing Expenses:</b>		
Cultivation Expenses	1,90,317	1,59,763
Labour charges	1,07,102	1,37,673
Pesticides/fertilisers	38,892	43,225
Repairs	<u>16,025</u>	<u>21,901</u>
	3,52,336	3,62,562
<b>Administrative &amp; Selling Expenses</b>		
Bank Charges	1,265	1,324
Filing fees	-	8,625
Audit fees	14,719	12,000
Professional charges	-	15,927
Preliminary expenses	2,648	2,648
Loss on sale of Asset	-	88,422
Miscellaneous Expenses	<u>29,856</u>	<u>28,460</u>
	<u>48,488</u>	<u>1,57,406</u>
	<u>4,00,824</u>	<u>5,19,968</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 Act are not applicable to the Company.
3. Previous years figures have been regrouped wherever 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 Rs.	Liabilities Rs.
a) Depreciation		1,24,410
c) Unabsorbed losses	53,179	
Total	<u>53,179</u>	<u>1,24,410</u>

As per our report of even date

for **VENKAT & RANGAA**  
Chartered Accountants

**K.R.ADIVARAHAN**  
Partner

Chennai  
24.06.2009

For and on behalf of the Board

**IRMGARD VELAGAPUDI M.RAO**  
Chairperson

**R.GANESAN**  
Director

	AMT IN RS.	
	2008 - 09	2007 - 08
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax and Extraordinary Items	8,66,279	5,50,493
Adjustments for:		
Depreciation	38,484	35,365
Loss on sale of Assets	-	88,422
Dividend Received	(49,075)	-
Interest received	(15,17,679)	(14,48,226)
<b>Operating Profit before Working Capital Changes</b>	<b>(6,61,991)</b>	<b>(7,73,946)</b>
Adjustments for :		
Trade and other Receivables	2,648	(3,648)
Inventories	(39,410)	(1,64,786)
Trade Payables	(18,764)	3,41,719
	(55,526)	1,73,285
<b>Cash Generated from Operation</b>	<b>(7,17,517)</b>	<b>(9,47,231)</b>
Direct Taxes Paid	3,12,596	2,98,473
<b>Cash Flow Before Extraordinary Items</b>	<b>(10,30,113)</b>	<b>(12,45,704)</b>
Extra ordinary items	-	-
<b>Net Cash from Operating Activities</b>	<b>(10,30,113)</b>	<b>(12,45,704)</b>
<b>B. Cash Flow from Investing Activities:</b>		
Interest Received	15,17,679	14,48,226
Dividend Received	49,075	-
Investments Purchased	(1,67,818)	(17,58,590)
Purchase of Fixed Assets	(2,61,864)	37,500
<b>Net Cash flow from Investing Activities</b>	<b>11,37,072</b>	<b>(2,72,864)</b>
<b>C. Cash Flow from Financing Activities</b>		
Increase in Equity Share Capital	-	-
<b>Net Cash flow from Financing Activities</b>	<b>-</b>	<b>-</b>
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>1,06,959</b>	<b>(15,18,568)</b>
<b>Cash and Cash Equivalents as at 01.04.2008</b>	<b>1,52,00,674</b>	<b>1,67,19,242</b>
<b>Cash and Cash Equivalents as at 31.03.2009</b>	<b>1,53,07,633</b>	<b>1,52,00,674</b>

As per our report of even date  
for **VENKAT & RANGAA**  
Chartered Accountants

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

Chennai  
24.06.2009

**K.R.ADIVARAHAN**  
Partner

**R.GANESAN**  
Director

**I. Registration Details**

a) Registration No.	41,501
b) State Code	18
c) Balance Sheet dated	31.03. 2009

(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	22,742
b) Total Liabilities	22,742

**Sources of Funds**

a) Paid-up Capital	22,500
b) Reserves & Surplus	—
c) Secured Loans	—
d) Unsecured Loans	—
Total	22,500

**Application of Funds**

a) Net Fixed Assets	4,445
b) Investments	1,927
c) Net Current Assets	16,089
d) Misc. Expenditure	111
e) Deferred Tax Assets	-72
Total	22,500

**IV. Performance of Company for the period ended 31st March 2009**

a) Turnover	41
b) Other Income	1,567
c) Increase in stocks	41
d) Total Expenditure	783
e) Profit/(Loss) for the period before tax	866
f) Profit/Loss after tax	530
g) E.P.S. in Rs.	0.24
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	<b>Agricultural Produce</b>

As per our report of even date  
for **VENKAT & RANGAA**  
Chartered Accountants

**K.R.ADIVARAHAN**  
Partner

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

**R.GANESAN**  
Director

Chennai  
24.06.2009

*Consolidated Financial Statements*

*of*

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

*and*

*its Subsidiaries*

*2008 - 2009*

# CONSOLIDATED ACCOUNTS

SUGAR  
AND  
IND COR

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule		AMT IN RS. As at 31.03.2009	As at 31.03.2008
<b>I SOURCES OF FUNDS:</b>				
<b>1. Shareholders' Funds</b>				
Share Capital	A	11,33,85,050	11,33,85,050	
Reserves & Surplus	B	<u>1,49,51,83,738</u>	<u>1,47,09,08,474</u>	
		<b>1,60,85,68,788</b>		1,58,42,93,524
<b>2. Loan Funds</b>				
Secured Loans	C	36,11,99,600	48,34,86,045	
Unsecured Loans	D	<u>23,97,59,000</u>	<u>18,40,00,000</u>	
		<b>60,09,58,600</b>		66,74,86,045
<b>3. Deferred Tax Liability (Net)</b>				
Deferred Tax Liability		28,87,36,137	30,19,13,151	
Less: Deferred Tax Asset		<u>3,51,11,085</u>	<u>4,82,29,584</u>	
		<b>25,36,25,052</b>		25,36,83,567
<b>TOTAL</b>		<u><b>246,31,52,440</b></u>		<u>250,54,63,136</u>
<b>II APPLICATION OF FUNDS:</b>				
<b>1. Fixed Assets</b>				
(a) Gross Block	E	2,23,29,75,191	219,75,93,149	
(b) Less: Depreciation		<u>82,56,13,757</u>	<u>72,65,76,361</u>	
(c) Net Block		1,40,73,61,434	147,10,16,788	
(d) Capital Work-in-Progress		<u>1,40,65,017</u>	<u>2,99,88,618</u>	
		<b>1,42,14,26,451</b>		150,10,05,406
<b>2. Investments</b>	F	<b>2,72,82,836</b>		2,69,22,565
<b>3. Current Assets, Loans and Advances</b>				
(a) Inventories	G	1,34,99,04,346	131,80,56,892	
(b) Sundry Debtors	H	19,71,06,107	15,01,57,274	
(c) Cash and Bank Balances	I	8,48,30,174	22,84,32,422	
(d) Other Current Assets	J	18,15,538	23,12,881	
(e) Loans and Advances	K	<u>20,85,11,744</u>	<u>20,08,40,058</u>	
		<b>1,84,21,67,909</b>	189,97,99,527	
Less: <b>Current Liabilities and provisions</b>	L			
(a) Liabilities		71,26,82,556	80,92,27,198	
(b) Provisions		<u>11,50,42,200</u>	<u>11,30,39,812</u>	
		<b>82,77,24,756</b>	92,22,67,010	
<b>Net Current Assets</b>		<b>1,01,44,43,153</b>		97,75,32,517
<b>4. Miscellaneous Expenditure</b>				
(To the extent not written off or adjusted)				
Preliminary Expenses		—		2,648
<b>TOTAL</b>		<u><b>2,46,31,52,440</b></u>		<u>250,54,63,136</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

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

**B.S.PURSHOTHAM**

Partner  
Chennai  
25.06.2009

**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, 2009**

	Schedule	AMT IN RS	
		2008 - 2009	2007 - 2008
<b>I INCOME:</b>			
Sale of Products and Services		2,79,60,42,745	328,09,19,599
Less: Excise Duty collected		<u>(13,65,86,287)</u>	<u>(17,63,12,033)</u>
		2,65,94,56,458	310,46,07,566
Less: Inter Divisional Transfers		<u>(56,14,78,153)</u>	<u>(59,42,57,999)</u>
		2,09,79,78,305	2,51,03,49,567
Other Income	M	<u>5,64,24,835</u>	<u>3,99,34,698</u>
		<u>2,15,44,03,140</u>	<u>2,55,02,84,265</u>
<b>II EXPENDITURE:</b>			
Raw Materials Consumed		1,30,30,88,210	160,17,74,142
Less: Inter Divisional Transfers		<u>(12,36,01,038)</u>	<u>(3,17,05,055)</u>
		1,17,94,87,172	1,57,00,69,087
Purchase of Finished Goods		10,35,206	9,44,771
Decrease in Stocks	N	<u>(3,21,56,248)</u>	1,89,84,800
Payments and Benefits to Employees	O	<u>26,27,86,355</u>	22,83,19,308
Manufacturing, Selling, Administrative and other Expenses	P	<u>39,39,66,459</u>	48,89,74,617
Interest		4,74,52,199	5,04,32,673
Depreciation		<u>11,24,02,803</u>	<u>10,70,53,240</u>
		1,96,49,73,946	246,47,78,496
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<u>18,94,29,194</u>	8,55,05,769
Less: Provision for - Current Tax		7,05,84,172	2,80,56,700
Deferred Tax		(58,515)	60,35,915
Fringe Benefit Tax		19,15,000	19,00,000
Add: Reversal of excess provision for taxation relating to earlier years		<u>1,45,115</u>	2,74,46,473
<b>PROFIT/(LOSS) AFTER TAX</b>		<u>11,71,33,652</u>	7,69,59,627
Balance brought forward from previous year		<u>42,37,90,772</u>	<u>42,13,05,371</u>
		54,09,24,424	49,82,64,998
<b>III APPROPRIATIONS</b>			
Transfer to General Reserve		1,14,36,596	81,46,806
Proposed Dividend		7,93,69,535	5,66,92,525
Tax on Proposed Dividend		<u>1,34,88,853</u>	<u>96,34,895</u>
Balance Carried to Balance Sheet		<u>43,66,29,440</u>	<u>42,37,90,772</u>
Basic and Diluted Earnings Per Share (See Note 4)		1.03	0.68

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

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

**B.S.PURSHOTHAM**

Partner  
 Chennai  
 25.06.2009

**R.GANESAN**  
 General Manager  
 (Finance)

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

**K.A.RANGASWAMY**  
 Director &  
 Chairman-Audit Committee

		AMT. IN RS.	
		As at 31.03.2009	As at 31.03.2008
<b>A . SHARE CAPITAL</b>			
<b>Authorised :</b>			
25,00,00,000 Equity Shares of Re.1/- each		<u>25,00,00,000</u>	<u>25,00,00,000</u>
<b>Issued, Subscribed and Paid-up:</b>			
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>B . RESERVES &amp; SURPLUS</b>			
	<b>As at 01.04.2008</b>	<b>Added during the Year</b>	<b>Withdrawn during the Year</b>
Investment Allowance Reserve (Utilised)	45,05,000	—	—
Effluent Disposal Facilities Reserve	63,404	—	63,404
Capital Redemption Reserve - Shares Buy Back	1,55,45,110	—	—
General Reserve*	102,70,04,188	1,15,00,000	—
Surplus ( i.e.) Balance in Profit and Loss A/c	42,37,90,772	—	—
	<b>147,09,08,474</b>		<b>149,51,83,738</b>
<b>C . SECURED LOANS</b>			
From Banks			
- Working Capital Borrowings		36,11,99,600	48,34,86,045
<b>D . UNSECURED LOANS</b>			
Fixed Deposits		<u>23,97,59,000</u>	<u>18,40,00,000</u>



**E. FIXED ASSETS**

Description	GROSS BLOCK AT COST						DEPRECIATION					NET BLOCK	
	Cost up to 31.03.2008	Additions during the Year	Deductions during the Year	Cost up to 31.03.2009	Up to 31.03.2008	For the Year	Impairment Loss	On Deductions	up to 31.03.2009	As at 31.03.2009	As at 31.03.2008		
Lands	8,95,59,357	—	4,59,286	8,91,00,071	—	—	—	—	—	8,91,00,071	8,95,59,357		
Buildings													
Own Buildings	26,94,14,605	92,62,289	9,06,824	27,77,70,070	3,80,77,810	63,20,571	—	3,75,406	4,40,22,975	23,37,47,095	23,13,36,795		
Leasehold Buildings	1,12,189	—	—	1,12,189	51,567	3,031	—	—	54,598	57,591	60,622		
Plant & Machinery	1,68,85,66,140	3,38,99,519	1,06,06,325	1,71,18,59,334	61,10,03,137	9,16,71,492	—	69,31,201	69,57,43,428	1,01,61,15,906	1,07,75,63,003		
Tramways & Railways													
Sidings	2,30,97,526	—	—	2,30,97,526	66,54,218	11,66,516	—	—	78,20,734	1,52,76,792	1,64,43,308		
Computers, Office Equipments & Furniture	8,16,22,677	47,24,775	55,98,892	8,07,48,560	4,88,57,292	88,11,176	—	52,15,737	5,24,52,731	2,82,95,829	3,27,65,385		
Knowhow and Designs	2,35,000	—	—	2,35,000	2,35,000	—	—	—	2,35,000	—	—		
Vehicles	4,49,85,655	64,64,632	13,97,846	5,00,52,441	2,16,97,337	44,30,017	—	8,43,063	2,52,84,291	2,47,68,150	2,32,88,318		
<b>Total</b>	<b>2,19,75,93,149</b>	<b>5,43,51,215</b>	<b>1,89,69,173</b>	<b>2,23,29,75,191</b>	<b>72,65,76,361</b>	<b>11,24,02,803</b>		<b>1,33,65,407</b>	<b>82,56,13,757</b>	<b>1,40,73,61,434</b>	<b>1,47,10,16,788</b>		
Previous year	2,11,30,45,994	8,89,19,050	43,71,895	2,19,75,93,149	62,26,48,594	10,70,53,240		31,25,473	72,65,76,361	1,47,10,16,788	1,49,03,97,400		
K.C.P. Sugar and Industries Corporation Limited	2,16,25,26,621	3,45,84,462	1,86,07,209	2,17,85,03,874	70,11,93,785	10,85,34,709		1,30,78,568	79,66,49,926	1,38,18,53,948	1,46,13,32,836		
The EIMCO-K.C.P. Ltd.	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		
KCP Sugars Agricultural Research Farms Ltd.	44,70,357	2,61,864	—	47,32,221	2,48,513	38,484		—	2,86,997	44,45,224	42,21,844		
<b>Total</b>	<b>2,19,75,93,149</b>	<b>5,43,51,215</b>	<b>1,89,69,173</b>	<b>2,23,29,75,191</b>	<b>72,65,76,361</b>	<b>11,24,02,803</b>		<b>1,33,65,407</b>	<b>82,56,13,757</b>	<b>1,40,73,61,434</b>	<b>1,47,10,16,788</b>		

AMT. IN RS.

	AMT IN RS.	
	As at 31.03.2009	As at 31.03.2008
<b>F . INVESTMENTS</b>		
I. SHARES OF COMPANIES:		
A. Non- Trade Investments:		
(i) Quoted Equity Shares - Fully Paid:	34,37,372	34,37,372
Less: Provision for shortfall in value	1,571	1,571
	<u>34,35,801</u>	<u>34,35,801</u>
(ii) Unquoted Equity Shares - Fully paid	5,00,000	5,00,000
B. Non- Trade Investments current:		
Quoted Equity Shares - Fully Paid:	2,33,41,035	2,29,80,764
II. OTHER INVESTMENTS:		
Government Securities	6,000	6,000
Mutual Funds	—	—
	<u>2,72,82,836</u>	<u>2,69,22,565</u>
<b>G . INVENTORIES</b>		
Stores and Spares	7,14,02,643	7,05,71,140
Loose Tools	2,21,302	2,56,741
Stocks-in-trade		
a) Raw Materials	1,03,296	1,04,18,615
b) Crops under cultivation	8,59,640	21,13,150
c) Work-in-progress	4,43,84,379	4,73,31,332
d) Finished Goods	1,23,29,33,086	118,73,65,914
	<u>1,34,99,04,346</u>	<u>131,80,56,892</u>
<b>H. SUNDRY DEBTORS</b>		
Sundry Debtors, Unsecured :		
Debts outstanding for a period exceeding six months considered good	4,23,14,015	2,46,43,548
Other Debts - Considered Good	15,47,92,092	12,55,13,726
	<u>19,71,06,107</u>	<u>15,01,57,274</u>
<b>I. CASH AND BANK BALANCES</b>		
Cash on hand	7,90,042	9,37,720
Balances at Scheduled Banks :		
In Fixed Deposits	3,21,66,941	18,41,43,843
In Current Accounts	5,18,73,191	4,33,50,859
	<u>8,48,30,174</u>	<u>22,84,32,422</u>
<b>J. OTHER CURRENT ASSETS</b>		
Interest accrued on Investments and Deposits	18,15,538	23,12,881

# 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 31.03.2009	As at 31.03.2008
<b>K. LOANS AND ADVANCES</b>		
Advances (unsecured recoverable in cash or in kind or for value to be received)		
Considered Good	14,75,95,576	12,36,95,033
Considered doubtful	4,19,925	4,19,925
	14,80,15,501	12,41,14,958
Less: Provision	4,19,925	4,19,925
	14,75,95,576	12,36,95,033
Prepaid expenses	41,62,762	48,18,580
Excise duty paid in advance	33,08,056	81,71,260
Advance Income-tax paid (Net)	1,66,18,452	4,94,51,033
Income Tax deducted at source	56,15,539	27,93,371
Deposits with the Government Departments etc. recoverable	79,55,538	74,70,827
Claims receivable	2,32,55,821	44,39,954
	20,85,11,744	20,08,40,058
<b>L. CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. CURRENT LIABILITIES :</b>		
<b>Sundry Creditors</b>		
- Due to small scale industrial undertakings	—	—
- Due to others	64,31,25,906	75,06,77,089
Unclaimed Fixed Deposits	18,50,741	52,89,134
Unclaimed Dividends	1,08,82,854	1,04,46,954
Unclaimed Interest on Fixed Deposits	34,64,203	3,20,527
Advances received against sales	4,23,13,724	3,42,55,738
Trade Deposits	1,23,300	1,23,300
Staff Security Deposits	2,04,387	60,000
Interest accrued but not due on loans	1,07,17,441	80,54,456
	A      71,26,82,556	80,92,27,198
<b>B. PROVISIONS :</b>		
Provision for Leave encashment	1,39,86,732	1,21,64,874
Provision for Gratuity	81,97,080	3,45,47,518
Proposed Dividend	7,93,69,535	5,66,92,525
Tax on Distributed Profits	1,34,88,853	96,34,895
	B      11,50,42,200	11,30,39,812
	A+B    82,77,24,756	92,22,67,010

	AMT IN RS.	
	2008 - 09	2007 - 08
<b>M . OTHER INCOME</b>		
Interest received from Banks and others	1,60,98,886	44,40,983
Dividends Received on other than trade Investments	68,87,956	37,80,090
Rent received	37,61,650	28,49,405
Miscellaneous Receipts	1,19,77,473	2,36,62,564
Profit on sale of Assets	1,34,24,080	10,99,330
Profit on sale of Investments	—	5,67,955
Unclaimed balances credited back	1,33,040	3,12,777
Claims received	10,23,171	17,03,020
Excess provision credited back	31,18,579	15,14,600
Foreign exchange variation	—	3,974
Prior period adjustments (Net)	—	—
	<b>5,64,24,835</b>	<b>3,99,34,698</b>
<b>N . INCREASE/(DECREASE) IN STOCKS</b>		
<b>Opening Stocks :</b>		
Crops under cultivation	21,13,150	13,52,754
Work-in-Progress	2,09,91,208	4,20,89,172
Finished goods	1,18,42,26,450	121,23,53,270
	<b>1,20,73,30,808</b>	<b>125,57,95,196</b>
<b>Closing Stocks :</b>		
Crops under cultivation	8,59,640	21,13,150
Work-in-Progress	93,17,904	4,73,31,332
Finished goods	1,22,93,09,512	118,73,65,914
	<b>1,23,94,87,056</b>	<b>123,68,10,396</b>
Increase/(Decrease) in stocks	<b>3,21,56,248</b>	<b>(1,89,84,800)</b>
<b>O . PAYMENTS AND BENEFITS TO EMPLOYEES</b>		
Salaries, Wages and Bonus	21,24,55,422	19,38,74,666
Payments under Voluntary Retirement Scheme	1,28,87,452	-
Contribution to Provident Fund and Pension Scheme	1,28,26,215	1,33,51,746
Contribution to Superannuation Fund	10,48,989	9,51,260
Contribution to Gratuity Fund & Gratuity Paid including provision	66,51,955	52,47,654
Workmen and Staff Welfare expenses	1,69,16,322	1,48,93,982
	<b>26,27,86,355</b>	<b>22,83,19,308</b>

# 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.	
		2008 - 09	2007 - 08
<b>P . MANUFACTURING, SELLING, ADMINISTRATIVE AND OTHER EXPENSES</b>			
<b>MANUFACTURING</b>			
Stores and Spares Consumed		6,00,32,311	9,59,08,501
Machining and Fabrication Charges		2,89,72,470	1,64,21,654
Drawing Office Stationery		3,38,185	2,95,698
Testing and Inspection Charges		2,00,801	1,08,792
Cultivation Expenses		47,27,162	30,85,228
Power and Fuel	Rs.45,67,83,218/- P.Y. Rs.58,17,26,216/-		
Less: Inter Divisional Transfers	Rs.43,78,77,115/- P.Y. Rs.56,25,52,944/-		
Net Power and Fuel		1,89,06,103	1,91,73,272
Insurance		40,54,080	76,39,255
Research & Development		6,94,59,111	2,86,43,299
Repairs to Buildings		66,95,343	90,02,155
Repairs to Machinery		6,09,85,026	10,70,56,308
Repairs to Other Assets		30,48,139	79,22,084
	<b>(A)</b>	<b>25,74,18,731</b>	<b>29,52,56,246</b>
<b>SELLING</b>			
Loading, Unloading, Transport etc.		1,59,08,649	2,09,57,220
Commission on sales		1,34,749	—
Other Selling Expenses		53,50,183	8,32,295
	<b>(B)</b>	<b>2,13,93,581</b>	<b>2,17,89,515</b>
<b>ADMINISTRATIVE</b>			
Rent		2,93,460	3,46,150
Payments to Auditors		6,75,873	6,84,480
Directors Sitting fees		10,20,000	11,20,000
Remuneration to Whole time and other Directors		1,05,90,056	98,79,556
Miscellaneous expenses		5,71,82,247	5,84,05,824
	<b>(C)</b>	<b>6,97,61,636</b>	<b>7,04,36,010</b>
<b>Others:</b>			
Liquidated damages/Performance guarantee		62,98,816	28,08,195
Loss on sale of assets		2,60,962	1,99,742
Loss on sale of Investments		—	8,589
Dimunition in value of investments		2,53,989	215
Loss on sale of Stores and Raw materials		—	56,667
Net value of assets written off		39,54,589	5,55,138
Prior Period Adjustments		47,454	60,929
Bad debts written off		19,85,289	17,18,484
Excise duty and Taxes (Net)		3,25,91,412	9,60,84,887
	<b>(D)</b>	<b>4,53,92,511</b>	<b>10,14,92,846</b>
	<b>(A+B+C+D)</b>	<b>39,39,66,459</b>	<b>48,89,74,617</b>

**1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

**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 accounts.
- 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 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 independent Actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method. In the case of a subsidiary company, such benefit has been recognised based on the valuation carried out by the LIC.
- (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	31.03.2009	31.03.2008
Labour Cases	3,84,495	3,84,495
Central Excise Cases	1,91,12,314	1,91,12,314
Sales Tax Cases	9,21,111	13,19,731
ESI Cases	1,32,925	1,74,489
Differential Statutory Minimum Cane Price for the financial year 2002-03	—	1,85,23,712
Case on Captive Power Generation	2,61,69,375	2,61,69,375
Disputed Property & Water Tax	—	22,74,230
Bank Guarantees	7,83,95,119	4,89,06,602
<b>Total</b>	<b>12,51,15,339</b>	<b>11,68,64,948</b>

**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 - Chairman
- b) Smt. Irmgard Velagapudi M Rao - Managing Director.
- c) Smt. V. Kiran Rao - Executive Director

**(B). Transaction During the year**

	(Amt. in Rs.)	
Particulars	Key Management Personnel	
	2008-2009	2007-2008
Remuneration Paid	98,35,056	92,87,897
Interest on Fixed Deposits Paid	30,09,515	27,65,757
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.**

	<b>2008-2009</b>	<b>2007-2008</b>
<b>Gratuity</b>		
<b>(I) Change in Benefit Obligation</b>		
Liability at the beginning of the year	<b>6,23,08,457</b>	2,78,07,034
Transitional liability		2,74,90,995
Interest Cost	<b>44,56,804</b>	43,17,904
Current Service Cost	<b>43,03,318</b>	33,03,180
Benefit Paid	<b>(57,33,455)</b>	(24,29,603)
Actuarial (gain)/loss on obligations	<b>12,28,138</b>	18,18,947
Liability at the end of the year	<b>66,18,450</b>	6,23,08,457
<b>(II) Fair value of Plan Assets</b>		
Fair value of plan assets at the beginning of the year	<b>2,79,50,713</b>	2,38,44,168
Expected Return on Plan Assets	<b>37,55,591</b>	22,52,336
Contributions	<b>3,19,65,583</b>	38,33,601
Benefit Paid	<b>53,64,068</b>	(18,52,243)
Actuarial gain /(loss) on Plan Assets	<b>1,89,860</b>	(1,27,149)
Fair Value of plan assets at the end of the year	<b>5,81,54,743</b>	2,79,50,713
<b>III) Actual Return on Plan Assets</b>		
Expected Return on Plan Assets	<b>61,07,849</b>	22,52,336
Actuarial gain/(loss) on plan Assets	<b>59,028</b>	(1,27,149)
Actual Return on Plan Assets	<b>35,84,123</b>	21,25,187
<b>(IV) Amount Recognised in the Balance Sheet</b>		
Liability at the end of the year	<b>6,61,18,450</b>	6,23,08,457
Fair value of Plan Assets at the end of the year	<b>5,81,54,743</b>	2,79,50,713
Difference (Unfunded)	<b>84,30,453</b>	3,43,57,744
Amount Recognised in the Balance Sheet	<b>84,30,453</b>	3,47,37,292
<b>(V) Expenses Recognised in the Income Statement</b>		
Current Service Cost	<b>43,03,318</b>	33,03,180
Interest Cost	<b>44,56,804</b>	43,17,904
Expected Return on Plan Assets	<b>37,55,591</b>	(22,52,336)
Net Actuarial (Gain)/ loss to be recognised	<b>13,81,214</b>	1,96,213
Expenses Recognised in P & L	<b>63,85,745</b>	55,64,961
<b>(VII) Actuarial Assumptions : For the Year</b>		
Discount Rate Current	<b>7.5%</b>	7.5%
Salary Escalation Current	<b>5%</b>	5%
Expected rate of return on plan assets	<b>8 &amp; 9.25 %</b>	8 & 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

		2008-2009 Rs.	2007-2008 Rs.
Profit attributable to the Shareholders (A)		11,71,33,652	7,69,59,627
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)		1.03	0.68

## 4a. SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2009 - BUSINESS SEGMENTS (PRIMARY SEGMENTS)

Particulars	Amount in Rs.													
	Sugar		Chemicals		Power & fuel		Engineering Equipments		Others		Eliminations		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
<b>Revenue</b>														
External Sales	172,95,63,688	224,62,28,779	17,46,59,535	16,22,44,838	29,23,319	6,78,42,130	29,25,33,479	18,11,43,871	3,48,84,571	3,06,06,058	20,000	2,23,45,64,592	268,80,45,675	
Inter-segment Sales	32,24,84,230	28,48,14,052	5,12,047	63,01,816	23,84,81,876	30,17,58,055	—	—	—	—	—	56,14,78,153	59,28,73,924	
Total Revenue	205,20,47,918	253,10,42,831	17,51,71,582	16,85,46,654	24,14,05,195	36,96,00,185	29,25,33,479	18,11,43,871	3,48,84,571	3,06,06,058	20,000	2,79,60,42,745	328,09,19,599	
<b>Result</b>														
Segment Result	23,04,91,772	2,13,65,403	(1,93,57,128)	4,02,31,207	(98,95,496)	5,33,46,869	1,90,19,578	1,41,52,026	1,27,22,759	74,96,458	—	23,29,81,485	136591963	
Unallocated Corporate Expenses/Income	—	—	—	—	—	—	—	—	—	—	—	1,86,26,934	88,74,594	
Operating Profit	—	—	—	—	—	—	—	—	—	—	—	21,43,54,551	127717369	
Interest Expense	—	—	—	—	—	—	—	—	—	—	—	4,74,52,199	50432673	
Interest Income	—	—	—	—	—	—	—	—	—	—	—	1,60,98,886	44,40,983	
Dividend Income	—	—	—	—	—	—	—	—	—	—	—	68,87,956	37,80,090	
Donations	—	—	—	—	—	—	—	—	—	—	—	4,60,000	—	
Income Taxes	—	—	—	—	—	—	—	—	—	—	—	7,22,95,542	8546142	
<b>Net Profit From Ordinary Activities</b>	—	—	—	—	—	—	—	—	—	—	—	11,71,33,652	7,69,59,627	
<b>Other Information</b>														
Segment Assets	204,62,64,281	205,35,69,515	25,64,17,425	26,29,02,158	44,32,39,775	48,64,22,593	26,95,57,826	18,83,89,196	8,95,75,557	8,86,77,228	10,90,211	3,10,39,64,653	3078873350	
Un Allocated Corporate Assets	—	—	—	—	—	—	—	—	—	—	—	4,48,00,000	39,16,96,098	
<b>Total Assets</b>	82,52,42,973	113,69,96,765	25,59,008	29,05,354	34,11,342	38,36,534	22,89,12,736	15,10,59,902	2,39,14,816	2,34,97,393	4,58,90,211	3,29,08,77,197	347,05,69,448	
Segment Liabilities	—	—	—	—	—	—	—	—	—	—	—	1,03,81,50,664	127,85,88,601	
Un Allocated Corporate Liabilities	—	—	—	—	—	—	—	—	—	—	—	64,41,57,745	60,96,87,323	
<b>Total Liabilities</b>	—	—	—	—	—	—	—	—	—	—	—	1,68,23,08,409	188,82,75,924	
Capital Expenditure	213,89,180	1,68,84,356	37,83,281	89,86,170	27,79,787	(4,54,574)	40,11,865	85,09,464	64,63,502	33,48,792	—	3,84,27,615	3,72,54,208	
Depreciation	497,93,047	4,86,09,222	1,48,31,556	1,30,03,035	358,00,538	3,56,86,256	38,29,610	10,81,092	81,48,052	86,73,636	—	11,24,02,803	10,70,33,240	
Non Cash Expenses other than Depreciation	59,39,878	5,55,138	—	—	—	—	—	—	2,648	2,648	—	59,42,526	5,57,786	

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 31.03.2009 - GEOGRAPHICAL SEGMENTS

PARTICULARS	CURRENT YEAR RS.	PREVIOUS YEAR RS.
<b>SALES REVENUE</b>		
IN INDIA	2,79,60,42,745	328,02,93,351
OUTSIDE INDIA (Export out of India)	—	6,26,248
<b>TOTAL</b>	<b>2,79,60,42,745</b>	<b>328,09,19,599</b>

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.	
	2008-09	2007-08
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax and Extraordinary Items	18,94,29,194	8,55,05,769
Adjustments for:		
Depreciation	11,24,02,803	10,70,53,240
Loss/(Profit) on Sale of Assets	(1,31,63,120)	(8,99,588)
Assets/Investment written off	39,54,589	5,55,353
Loss/Profit on sale of Investments	—	(5,59,366)
Dividend Income	(68,87,956)	(37,80,090)
Interest paid	4,74,52,199	4,84,61,661
Interest received	(1,60,98,886)	(44,40,983)
	<u>12,76,59,629</u>	<u>14,63,90,227</u>
<b>Operating Profit before Working Capital Changes</b>	<b>31,70,88,823</b>	<b>23,18,95,996</b>
Adjustments for :		
Trade and other Receivables	(8,41,30,940)	13,501
Inventories	(3,18,47,454)	4,03,57,771
Trade Payables	(12,10,73,222)	(40,76,74,335)
	<u>(23,70,51,616)</u>	<u>(36,73,03,063)</u>
<b>Cash Generated from Operation</b>	<b>8,00,37,207</b>	<b>(13,54,07,067)</b>
Direct Taxes Paid / Refunds including interest	4,23,43,643	2,85,79,386
Cash Flow Before Extraordinary Items	3,76,93,564	(16,39,86,453)
Extra ordinary items	—	—
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>3,76,93,564</b>	<b>(16,39,86,453)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(5,43,51,215)	(8,89,19,050)
Investments purchased	(3,60,271)	(96,96,253)
Decrease in Capital Work in Progress	1,59,23,601	5,16,64,842
Sale of Investments	—	8,14,35,912
Sale of Fixed Assets	1,48,12,295	15,90,872
Interest Received	1,60,98,886	44,40,983
Dividend Received	68,87,956	37,80,090
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(9,88,748)</b>	<b>4,42,97,396</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings	(6,65,27,445)	26,64,32,194
Interest Paid	(4,74,52,199)	(4,84,61,661)
Dividends and Hire Purchase Liabilities	—	—
Dividends and Tax on dividend Paid (Including Interim)	(6,63,27,420)	(6,63,27,420)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(18,03,07,064)</b>	<b>15,16,43,113</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(14,36,02,248)</b>	<b>3,19,54,056</b>
Cash and Cash Equivalents - Opening	22,84,32,422	19,64,78,366
Cash and Cash Equivalents - Closing	8,48,30,174	22,84,32,422

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

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

**B.S.PURSHOTHAM**

Partner  
 Chennai  
 25.06.2009

**R.GANESAN**  
 General Manager  
 (Finance)

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

**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, 2009, 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, 2009.
- 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

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

Place : Chennai  
Date : 25-06-2009

## ELECTRONIC CLEARING SERVICE (E C S) MANDATE FORM

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

.....  
 .....  
 .....  
 .....  
 .....

**FOLIO NO :**

--

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 :

<b>1.</b>	<b>NAME OF BANK</b>											
<b>2.</b>	<b>BRANCH NAME AND ADDRESS</b>											
<b>3.</b>	<b>ACCOUNT NO</b> (as appearing on cheque book)											
<b>4.</b>	<b>ACCOUNT TYPE</b> (please tick)	<input type="checkbox"/> <b>10</b> - Savings <input type="checkbox"/> <b>11</b> - Current Account <input type="checkbox"/> <b>13</b> - Cash credit										
<b>5.</b>	<b>LEDGER FOLIO NO OF THE BANK A/C</b> (if appearing on cheque book)											
<b>6.</b>	<b>9-DIGIT CODE NUMBER OF THE BANK &amp; BRANCH APPEARING ON THE MICR CHEQUE ISSUED BY THE BANK</b> <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 style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></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 * * * *	
<b>ECS REF NO.</b>	

<b>K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED</b> 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.	<b>PROCEDURE FOR NOMINATION</b>	<ul style="list-style-type: none"> <li>● 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.</li> <li>● 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.</li> <li>● Individual/joint shareholder can nominate only one person as his/her nominee for the shares held by him/them under a particular folio.</li> <li>● 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.</li> </ul>
2.	<b>NOMINATION</b> <b>a) Who can nominate</b>	<ul style="list-style-type: none"> <li>● 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.</li> <li>● 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.</li> </ul>
	<b>b) Who cannot nominate</b>	<ul style="list-style-type: none"> <li>● Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of the power of attorney cannot appoint a nominee.</li> </ul>
	<b>c) Who can be nominee</b>	<ul style="list-style-type: none"> <li>● Any individual can be a nominee.</li> <li>● A minor can also be a nominee and in that event the name and address of the Guardian shall be given by the holder.</li> <li>● A non-resident Indian can be a nominee on a repatriable basis subject to the rules prescribed by the Reserve Bank of India.</li> </ul>
	<b>d) Who cannot be a nominee</b>	<ul style="list-style-type: none"> <li>● Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of the power of attorney cannot be a nominee.</li> </ul>
	<b>e) Dematerialised Mode</b>	<ul style="list-style-type: none"> <li>● For shares held in dematerialised mode nomination is required to be filed with the Depository Participant in their prescribed form.</li> </ul>
3.	<b>CHANGE/CANCELLATION OF NOMINATION</b>	<ul style="list-style-type: none"> <li>● 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).</li> <li>● Whenever the shares in the given folio are entirely transferred, transpositioned or dematerialised with some other folio, then this nomination will stand rescinded.</li> </ul>
4.	<b>TRANSMISSION PROCEDURES</b>	<ul style="list-style-type: none"> <li>● 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.</li> <li>● 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.</li> <li>● The Company will not entertain any claims other than those of a registered nominee, unless so directed by a Court.</li> </ul>

### FOR OFFICE USE ONLY

<b>Nomination Registration Number</b>	
<b>Date of Registration</b>	
<b>Checked by (Name and Signature)</b>	



# 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.
------------------------------------	----------	--------

### FOURTEENTH ANNUAL GENERAL MEETING

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

Date : **Wednesday, 23<sup>rd</sup> September, 2009**  
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 Fourteenth Annual General Meeting of the Company, to be held at  
**10.00 a.m. on Wednesday the 23<sup>rd</sup> day of September 2009** and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009

S.No	Recieved on	Time	Code

Signed by the said .....



- 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.









